Tecan Group Ltd, Maennedorf

Report of the Statutory Auditor on the compensation report to the General Meeting of Shareholders

KPMG AG

Zurich, 11 March 2016

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Report of the Statutory Auditor to the General Meeting of

Tecan Group Ltd, Maennedorf

We have audited the accompanying remuneration report of Tecan Group Ltd for the year ended 31 December 2015. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the tables "Compensation to members of the Board of Directors and Management Board" on pages 75 and 76 of the compensation report.

Responsibility of the Board of Directors
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 for the year ended 31 December 2015 of Tecan Group Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Affolter
Licensed Audit Expert
Auditor in Charge

Thomas Lehner
Licensed Audit Expert

Zurich, 11 March 2016

Enclosure:
- Remuneration report

Compensation Report

This Compensation Report sets out the compensation system and the compensation paid to the members of the Board of Directors and the Management Board of Tecan Group Ltd. The report will be put to the Annual General Meeting on April 13, 2016 retrospectively for the past fiscal year for an advisory vote. The report is based on Section 5 of the Annex to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance and the Ordinance Against Excessive Compensation in Listed Companies (OaEC), which took effect on January 1, 2014.

POLICIES

The Compensation Report contains information on the total compensation paid to members of the Board of Directors and Management Board and refers to the 2015 reporting year unless otherwise noted. The Tecan Group has a set of uniform compensation policies, which are systematic, transparent and have a long-term focus. Compensation is determined on the basis of four factors: corporate profit, individual performance, position held and the labor market. The ultimate goal of the compensation system is to attract highly qualified and motivated specialists and managers, ensure their long-term loyalty to the Company and align the interests of employees and shareholders. The variable performance component is a complementary management tool designed to promote the achievement of overriding objectives. In addition, the Performance Share Matching Plan (PSMP) – the stock ownership plan in place for all members of the Management Board since 2010 – guarantees direct financial participation in the long-term performance of Tecan's stock. In 2013, the compensation of the Board of Directors was adjusted in line with the current corporate governance recommendations for compensation systems, which stipulate only a fixed fee. Since then, therefore, members of the Board of Directors no longer participate in the performance-based PSMP, instead receiving a fixed allotment of shares in addition to a specified cash component. These shares vest fully upon completion of their term and pro rata in the event of an early exit. The total amounts for the individual members are nominally determined in Swiss francs, from which the cash component is deducted and the remainder converted into shares. As is the case with the PSMP, the value of the shares is based on the Tecan share's average closing price on the SIX Swiss Exchange during the first four months of the relevant fiscal year. The amount and composition of the compensation paid to both the Board of Directors and the Management Board is assessed and determined by the Compensation Committee. In 2013, both the amount and the composition of the compensation paid to the Board of Directors was reviewed by a consultancy firm (The Hay Group) and adjusted in line with its recommendations. In the year under review, the Compensation Committee comprised Oliver Fetzer and Christa Kreuzburg and was elected directly by the Annual General Meeting. The CEO, CFO and Corporate Head of Human Resources regularly attend meetings in an advisory capacity. Invited members of the Management Board do not take part in discussions on agenda items concerning themselves. Minutes are kept of the meetings. The Compensation Committee proposes motions to the Board of Directors, which in turn must approve the HR and salary policies for the entire Group as well as the general conditions of employment for members of the Management Board.

The Compensation Committee defines the compensation amounts to be paid to the members of the Management Board. The Board of Directors then reviews and approves the target achievement of the CEO and members of the Management Board and the actual bonus to be paid. The amount and type of compensation to be paid to the Board of Directors is reviewed annually by the Compensation Committee and put before the Board of Directors. Every two to three years, the compensation of the Board of Directors is benchmarked by an external specialist and, if necessary, adjustments are proposed. Each year, the Board of Directors submits a proposal to the Annual General Meeting on the maximum total compensation for the members of the Management Board for the fiscal year following the Annual General Meeting (January 1 to December 31).

