

Corporate governance

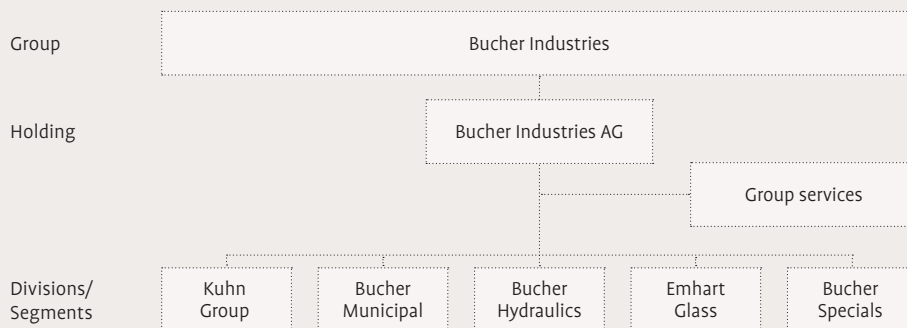
This report complies with the SIX Swiss Exchange Corporate Governance Directive effective on 31 December 2009, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2009.

Group structure and shareholders

Operational group structure The Bucher Industries Group was organised into five divisions operating in five business segments: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production equipment (Bucher Process), hydraulic components (Bucher Hydraulics) and manufacturing equipment for the glass container industry (Emhart Glass).

At the beginning of 2010, the Group introduced a change in the Group's management structure. The operations of the Bucher Process division, comprising winemaking equipment (Bucher Vaslin), fruit juice processing equipment (Bucher Foodtech), drying systems for the food industry and sludge dewatering systems (Bucher Drytech), have been grouped together with the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik), which was previously part of the Bucher Municipal division, as independent businesses within the new Bucher Specials segment. The Group made this move to give more weight to these independent operations and sharpen their focus on the specific needs of the different customer segments. The Bucher Process division was dissolved.

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 as of



1 January 2010 is shown in the chart on page 10 and a detailed segment information is presented in the notes to the consolidated financial statements on pages 87 to 89 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 investor relations section on page 33 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company, as shown on pages 122 to 124 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 and represented by Rudolf Hauser, Zurich, holds a total of 34.14% of the voting rights, as published in the Swiss Official Gazette of Commerce (SHAB) on 10 May 2005. The essence of the shareholders' agreement has not been published. Bucher Beteiligungs-Stiftung held a total of 5.35% of the issued share capital, the voting rights attached to such shares being suspended in accordance with article 659a par. 1 of the Swiss Code of Obligations. 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.

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 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 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, when issuing bonds with warrants or conversion rights. 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 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 has no outstanding convertible bonds. Share options granted to members of the group management, division managements and selected specialists under the share option plan are shown on pages 110 to 111 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

Thomas W. Hauser Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD Fontainebleau ► 1968 Boeing, Seattle ► 1970–2003 Bucher Hydraulics GmbH, Klettgau, managing director ► 1984–2003 Bucher Hydraulics, division president. No other appointments or commitments.

Rolf Broglie Swiss citizen, industrialist ► 1972 Chromos AG, Glattbrugg, managing director since 1985 ► Since 1995 Prografica AG, Glattbrugg, executive director and chief executive officer. No other appointments or commitments.

Ernst Bärtschi Swiss citizen, lic. oec. 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, since 2005 chief executive officer. No other appointments or commitments.

Thomas W. Bechtler Swiss citizen, doctorate in law, 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, mechanical engineer 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 Member of the board of the European Container Glass Federation ► Deputy chairman of H. Goessler AG, Zurich.

Name	Age	Position	Appointed	Term expires	Committees	
					Audit	Human resources
Board of directors						
Thomas W. Hauser	69	chairman, non-executive, independent	1984	2011		x
Rolf Broglie	62	deputy chairman, non-executive, independent	1996	2010	x	x
Ernst Bärtschi	57	non-executive, independent	2005	2011	x	
Thomas W. Bechtler	60	non-executive, independent	1987	2010		x
Claude R. Cornaz	48	non-executive, independent	2002	2012		
Anita Hauser	40	non-executive, independent	2007	2010		
Heinrich Spoerry	58	non-executive, independent	2006	2012	x	

Anita Hauser Swiss citizen, lic. rer. publ. 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, social media director. No other appointments or commitments.

