

Group management



Daniel Waller
Bucher Hydraulics

Martin Jetter
Bucher Emhart Glass

Jean-Pierre Bernheim
Bucher Vaslin



Michael Häusermann
Bucher Municipal

Philip Mosimann
Chief Executive Officer

Michel Siebert
Kuhn Group

Roger Baillo
Chief Financial Officer

Corporate Governance

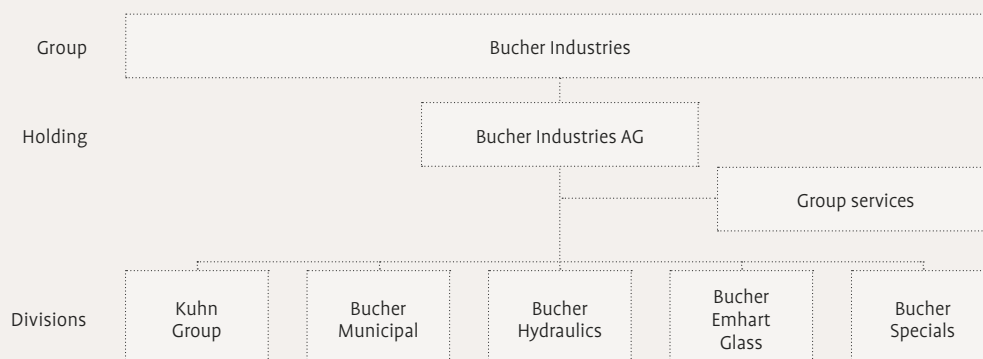
This report complies with the SIX Swiss Exchange Corporate Governance Directive effective on 31 December 2013, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2013.

Group structure and shareholders

Operational group structure at 1 January 2014 The Bucher Industries Group is organised in five divisions. The divisions comprise: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics), manufacturing equipment for the glass container industry (Bucher Emhart Glass), equipment for making wine and fruit juice, and for dewatering sewage sludge, a Swiss distributorship for tractors and agricultural machinery, and control systems for automation technology (Bucher Specials). At Group level, a corporate centre provides finance and controlling, group development, legal and communications functions to support the Group and its companies in their activities. The Group's operational structure is shown in the chart below and detailed segment information is presented in the notes to the consolidated financial statements on pages 82 to 85 of this annual report.

Group companies and consolidation Bucher Industries AG incorporated in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on the main board of the SIX Swiss Exchange and also traded on the over-the-counter markets of the Frankfurt, Stuttgart, Berlin and Xetra exchanges. Details are given in the information for investors section on pages 8 and 9 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company. The principal Group companies are listed on pages 121 to 123 of this annual report. Jetter AG in Ludwigsburg, Germany, is the only company listed on a stock exchange.

Shareholders The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement, represented by Rudolf Hauser, Zurich, holds a total of 35.16% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the share capital reduction in June 2012. The essence of the shareholders' agreement and the number of shares held by individual Group members have not been published. According to the information available to Bucher Industries AG and disclosure notifications submitted to the SIX Swiss Exchange platform on 13 August 2013 and 5 July 2011 respectively, Norges Bank, Bankplassen 2, 0107 Oslo, Norway, and Black Rock Inc., 40 East 52nd Street, New York, 10022, USA, hold, directly or indirectly via various subsidiaries, a stake in the registered share capital of Bucher Industries AG of more than 3%. This and



earlier notifications can be viewed via the following link: www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101. At the reporting date, the board of Bucher Industries AG is not aware of any other shareholders entered in the share register and with voting rights, or groups of shareholders subject to voting agreements, who hold more than 3% of the issued share capital.

There are no cross-shareholdings between Bucher Industries AG and other companies.

Capital structure

Capital The issued share capital of Bucher Industries AG is CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each. Bucher Industries AG has conditional, authorised but unissued capital up to a maximum of CHF 236 820. There is no additional authorised capital.

Conditional authorised but unissued capital The share capital of Bucher Industries AG may be increased by a maximum of CHF 236 820 through the issuance of up to 1 184 100 registered shares with a par value of CHF 0.20 each. The conditional authorised but unissued capital is reserved for the exercise of warrants or conversion rights attached to bonds and of rights issued to shareholders. Shareholders have no pre-emption rights. Holders of warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present. Warrant or conversion terms are determined by the board of directors. The board is authorised to disapply shareholders' pre-emption rights for good cause, as provided in art. 653c par. 2 of the Swiss Code of Obligations. In such cases, the board is responsible for specifying the structure, life and amount of the issue as well as the warrant or conversion terms according to market conditions at the time of issue.