In 2014, a comparison was made of the salaries of the Management Board members by an external specialist. Compensation at Tecan was compared with a selection of companies from the Mercer Group's Western European Remuneration Guide. In particular, companies were selected from sectors such as medical devices and suppliers, pharmaceuticals, chemicals, foodstuffs, etc. The system is based on an analytical approach in which industry, value chain and size (sales volume and employees) are weighted and applied to transform each job into a relative value. Overall, the total compensation paid to members of the Management Board is in line with that of the reference companies. As for the composition of total compensation, the results also show that long-term compensation at Tecan is slightly above average and the cash component slightly below average in comparison with the reference companies. This confirmed the fundamental results of the 2012 compensation comparison for the members of the Management Board with comparable Swiss companies carried out by AON Hewitt.

All employees of Tecan Group go through a formalized target and performance review process, which generally takes place at least once a year, shortly after the end of the fiscal year. This process forms the basis for the calculation of individual employees' performance-based pay for the preceding fiscal year. It also ensures that consistent targets are set across the Group for the new fiscal year and promotes the development of both individual employees and the Group. Personal targets are determined in the performance review process at an individual meeting with the employee's supervisor.

THE SYSTEM

The compensation system for members of the Management Board and extended Management Board of Tecan Group Ltd., introduced in 2010 and unchanged since then, is based on three central pillars: a fixed cash component (fixed or base salary), a variable cash component (variable salary component) and a variable long-term stock ownership plan (Performance Share Matching Plan). For key employees at the Tecan Group, the third pillar consists of either a performance-based share plan or a performance-based option plan. The compensation system for the other employees with variable salary in most cases consists of two pillars: a base salary (fixed or base salary) and a variable component (variable salary component) based on the performance review. In addition, outstanding performance may be rewarded with one-time bonuses in the form of options. Employees are paid a fixed salary and may receive individual, performance-based, one-time spot cash bonus payments.

CASH COMPENSATION

The compensation structure at all management levels is based on the Variable Pay Policies adopted by the Board of Directors. These call for a target salary to be determined. For members of the Management Board, the target salary is made up of a fixed component (60% of the target salary for the CEO or 70% for the other members) and a variable component (40% of the target salary for the CEO or 30% for the other members). The amount of the variable component is based on achievement of both Group financial targets and quantitative and qualitative corporate goals. The financial targets (sales and EBIT margin) are set annually by the Board of Directors in December for the following year. The composition of the variable component differs depending on the position and management responsibility. Group targets predominate (at up to 80%) at management levels three and four and at the Management Board level, while their percentage falls to as little as 40% at lower management levels. If the target is fully met, 100% of the variable compensation is paid out. However, as stipulated in the Articles of Incorporation, the CEO's variable compensation may not exceed 150% of the fixed salary and that of Management Board members may not exceed 100% of the fixed salary. In the year under review, financial targets at Group level were exceeded overall, and a component above 100% was paid out accordingly.

If the defined targets are exceeded, depending on the degree of exceedance, up to 200% of the variable component may be paid out. Instead of a cash payout, members of the Management Board and extended Management Board were able in past years to invest up to 150% of the maximum variable compensation in stock under the PSMP (“voluntary purchases”).

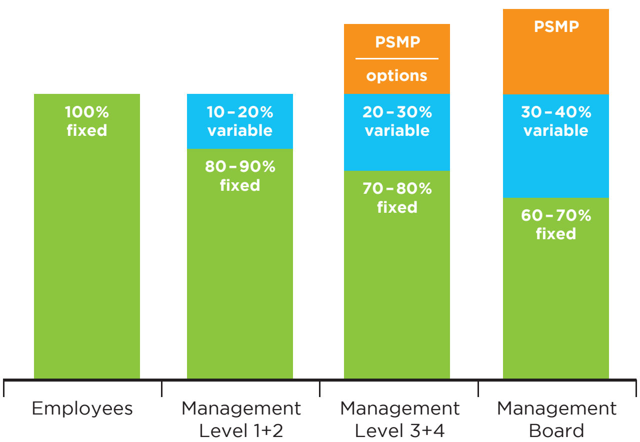
Depending on the strategic and operational orientation of the fiscal year, and in order to assure continuity on the Management Board, however, the Board of Directors may also establish for members of the Management Board and extended Management Board a requirement to invest a portion of the short-term variable component in the long-term PSMP (“mandatory purchases”). Since the financial targets for fiscal year 2014 were not attained in full, this procedure was implemented for the first time in the year under review.