Heinrich Spoerry Swiss citizen, lic. oec. 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 of the board and chief executive officer ▶ **Other appointment** Director of Mikron AG, Biel.

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 at the first annual general meeting of shareholders after reaching the age of 70. The articles of association place no other restrictions on tenure. Claude R. Cornaz, Kurt E. Siegenthaler and Heinrich Spoerry were re-elected to the board last year. Two directors, Kurt E. Siegenthaler and Erwin Stoller, left the board on 31 August 2009. The board elected Thomas W. Hauser as the new chairman from September 2009 and Rolf Broglie as deputy chairman, nominated to serve as chairman from the annual general meeting on 15 April 2010.

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, 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. It met eight times and held one conference call last year. The meetings are usually attended by the CEO, CFO and other members of group management, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. Each meeting lasts one day and the annual strategy meeting two days.

Committees To assist with its responsibilities, the board of directors had an audit committee, a compensation committee and a nomination committee appointed from among its members. On 30 November 2009 the human resources committee took over the functions of the former compensation and nomination committees. 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 from one annual general meeting until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes.

Audit committee The audit committee consisted of Rolf Broglie (chairman), Ernst Bärtschi and Erwin Stoller until 31 August 2009, when Erwin Stoller resigned from the board. Since September 2009, Ernst Bärtschi took over as committee chairman from Rolf Broglie, who remained a member of the committee. Heinrich Spoerry was appointed as a new member of the audit committee. 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. The committee met three times last year. 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 and receives reports from the auditors. 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 The human resources committee established on 30 November 2009 is composed of Thomas W. Hauser (chairman), Thomas W. Bechtler and Rolf Broglie. 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.

The human resources committee prepares the Group's remuneration policy for directors and members of the group and division managements. It makes recommendations 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 management members. In addition, it prepares the medium- and long-term succession planning for directors and group management members. It recommends to the board a policy for the selection of candidates for appointment as directors and CEO and prepares the selection applying these criteria. The human resources committee determines the policy for the selection of candidates for appointment to the group management and prepares their selection applying these criteria. Before their dissolution, the compensation and nomination committees did not hold any meetings last year. The board of directors performed the functions of the human resources committee at one meeting, which focused on the regular duties of determining the remuneration of senior executives.

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 reporting system, the board receives monthly key figures, quarterly consolidated financial statements and management comments from group management, providing information on operational performance and key performance indicators within the Group, divisions and major group companies. Variances from the budget and the three-year medium-term financial plan are analysed based on overall market conditions, and action taken by management is evaluated. 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. Written proposals are prepared for any major projects requiring a board decision. The newly established internal audit function started its work last year. These functions were outsourced. The internal audit function reports to the chairman of the audit committee, which has delegated the coordination and practical performance of the audits to the CFO. The internal audit function reports the results of its audits to the audit committee at at least one meeting each year. Two meetings were held last year. The audits focused on contracts, pricing, and IT structures of individual divisions and group companies.



Michael Häusermann

Michel Siebert

Martin Jetter

Philip Mosimann

Daniel Waller

Jean-Pierre Bernheim

Roger Bailod

Group management

Members

Philip Mosimann Swiss citizen, age 55, mechanical engineer 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** Director of Conzzeta AG, Zurich.

Roger Bailod Swiss citizen, age 51, graduate in business economics 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 61, mechanical engineer 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 49, 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 53, engineer University of Cooperative Education Stuttgart ► 1978 Robert Bosch GmbH, Schwieberdingen ► 1980 Jetter AG, Ludwigsburg, chief executive officer ► 2005 Emhart Glass AG, division president since 2006 ► **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert French citizen, age 60, graduate of 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 49, mechanical engineer 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, graduate in law 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.

Stefan Düring Swiss citizen, lic. oec. 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.

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 24 to 31 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 1 745 000 by PricewaterhouseCoopers and approximately CHF 647 000 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 484 000 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 audit findings with the auditors. Every year, the audit committee subsequently assesses the performance, fees and independence of the auditors. Last year, the audit focused on the key audit areas production, inventories and general IT-control mechanisms. 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/854.html>. The Group issues press releases announcing its full year, first quarter and third quarter sales. It 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 investor relations section on page 33 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/987.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.