Changes in capital Until 26 June 2012, the issued share capital of Bucher Industries AG was CHF 2 113 180. The capital reduction by CHF 63 180, approved by the annual general meeting on 12 April 2012, was duly carried out on 27 June 2012 by means of the cancellation of 315 900 shares, corresponding to 2.99% of the share capital. The share capital of Bucher Industries AG now stands at CHF 2 050 000. Apart from that, there were no changes in capital in the last three reporting years.

Shares Bucher Industries AG has an issued share capital of CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each. All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders. Bucher Industries AG has not issued any participation or profit-sharing certificates.

Restrictions on transferability The company's registered shares are not subject to any restrictions on ownership or transferability. Pursuant to the articles of association of Bucher Industries, the board has established principles for the registration of nominees. Persons who do not expressly state in the application for registration that the shares are held for their own account (hereinafter "nominees") will be recorded in the share register as shareholders with voting rights up to a maximum of 2% of the share capital then outstanding, provided that such persons have previously entered into a nominee agreement with Bucher Industries AG. If the 2% threshold is exceeded, registered shares held by nominees will be entered with voting rights only if the nominee agrees in writing to disclose the names, addresses and shareholdings of the persons for whose account the nominee holds 0.5% or more of the share capital then outstanding. The 2% threshold also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options Bucher Industries AG has no outstanding convertible bonds. Share options granted to members of the group management, division and segment management and selected specialists under the share option plan are shown on page 111 of this annual report. The shares required to meet awards were acquired from the portfolio of Bucher Beteiligungs-Stiftung.

Board of directors

Members

Rolf Broglie 1947, Swiss citizen, industrialist; member of the board since 1996 and chairman since 2011 ▶ Since 2011 Prografica AG, Glattbrugg, chairman of the board ▶ since 2009 Chromos AG, Glattbrugg, chairman of the board ▶ 1995 Prografica AG, executive director and chief executive officer ▶ 1985 Chromos AG, Glattbrugg, managing director ▶ 1972 Chromos AG, Glattbrugg ▶ No other appointments or commitments.

Anita Hauser 1969, Swiss citizen, degree in public affairs (lic.rer.publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau; member of the board since 2007 ▶ Since 2012 Magenta Management AG, Zurich, managing director ▶ 2010 EF Education First AG, Lucerne, marketing director ▶ 2005 EF Education AG, Zurich, country manager ▶ 2000 Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager ▶ 1993–1998 Unilever, Zug and Milan, European brand manager ▶ No other appointments or commitments.

Ernst Bärtschi 1952, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen; member of the board since 2005 ▶ 2005–2011 Sika AG, Baar, chief executive officer ▶ 2002 Sika AG, Baar, chief financial officer ▶ 1997 Schindler Group, chief financial officer ▶ 1994 Schindler Aufzüge AG, managing director ▶ 1980 Schindler Management AG ▶ **Other appointment** Member of the board of CRH plc, Dublin, Ireland.

Claude R. Cornaz 1961, Swiss citizen, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; member of the board since 2002 ▶ Since 2000 Vetropack Holding AG, Bülach, delegate of the board and chief executive officer ▶ 1993 Vetropack Holding AG, Bülach ▶ 1989 Nestec SA, Vevey ▶ 1987 Contraves AG, Zurich ▶ **Other appointments** Deputy chairman of H. Goessler AG, Zurich ▶ Member of the board of Glas Trösch Holding AG, Bützberg.

Michael Hauser 1972, Swiss citizen, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Singapore/Fontainebleau; member of the board since 2011 ▶ Since 2013 buico GmbH, Austria, managing director ▶ 2009–2011 Strabag Energietechnik, managing director ▶ 2006 hs energieanlagen, Germany, member of management ▶ 2003 Alstom/ABB, head of commissioning gas

turbine power stations ▶ 1998 Alstom/ABB, commissioning of gas turbines ▶ No other appointments or commitments.

Heinrich Spoerry 1951, Swiss citizen, degree in economics (lic.oec.) from HSG University of St. Gallen; member of the board since 2006 ▶ Since 1998 SFS Group, Heerbrugg, chairman and chief executive officer ▶ 1987 Stäfa Control System AG, Cerberus AG, Männedorf, member of the management ▶ 1981 SFS Group, Heerbrugg, head of management services ▶ 1979 Boston Consulting Group, Munich ▶ **Other appointments** Chairman of Mikron AG, Biel ▶ Member of the board of Frutiger AG, Thun.