EMPLOYEE PARTICIPATION PLANS

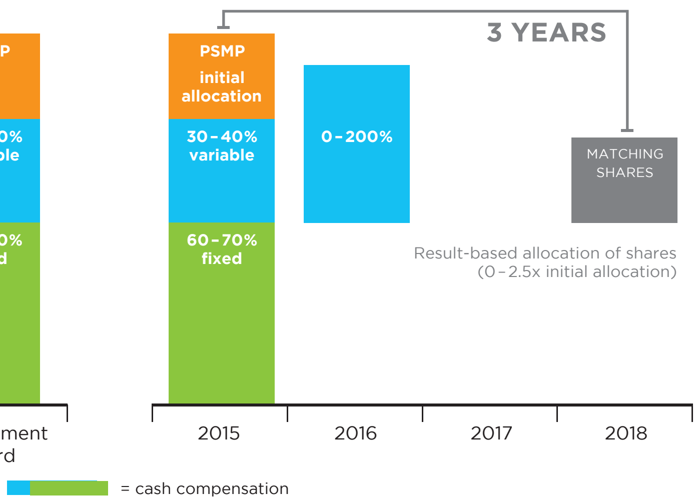
In addition to cash compensation, the members of the Management Board participated in the Performance Share Matching Plan (PSMP) in the year under review. This share plan is a long-term incentive (LTI) plan based on allotment of Tecan Group Ltd. registered shares to the Management Board and the extended Management Board. As in the two previous years, participation in the PSMP was extended in the year under review to a select group of key employees. The shares vest three years from the allotment date and must be returned on a pro rata basis in the event of termination on the part of the employee before the expiration of the three-year period. Employees are eligible to receive additional shares ("matching shares") if certain predefined financial targets based on the Tecan Group's economic profit are reached three years after the allotment of shares. Participants in the PSMP are eligible for matching shares only if an economic profit was achieved. This mechanism ensures that shareholders' interests are aligned with those of PSMP participants. The economic profit target is based primarily on sales growth and EBIT targets. The factor used to calculate this matching share portion is between 0x and 2.5x, depending on the degree to which the economic profit target is attained. This means that a participant in the PSMP may be eligible for up to 2.5 matching shares per originally allotted share under the plan, plus any voluntary or mandatory purchases by members of the Management Board and extended Management Board under the plan. A formula incorporating the two components of "sales growth in local currencies" and "EBIT margin" among other factors has been devised for calculating the matching share factor, provided that a certain asset turnover is reached. The two parameters are linked, i.e. EBIT margin must be higher to achieve a specific factor if growth is low, while higher growth is required if the EBIT margin is low. The sales growth component has been given a higher weighting, and accounts for two-thirds for the purposes of calculating the matching share factor. The parameter grid is specified anew each year on a look-ahead basis for the coming three-year period in order to clearly establish the financial targets in advance.

The size of the initial allotment of PSMP shares is approved annually by the Board of Directors based on a proposal by the Compensation Committee. In 2015, the initial allotment for Management Board members averaged 24.8% of total compensation.

