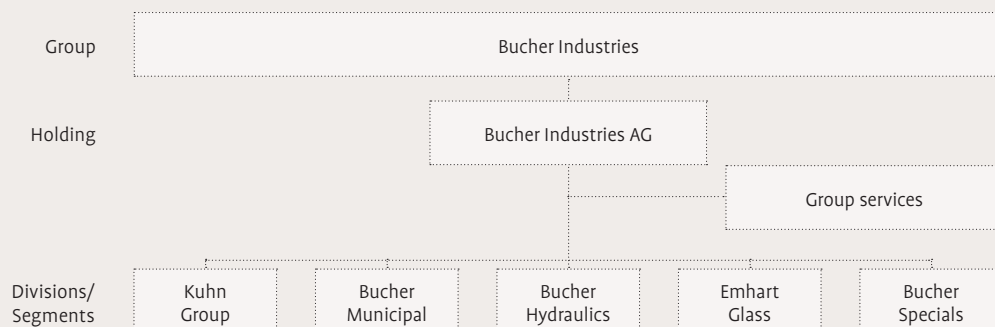


Corporate governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive effective on 31 December 2011, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2011.

Group structure and shareholders

Operational group structure The Bucher Industries Group is organised into four divisions operating in four business segments and one segment with three independent businesses. The four divisions comprise: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics) and manufacturing equipment for the glass container industry (Emhart Glass). Bucher Specials consists of: wine-making equipment (Bucher Vaslin), processing equipment for fruit juice, instant products, and dewatering sewage sludge (Bucher Unipektin) and the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik). 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 88 to 91 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 10 and 11 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 124 to 126 of this annual report. None of these companies is 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 34.14% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005. The essence of the shareholders' agreement and the number of shares held by individual Group members have not been published. At the reporting date, Bucher Beteiligungs-Stiftung held a total of 4.78% of the issued share capital, the voting rights attached to such shares being suspended in accordance with art. 659a par. 1 of the Swiss Code of Obligations. According to disclosure notifications submitted to Bucher Industries AG and SIX Swiss Exchange, Black Rock Inc., 40 East 52nd Street, New York, 10022, USA, holds, directly or indirectly via various subsidiaries, a stake in the registered share capital of Bucher Industries AG of 3.21%. At the reporting date, the board of Bucher Industries AG is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold more than 3% of the total voting rights. The disclosures reported in the year under review can be viewed via the following link: www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=2413.

End of May 2011, Bucher Industries AG launched a share buy-back programme covering up to 3% of the issued shares. Up to the balance sheet date, 293 170 shares had been bought back at an average price of CHF 157.70 via a second trading line at the SIX Swiss Exchange. On 3 February 2012, Bucher Industries concluded the buy-back programme with the repurchase of a total of 315 900 shares. This corresponded to 2.99% of the issued shares, with

a total repurchase value of CHF 50.2 million and an average price per share of CHF 159.00. The board of directors is proposing to the annual general meeting on 12 April 2012 to cancel the shares, with a corresponding reduction in 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 2 113 180, divided into 10 565 900 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 There were no changes in capital in the last three reporting years.

Shares Bucher Industries AG has an issued share capital of CHF 2 113 180, divided into 10 565 900 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 115 of this annual report. The shares required to meet awards are purchased in the open market and held by Bucher Beteiligungs-Stiftung.

Board of directors

Members **Rolf Broglie** Swiss citizen, age 64, industrialist ▶ 1972 Chromos AG, Glattbrugg, managing director since 1985, chairman of the board since 2009 ▶ 1995 Prografica AG, Glattbrugg, executive director and chief executive officer, since 2011 chairman of the board. No other appointments or commitments.

Anita Hauser Swiss citizen, age 42, degree in public affairs (lic. rer. publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau ▶ 1993–1998 Unilever, Zug and Milan, European brand manager ▶ 2000 Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager ▶ 2005 EF Education AG, Zurich, country manager ▶ Since 2010 EF Education First AG, Lucerne, marketing director. No other appointments or commitments.