Independence All directors are non-executive and independent, i. e. they do not perform any operational functions, have not been members of the management of Bucher Industries within the last three years and have no material business relationship with the Group.

Elections and terms of office In the reporting year directors were elected individually for staggered three-year terms. They are required to retire no later than at the first annual general meeting of shareholders after reaching the age of 70. The articles of association place no other restrictions on tenure. Rolf Broglie and Anita Hauser were re-elected to the board last year. The board elected Rolf Broglie as chairman and Anita Hauser as deputy chairman to serve from the annual general meeting on 11 April 2013.

Internal organisation The board determines the strategic direction and oversees the management of the company as provided in the Swiss Code of Obligations, in the articles of association and internal rules of organisation, an abridged version of which is available at <http://www.bucherindustries.com/html/en/6621.html>. It meets as often as business requires, holding at least six scheduled meetings each year, which generally take place every two months. The meetings are usually attended by the CEO, the CFO and by other members of group management, members of division and segment management or specialists, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. The meetings usually last one day; the annual strategy meeting lasts two days. Six board meetings and one conference call were held in the reporting year. All the meetings in the reporting year were attended by all board members, the CEO and the CFO.

Committees To assist with its responsibilities, the board of directors had an audit committee and a human resources committee appointed from among its members. The roles and responsibilities of the audit and human resources committees are described below and are published in the condensed version of the rules of organisation on the company's website at <http://www.bucherindustries.com/html/en/node/6621.html>. The committees report to the board of directors on their activities, results and proposals. The board has overall responsibility for the duties assigned to the committees. Committee members hold office on an annual basis from one annual general meeting until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes.

Audit committee On 11 April 2013, the composition of the audit committee was confirmed as follows: Ernst Bärtschi, chairman, Michael Hauser and Heinrich Spoerry. All of its members are non-executive and independent. The audit committee holds at least three meetings a year, each usually lasting half a day. The chairman of the board, CEO and CFO attend the meetings in an advisory capacity. Depending on the items on the agenda, the internal or external auditors, members of group management, members of division and segment managements or specialists are consulted. The committee met five times last year, one of the meetings lasting one hour. The members of the audit committee, the CEO and CFO were present at all the meetings. The meetings focused on the following scheduled duties. The audit committee prepares

a comprehensive and effective audit programme for the Group and oversees its implementation. It determines key areas of the audit plan for the external and internal audits, receives reports from the auditors and appoints the head of the internal audit function, who reports to the chairman of the audit committee. For a preliminary decision, the audit committee evaluates the independence and performance of the auditors and finally determines the level of their remuneration. The audit committee's role includes preparing the board's proposal for the appointment of the auditors, reviewing the organisation of the accounting system, ensuring the Group's financial controls and financial planning and reviewing the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital. In the reporting year, the external audit plan focused on in-depth assessment of internal controls in the areas of purchasing, investment and human resources. The key areas of the internal audit plan were verification and evaluation of the processes in place and the efficiency of the internal control system at the four largest Group companies.

Name	Year	Position	Appointed	Term expires	Committees	
					Audit	Human resources
Board of directors						
Rolf Broglie	1947	chairman	1996	2016		×
Anita Hauser	1969	deputy chairman	2007	2016		×
Ernst Bärtschi	1952		2005	2014	×	
Claude R. Cornaz	1961		2002	2015		×
Michael Hauser	1972		2011	2014	×	
Heinrich Spoerry	1951		2006	2015	×	

All directors are non-executive and independent.

Human resources committee On 11 April 2013, the composition of the human resources committee was confirmed as follows: Since the annual general meeting held on 14 April 2011, the human resources committee has been composed of Rolf Broglie, chairman, Claude Cornaz and Anita Hauser. The human resources committee holds at least one meeting each year, usually lasting for several hours. The CEO attends the meetings in an advisory capacity, except when his own remuneration is being determined. Four meetings were held last year. These focused on selecting a candidate for membership of the board of directors, selecting two new members of group management, reviewing the remuneration of the members of group management, as well as the scheduled duties described in the following. The human resources committee makes proposals to the board regarding the Group's remuneration policy for directors and members of the group management. It submits a proposal to the board for the annual remuneration of directors and the CEO, determines the remuneration of the other group management members and takes note of the remuneration of division and segment management members. In addition, it prepares the medium- and long-term succession planning for directors and group management members. It proposes a policy to the board concerning for the selection of candidates for appointment as directors and members of the group management and prepares the selection applying these criteria.

Authority and responsibility The board has delegated the Group's operational management to the CEO and group management members. Their authority and responsibilities are set out in the internal rules of organisation. An abridged version of the rules of organisation is available as a PDF document on the Bucher Industries website at <http://www.bucherindustries.com/html/en/6621.html>. The board oversees the operational management.