STRUCTURE OF THE COMPENSATION SYSTEM



STRUCTURE OF THE COMPENSATION SYSTEM MANAGEMENT BOARD



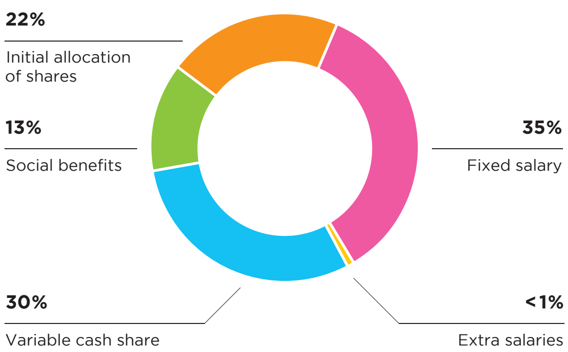
ANNUAL GENERAL MEETING VOTE ON COMPENSATION

The Ordinance Against Excessive Compensation in Listed Companies (OaEC) took effect on January 1, 2014. The compensation and approval mechanism was amended accordingly in 2015 and is set out in the Articles of Incorporation of Tecan Group Ltd. The structure of the Tecan Group's compensation system, with the elements described in this chapter, has remained unchanged since 2010. The compensation report has been presented to the shareholders since 2012 for retrospective, advisory approval.

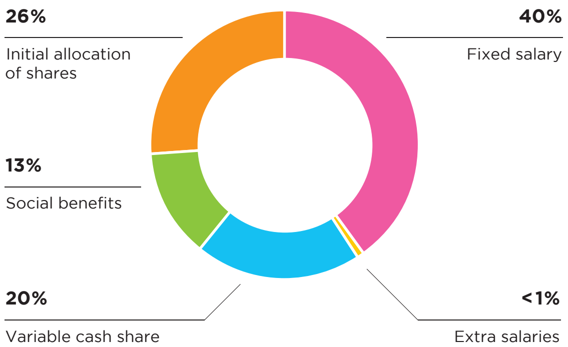
COMPENSATION AND APPROVAL MECHANISM

Each year the Board of Directors proposes to the Annual General Meeting for its approval the maximum total amount of compensation to be paid to the Board of Directors for the period up to the next Annual General Meeting and to the Management Board for the following fiscal year. In addition, as previously, each year the Board of Directors presents the Annual General Meeting with the Compensation Report for its retrospective, advisory approval in accordance with Art. 15 (7) of the Articles of Incorporation. For the second time since 2015, the Board of Directors will propose to the 2016 Annual General Meeting the advance approval of compensation for the Board of Directors and Management Board. For 2016, the Compensation Report will be presented to the shareholders for retrospective, advisory approval at the 2017 Annual General Meeting.

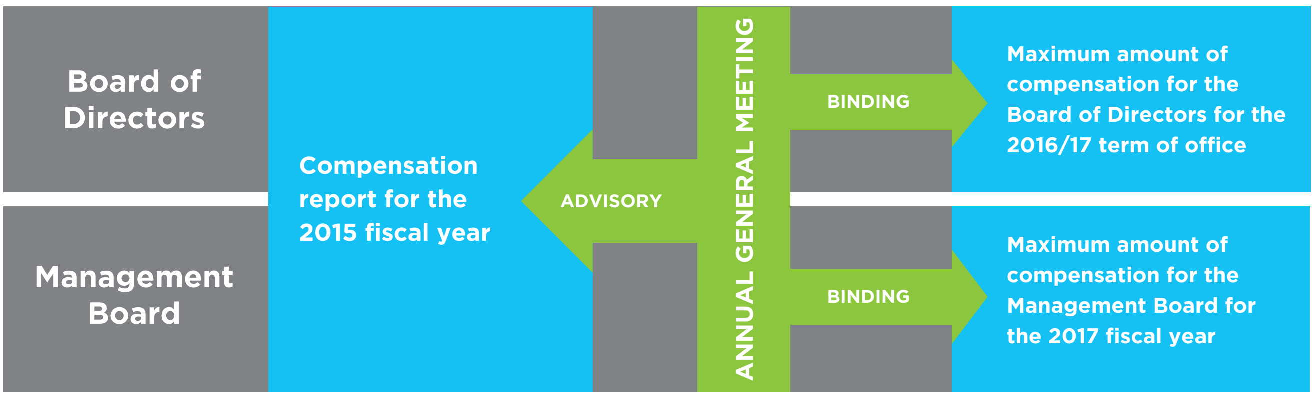
SALARY STRUCTURE CEO



SALARY STRUCTURE MANAGEMENT BOARD (WITHOUT CEO)



COMPENSATION AND APPROVAL MECHANISM



APPLICATION FOR A MAXIMUM TOTAL AMOUNT FOR THE MANAGEMENT BOARD

The Annual General Meeting of April 13, 2016 will be asked to approve a maximum total amount in Swiss francs for compensation of the Management Board for fiscal year 2017. The most significant factors in the calculation of this maximum amount are the estimated performance-based compensation and the number of members of the Management Board. As was the case last year, the proposal for 2017 is based on eight members.