Ernst Bärtschi Swiss citizen, age 59, degree in economics (lic. oec.) from HSG University of St. Gallen ▶ 1980 Schindler Management AG ▶ 1994 Schindler Aufzüge AG, managing director ▶ 1997 Schindler Group, chief financial officer ▶ 2002 Sika AG, Baar, chief financial officer, 2005–2011 chief executive officer ▶ **Other appointment** Member of the board of CRH Plc., Dublin, Ireland.

Thomas W. Bechtler Swiss citizen, age 62, doctorate in law (Dr. iur.) from University of Zurich, L.L.M. Harvard University ▶ 1977 Luwa AG, Zurich, division head ▶ Since 1982 Hesta AG and Hesta Tex AG, Zug, executive director and chief executive officer ▶ **Other appointments** Deputy chairman of Sika AG, Baar, and director of Conzzeta AG, Zurich ▶ Chairman of Human Rights Watch Committee Zurich.

Claude R. Cornaz Swiss citizen, age 50, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▶ 1987 Contraves AG, Zurich ▶ 1989 Nestec SA, Vevey ▶ 1993 Vetropack Holding AG, Bülach, since 2000 delegate of the board and chief executive officer ▶ **Other appointments** ▶ Deputy chairman of H. Goessler AG, Zurich ▶ Member of the board of Glas Trösch Holding AG, Bützberg.

Name	Age	Position	Appointed	Term expires	Committees	
					Audit	Human resources
Board of directors						
Rolf Broglie	64	chairman	1996	2013		x
Anita Hauser	42	deputy chairman	2007	2013	x	x
Ernst Bärtschi	59		2005	2014	x	
Thomas W. Bechtler	62		1987	2013		x
Claude R. Cornaz	50		2002	2012		
Michael Hauser	39		2011	2014		
Heinrich Spoerry	60		2006	2012	x	

All directors are non-executive and independent.

Michael Hauser Swiss citizen, age 39, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Singapore/Fontainebleau ▶ **1998** Alstom/ABB, commissioning of gas turbines, **2003** head of commissioning gas turbine power stations ▶ **2006** hs energieranlagen, Germany, member of the management ▶ **2009–2011** Strabag Energietechnik, managing director. No other appointments or commitments.

Heinrich Spoerry Swiss citizen, age 60, degree in economics (lic. oec.) from HSG University of St. Gallen ▶ **1979** Boston Consulting Group, Munich ▶ **1981** SFS Group, Heerbrugg, head of management services ▶ **1987** Stäfa Control System AG, Cerberus AG, Männedorf, member of the management ▶ Since **1998** SFS Group, Heerbrugg, chairman and chief executive officer ▶ **Other appointments** Chairman of Mikron AG, Biel ▶ Member of the board of Fritiger 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 Directors are 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. Ernst Bärtschi was re-elected to the board last year and Michael Hauser was newly elected. The board elected Rolf Broglie as chairman and Anita Hauser as deputy chairman to serve from the annual general meeting on 14 April 2011.

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.bucherind.com/html/en/296.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 two conference calls were held in the reporting year. With the exception of the partial absence of one member from one meeting owing to illness, 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.bucherind.com/html/en/296.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 Since the annual general meeting held on 14 April 2011, the audit committee comprised Ernst Bärtschi, chairman, Anita 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 three times last year. 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.

Human resources committee Since the annual general meeting held on 14 April 2011, the human resources committee has been composed of Rolf Broglie (chairman), Thomas W. Bechtler and Anita Hauser. It holds at least one meeting each year, usually lasting half a day. The CEO attends the meetings in an advisory capacity, except when his own remuneration is being determined. Three meetings were held last year. These focused on succession planning for senior management, as well as the following scheduled duties. 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.bucherind.com/html/en/296.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. The board of directors is 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, one meeting took place with the internal audit. The audits focused on processes and controls within the framework of the internal control system and the group directive on transfer prices, as well as on analyses of cost calculations.

Group management

Members **Philip Mosimann** Swiss citizen, age 57, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▶ **1980** Sulzer Innotec AG, Winterthur ▶ **1993** Sulzer AG, Winterthur, division president of Sulzer Thermtec ▶ **1997** Sulzer AG, Winterthur, division president of Sulzer Textil ▶ **2001** Bucher Industries AG, chief executive officer since **2002** ▶ **Other appointment** Member of the board of Conzzeta AG, Zurich.