Information and control systems relating to group management As part of the management information system, the board receives monthly key figures, consolidated financial statements and management comments from group management, providing information on operational performance and performance indicators within the Group, divisions, segments and major group companies. At each meeting, the board is also informed about the course of business, important projects and risks. Once a year, it conducts an in-depth assessment of the Group's risk situation on the basis of a risk report prepared under the direction of the CEO, with the participation of members of group management and group services. Written proposals are prepared under the direction of the CEO for any major projects requiring a board decision. In addition to the chairman, one member of the board can attend each of the annual divisional strategy reviews in order to gain greater insight into the business. In the reporting year, the chairman of the board took part in four strategy meetings, accompanied by a further member of the board on each occasion. The board of directors is also supported in its supervisory and control function by internal audit and the external auditors. Internal audit carries out audits in the Group in accordance with the audit concept proposed by the audit committee and determined by the board. The chairman of the audit committee agrees the audit programme with the chairman of the board. Responsibility for coordinating and implementing audits is delegated to the CFO. The internal audit work is contracted out externally. The head of internal audit function reports to the chairman of the audit committee. The internal audit function reports the results of its audits to the audit committee at a minimum of one meeting each year. In the year under review, two meetings took place with the internal auditors.

Group management

Members at 1 January 2014

Philip Mosimann 1954, Swiss citizen, master degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; since 2002 chief executive officer and 2001 chief executive officer designate ▶ 1997 Sulzer AG, Winterthur, division president of Sulzer Textil ▶ 1993 Sulzer AG, Winterthur, division president of Sulzer Thermtec ▶ 1980 Sulzer Innotec AG, Winterthur ▶ **Other appointments** Member of the board of Conzzeta AG, Zurich ▶ Member of the board of Uster Technologies AG, Uster.

Roger Baillod 1958, Swiss citizen, degree in business economics from FH Olten, certified public accountant Kammererschule Zurich; since 1996 chief financial officer ▶ 1995 Benninger AG, Uzwil, head of corporate services ▶ 1993 Dietsche Holding AG, Zug, head of finance and accounting ▶ 1984 ATAG Ernst & Young AG, Zurich ▶ **Other appointment** Member of the board of Migros-Genossenschafts-Bund, Zurich.

Stefan Düring 1972, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen, certified public accountant Board of Accountancy, New Hampshire, chartered financial analyst Association for Investment Management and Research, Charlottesville; since 2014 president of Bucher Specials division and head of group development ▶ 2006 Head of group development and since ▶ 2010 responsible for Bucher Unipektin and Bucher Landtechnik ▶ 1998 PricewaterhouseCoopers, Zurich ▶ No other appointments or commitments.

Michael Häusermann 1960, Swiss citizen, graduate of Business School, Zurich; since 2000 Bucher Municipal, division president ▶ 1988 Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ▶ 1983 Kran + Hydraulik AG, Tagelswangen ▶ No other appointments or commitments.

Martin Jetter 1956, German citizen, degree in engineering (dipl. Ing.) from University of Cooperative Education Stuttgart; since 2006 Emhart Glass SA, division president ▶ 2005 Emhart Glass SA ▶ 1980 Jetter AG, Ludwigsburg, chief executive officer ▶ 1978 Robert Bosch GmbH, Schwieberdingen ▶ **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert 1949, French citizen, degree from Institute of Business Administration Nancy; since 1999 Kuhn Group, division president ▶ 1979 Kuhn SA, head of sales and member of division management ▶ 1976 Charbonnages de France, Nancy ▶ No other appointments or commitments.

Daniel Waller 1960, Swiss citizen, master degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; since 2004 Bucher Hydraulics division president ▶ 1999 Bucher Hydraulics AG Frutigen, managing director ▶ 1996 Carlo Gavazzi AG, Steinhausen ▶ 1987 Rittmeyer AG, Zug ▶ No other appointments or commitments.

Until 31 December 2013: Jean-Pierre Bernheim 1948, French citizen, degree in mechanical engineering (dipl. Ing.) from Ecole des Mines, Paris, doctorate in engineering University of Marseille; since 2010 Bucher Vaslin SA, managing director ▶ 1998 Bucher Process, division president ▶ 1980 Bucher Vaslin SA, managing director ▶ 1977 Groupe Vallourec, Paris ▶ No other appointments or commitments.