In determining variable compensation, the calculation of this maximum amount assumes that the defined performance targets are significantly exceeded and that the threshold for the payment of 200% of the variable component is met. The maximum matching share factor of 2.5 is also assumed for the long-term stock ownership plan, the Performance Share Matching Plan. In recent years the parameters for both components of the performance-based compensation have been significantly below these maximum values, and actual figures have been well below the annual maximum amounts. The actual figures in the two years when the three-year period had already ended were less than 50% of the maximum.

To make the calculation of the maximum amount as transparent and comprehensible as possible, complex mathematical formulae and methods have been avoided. For example, future payments were not discounted. Likewise, in calculating the value of matching shares, no complex formula such as the Monte Carlo model was used, but simply the value of the initial allotment of shares in Swiss francs multiplied by the maximum factor of 2.5.

In table 1 on page 73, the theoretical maximum amounts from 2012 and 2013 are compared with the actual amounts in order to provide a better understanding. In 2012, the actual sum was 36% of the maximum, while in 2013 it amounted to 59%.

These figures are not available for the three-year cycles starting in 2014 and 2015 as the cycles of the stock ownership plan have not yet come to an end. It is, however, highly likely that the actual values will also be below the maximum value. For 2014, the payment was around 70% of the variable component and for the three-year cycle 2012–2014 no matching shares can be claimed. In 2015 the average target attainment of all Management Board members was 116%, and a matching share factor of approximately 1.1 was attained for the three-year period ending in 2015 (2013–2015).

If the proposed maximum total amount is not approved by the Annual General Meeting, the Board of Directors can submit new proposals to the same Annual General Meeting or call a new General Meeting if it does not submit new proposals or if the Annual General Meeting also rejects the new proposals. The Board of Directors can submit a proposal to retrospectively increase an approved total amount to the Annual General Meeting at any time.

TABLE 1

	COMPLETED CYCLES				MOTION 2015		MOTION 2016	
	Theoretical Maximum Cycle 2012 – 2014		Theoretical Maximum Cycle 2013 – 2015		Cycle 2016 – 2018 (anticipated)		Cycle 2017 – 2019 (anticipated)	
	2012	2014	2013	2015	2016	2018	2017	2019
Base salary & fringe benefits	1,973		2,347					
Variable salary	1,978		2,544					
Social benefits	675		875					
Contingencies	0		0					
Total cash payments	**4,626**		**5,766**		**6,400**		**6,700**	
(Number of members of the Management Board)	6		8		8		8	
Initial share grant (value)	1,340		1,272					
Potential additional shares (value "Matching Shares")		3,350		3,180				
Social security for granted shares	85	213	81	202				
Potential additional shares (value "Matching Shares") on voluntary shares		3,709		4,770				
Contingencies	0		0					
Total (potential) long term incentives	**8,698**		**9,505**		**11,500**		**11,500**	

	Effective Compensation Cycle 2012 – 2014	Effective Compensation Cycle 2013 – 2015	Effective Compensation Cycle 2016 – 2018	Effective Compensation Cycle 2017 – 2019
Base salary & fringe benefits	1,973	2,347		
Variable salary	597	494		
Social benefits	581	644		
Total cash payments	**3,151**	**3,485**		
Initial share grant (value)	1,340	1,272		
Voluntary shares (value)	216	371		
Social security for granted shares	99	104		
Additional shares ("Matching Shares"; initial grant and voluntary investment)	0	3,317		
Total long-term incentives	**1,655**	**5,064**		
Effective compensation in % as of the theoretical maximum	**36%**	**56%**		