Roger Bailod Swiss citizen, age 53, degree in business economics from FH Olten, certified public accountant Kammerschule Zurich ▶ **1984** ATAG Ernst & Young AG, Zurich ▶ **1993** Dietsche Holding AG, Zug, head of finance and accounting ▶ **1995** Benninger AG, Uzwil, head of corporate services ▶ Since **1996** Bucher Industries AG, chief financial officer ▶ **Other appointment** Member of the board of Migros-Genossenschafts-Bund, Zurich.

Jean-Pierre Bernheim French citizen, age 63, degree in mechanical engineering (dipl. Ing.) from Ecole des Mines, Paris, doctorate in engineering University of Marseille ▶ **1977** Groupe Vallourec, Paris ▶ **1980** Bucher Vaslin SA, managing director ▶ **1998** Bucher Process, division president ▶ Since **2010** Bucher Vaslin SA, managing director. No other appointments or commitments.

Michael Häusermann Swiss citizen, age 51, graduate of Business School, Zurich ▶ **1983** Kran + Hydraulik AG, Tagelswangen ▶ **1988** Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ▶ Since **2000** Bucher Municipal, division president. No other appointments or commitments.

Martin Jetter German citizen, age 55, degree in engineering (dipl. Ing.) from University of Cooperative Education Stuttgart ▶ **1978** Robert Bosch GmbH, Schwieberdingen ▶ **1980** Jetter AG, Ludwigsburg, chief executive officer ▶ **2005** Emhart Glass SA, division president since **2006** ▶ **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert French citizen, age 62, degree from Institute of Business Administration Nancy ▶ **1976** Charbonnages de France, Nancy ▶ **1979** Kuhn SA, head of sales and member of division management ▶ Since **1999** Kuhn Group, division president. No other appointments or commitments.

Daniel Waller Swiss citizen, age 51, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▶ **1987** Rittmeyer AG, Zug ▶ **1996** Carlo Gavazzi AG, Steinhausen ▶ **1999** Bucher Hydraulics AG Frutigen, managing director ▶ Since **2004** Bucher Hydraulics, division president. No other appointments or commitments.

Group services **Vanessa Ölz** Swiss citizen, age 58, degree in law (lic. iur.) from University of Zurich ▶ **1989** Sulzer AG, Winterthur, legal counsel ▶ **1997** Sulzer Medica, Winterthur, secretary to the board ▶ Since **2002** Bucher Industries AG, head of legal and communications, secretary to the board. No other appointments or commitments.

Stefan Düring Swiss citizen, age 39, 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 ▶ **1998** PricewaterhouseCoopers, Zurich ▶ Since **2006** Bucher Industries AG, head of group development and since **2010** responsible for Bucher Unipektin and Bucher Landtechnik. No other appointments or commitments.

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



Daniel Waller
Bucher Hydraulics

Martin Jetter
Emhart Glass

Jean-Pierre Bernheim
Bucher Vaslin



Roger Baillod
Chief Financial Officer

Philip Mosimann
Chief Executive Officer



Michel Siebert
Kuhn Group

Michael Häusermann
Bucher Municipal

Remuneration, shareholdings and loans

These disclosures are presented in the remuneration report on pages 54 to 60 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, Beat Inauen, has been responsible for the audit engagement since 2007.

Audit fees and non-audit fees For last year, Bucher Industries was charged CHF 1 600 000 by PricewaterhouseCoopers and approximately CHF 376 000 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 638 000 for nonaudit 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 group-level controls, financial closing and reporting as well as sales. The audit committee held two meetings with the external auditors. The internal auditors attended one of these meetings in an advisory capacity.

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. These publications and the notice of the general meeting of shareholders are made available at the appropriate time on the company's website at <http://www.bucherind.com/html/en/188.html> and <http://www.bucherind.com/html/en/854.html>. 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 11 of this annual report. All news releases published over the past two years, as well as contact addresses can be found at <http://www.bucherind.com/html/en/1201.html> and <http://www.bucherind.com/html/en/kontakt.html>. The company's website at www.bucherind.com also provides a facility to subscribe free of charge to an e-mail service to receive press releases published by Bucher Industries.