Group services

Vanessa Ölz 1953, Swiss citizen, degree in law (lic. iur.) from University of Zurich; since 2002 Bucher Industries AG, head of legal and communications, secretary to the board ▶ 1997 Sulzer Medica, Winterthur, secretary to the board ▶ 1989 Sulzer AG, Winterthur, legal counsel ▶ No other appointments or commitments.

Stefan Düring 1972, Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen, certified public accountant Board of Accountancy, New Hampshire, chartered financial analyst Association for Investment Management and Research, Charlottesville; since 2006 Head of group development ▶ **Other appointments** or commitments see group management.

Management contracts Bucher Industries AG has not entered into any management contracts with third parties.

Remuneration, shareholdings and loans

These disclosures are presented in the remuneration report on pages 52 to 57 of this annual report.

Shareholders' participation rights

Voting rights and representation restrictions There are no restrictions on voting rights or proxy voting.

Required quorums Resolutions at general meetings of shareholders are passed by an absolute majority of the votes of the shares represented. At least two-thirds of the votes represented and an absolute majority of the par value of the shares represented are required for special resolutions as prescribed in art. 704 par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders

There are no rules that differ from the law for the convocation of general meetings of shareholders. As provided in the articles of association, notice of a meeting is given to shareholders at least 20 days before the meeting. The notice convening the meeting sets out the agenda and resolutions to be proposed by the board and by shareholders who have requested an item to be added to the agenda. To be entitled to vote at a general meeting, shareholders must be registered in the share register three working days before the date of the meeting. Extraordinary general meetings are called as and when required, in particular in the cases provided by law. Shareholders representing at least one tenth of the share capital may at any time request that a meeting be convened, stating the business to be transacted and resolutions proposed.

Requests for additions to the agenda Shareholders representing shares with a combined par value of CHF 20 000 may request that an item be added to the agenda. Requests for additions to the agenda must be submitted at least six weeks before a general meeting of shareholders.

Obligation to make an offer and clauses on changes of control

The annual general meeting of shareholders held on 26 April 2005 adopted an opting-up clause in the articles of association, requiring a purchaser of shares to make a public tender offer when reaching or crossing the threshold of 40% of the voting rights in accordance with art. 32 and 52 of the Federal Stock Exchange and Securities Trading Act. There are no change of control clauses benefiting directors or group management members.

Auditors

Duration of the engagement and lead audit partner's tenure

PricewaterhouseCoopers AG, Zurich, or its predecessor companies, has served as statutory auditors of Bucher Industries AG since 1984. The lead audit partner, Christian Kessler, has been responsible for the audit engagement since 2013.

Audit fees and non-audit fees

For last year, Bucher Industries was charged CHF 1 712 500 by PricewaterhouseCoopers and approximately CHF 540 600 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and its group companies and the audit of the consolidated financial statements of Bucher Industries. In addition, PricewaterhouseCoopers charged Bucher Industries a fee of approximately CHF 736 500 for non-audit services, comprising financial, tax and due diligence services.

Supervisory and control instruments pertaining to the audit

The audit committee reviews the audit programme, key audit areas and audit plan every year and discusses the interim and closing audit findings and respective reports with the auditors. Every year, the audit committee subsequently assesses the performance, fees and independence of the auditors. In the year under review, the auditing priorities of larger group companies were purchasing, investment, human resources, general IT controls and verifying the implementation of the measures agreed. The audit committee held two meetings with the external auditors. The internal auditors did not attend one of these meetings.

Information policy

Bucher Industries publishes the results of operations in an annual report (including a financial, corporate governance and remuneration report) and an interim report. In July last year, the Group published a sustainability report in accordance with GRI principles and based on data covering 2011 and 2012. These publications are made available at the appropriate time on the company's website at <http://www.bucherindustries.com/en/node/6622> and the invitation to the annual meeting of shareholders at <http://www.bucherindustries.com/en/node/6636>. Annual sales including order intake, order book and number of employees at the end of the first and third quarters of a financial year are published in press releases. The company holds an annual press conference and annual analyst conference to present full-year results and hosts a conference call to discuss first-half results. Significant events are announced in compliance with the directive on ad hoc publicity issued by the SIX Swiss Exchange. A calendar of forthcoming release dates scheduled for the current and next financial year is set out in the information for investors section on page 9 of this annual report. All news releases published over the past two years can be found at http://www.bucherindustries.com/en/media_messages_page and http://www.bucherindustries.com/en/download_center/publication, the contact address at <http://www.bucherindustries.com/en/contact>. The company's website at www.bucherindustries.com also provides a facility to subscribe free of charge to an e-mail service to receive press releases published by Bucher Industries.