All data in CHF 1,000

ADDITIONAL AMOUNTS FOR MEMBERS OF THE MANAGEMENT BOARD

In accordance with the Articles of Incorporation, the Board of Directors may pay an additional amount as compensation in the event that new members are appointed to the Management Board following the approval of the maximum total compensation. For a new CEO, this additional amount may not exceed the maximum total compensation for the previous CEO approved by the Annual General Meeting for the relevant fiscal years by more than 35%; for any other new members of the Management Board it may not exceed the average total compensation of a Management Board member for the relevant fiscal years by more than 25%. The average total compensation of a Management Board member is equal to the approved maximum total sum for the members of the Management Board after the deduction of the amount due to the CEO, divided by the number of members of the Management Board (excluding the CEO) on the day that the total sum is approved by the Annual General Meeting.

COMPARABILITY OF THE PROPOSAL TO THE ANNUAL GENERAL MEETING WITH THE DISCLOSURE OF ANNUAL COMPENSATION OF MANAGEMENT BOARD MEMBERS

As outlined, the calculation of a maximum total amount for the members of the Management Board depends on certain assumptions. The amounts in the disclosed compensation table on page 76 will therefore generally differ from those in the proposal to the Annual General Meeting and the values in Table 1 on page 73. The deviations are mainly the result of the differing treatment of the long-term stock ownership plan. In order to increase comparability, the key differences are described below.

In the disclosure of annual compensation:

- The actual variable component paid is used.
- Only the fair value of initial shares granted as part of the long-term stock ownership plan is taken into account, in the stated total compensation.
- In addition, the theoretical maximum matching share factor of 2.5 is used to determine the number of potential matching shares together with the matching shares actually granted in the fiscal year for the three-year period that ended in 2015. In the proposal to the Annual General Meeting, however, a fair value has already been calculated and the maximum matching share factor of 2.5 is assumed.

APPLICATION FOR A MAXIMUM TOTAL AMOUNT FOR THE BOARD OF DIRECTORS

The Board of Directors will propose to the Annual General Meeting for its approval the maximum total compensation to be paid to the Board of Directors, consisting of a fixed cash component and a share component nominally determined in Swiss francs. No payments to a pension fund are planned.

COMPENSATION TO FORMER MEMBERS OF GOVERNING BODIES

No compensation was paid to former members of the Board of Directors or Management Board in 2015, nor in the previous year.

RELATED PARTY COMPENSATION

No compensation was paid in 2015 or the previous year to parties related to present or former members of the governing bodies.

SEVERANCE BENEFITS

Members of the Board of Directors and Management Board are not contractually entitled to any severance payments.

LOANS AND CREDITS

CURRENT AND FORMER MEMBERS OF GOVERNING BODIES

Neither in 2015 nor in the previous year were any loans or credits extended to current or former Members of the Board of Directors or Management Board that remained outstanding at the end of the year.

RELATED PARTIES

Neither in 2015 nor in the previous year were any loans or credits extended to related parties of present or former members of the governing bodies that remained outstanding at the end of the year.

COMPENSATION TO MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

COMPENSATION TO THE BOARD OF DIRECTORS

CHF 1,000	Year	Fixed fee	Committee fee	Total cash compensation	Social benefits[1]	Share award plan: shares granted (number)[2]	Fair value of shares granted[3]	Total compensation
Rolf Classon	2014	150	22	172	–	764	84	256
(Chairman)	2015	150	34	184	–	703	80	264
Heinrich Fischer	2014	85	28	113	11	477	52	176
(Vice Chairman)	2015	85	42	127	12	439	50	189
Dr. Oliver S. Fetzer	2014	75	35	110	–	382	42	152
	2015	75	47	122	–	352	40	162
Lars Holmqvist	2014	–	–	–	–	–	–	–
(since April 2015)	2015	50	7	57	5	352	40	102
Dr. Karen Hübscher	2014	75	10	85	11	382	42	138
	2015	75	10	85	11	352	40	136
Dr. Christa Kreuzburg	2014	75	10	85	11	382	42	138
	2015	75	10	85	11	352	40	136
Gérard Vaillant	2014	75	10	85	12	382	42	139
	2015	75	16	91	9	352	40	140
Erik Walldén	2014	75	10	85	11	382	42	138
(until April 2015)	2015	25	3	28	6	–	–	34
Total	**2014**	**610**	**125**	**735**	**56**	**3,151**	**346**	**1,137**
	2015	**610**	**169**	**779**	**54**	**2,902**	**330**	**1,163**

[1] Employer's contribution to social security

[2] Vesting condition: Graded vesting from May 1, 2014 to April 30, 2015 (Share Plan BoD 2014) and from May 1, 2015 to April 30, 2016 (Share Plan BoD 2015). Vested shares are transferred at the end of the service period (April 30, 2015 and April 30, 2016, respectively). The shares are fully included in the amount of fair value of shares granted.

[3] Formula for 2014: Shares granted in 2014* fair value at grant (CHF 109.80) and formula for 2015: Shares granted in 2015 * fair value at grant (CHF 124.40)

COMPENSATION TO THE MANAGEMENT BOARD

CHF 1,000	Year	Fixed Salary	Calculated variable salary[1]	Cash payout variable salary	Voluntary/mandatory investment on variable salary; granted (number of shares)	Fair value of voluntary/mandatory shares	Taxable fringe benefits	Total cash compensation[2]	Social benefits[3]	PSMP: Initial shares granted (number)[4]	Fair value of initial grant[5]	Total compensation[6]	Theoretical maximum of matching shares (number) Cycle 2015–2017	Fair value of matching shares pay out Cycle 2012–2014 (2014) Cycle 2013–2015 (2015)
Dr. David Martyr (CEO)[7]	2014	605	250	49	1,771	198	8	662	200	3,818	377	1,437	n/a	0
	2015	617	516	n/a	n/a	n/a	8	1,141	221	3,516	374	1,736	8,790	964
Dr. Rudolf Eugster (CFO)	2014	349	110	35	657	74	–	384	124	2,386	236	818	n/a	0
	2015	353	190	n/a	n/a	n/a	–	543	119	2,197	234	896	5,493	679
Other members of the Management Board[8]	2014	1,638	483	192	2,141	240	119	1,949	540	10,633	1,051	3,780	n/a	0
	2015	1,615	783	n/a	n/a	n/a	43	2,441	545	9,756	1,039	4,025	24,390	1,429
Total	**2014**	**2,592**	**843**	**276**	**4,569**	**512**	**127**	**2,995**	**864**	**16,837**	**1,664**	**6,035**	**n/a**	**0**
	2015	**2,585**	**1,489**	**n/a**	**n/a**	**n/a**	**51**	**4,125**	**863**	**15,469**	**1,647**	**6,657**	**38,673**	**3,072**

[1] Payment will be made in the following year. Up to 50% of the theoretical 100% variable part can be taken as voluntary Investment (2014) or mandated by the Board of Directors (2015) for the LTI PSMP.

[2] Excluding the voluntary investment in the LTI PSMP

[3] Employer's contribution to social security, including social security on share options exercised and shares transferred during the reporting period, and contributions to post-employment benefit plans

[4] Vesting and granting conditions: Vesting January 1, 2014 (PSMP 2014) granted May 2, 2014. Vested January 1, 2015 (PSMP 2015) granted May 4, 2015. Vested shares are blocked until the end of the performance period (December 31, 2016 and 2017, respectively).

[5] Formula for 2014: Shares granted in 2014 * fair value at grant (CHF 109.80) * [1 - estimated labor turnover rate (10%)] and formula for 2015: Shares granted in 2015 * fair value at grant (CHF 124.40) * [1 - estimated labor turnover rate (10%)].

[6] Including the voluntary investment in the LTI PSMP

[7] Member of the Management Board with the highest compensation in 2014 and 2015.

[8] 2014: Total seven members, including one member who left and one member who joined the Management Board during the year; 2015: Total eight members