

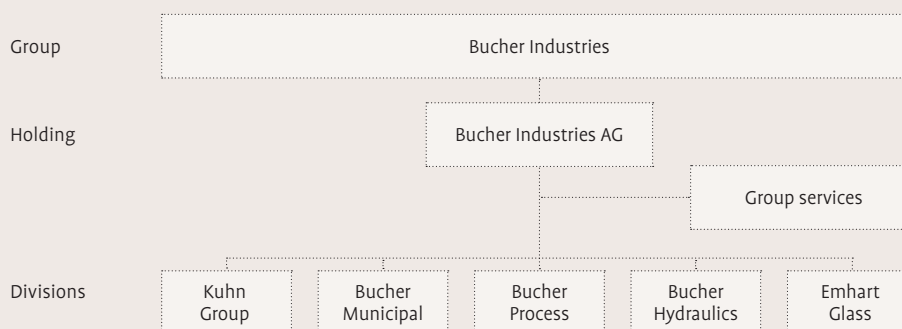
## Corporate governance

This report complies with the SWX Swiss Exchange Corporate Governance Directive effective 1 July 2002 and related commentaries, including updates up to 20 September 2007, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2007.

### Group structure and shareholders

**Operational group structure** The Bucher Industries Group is organised into five divisions operating in five business segments: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), equipment for wine and fruit juice production (Bucher Process), hydraulic components (Bucher Hydraulics) and production equipment for the glass container industry (Emhart Glass). At Group level, a corporate center provides finance and controlling, group development, legal and communications functions to support the Group and its five divisions in their activities. The Group’s operational structure is shown in the chart below. Detailed segment information is presented in the notes to the consolidated financial statements on page 75 of this annual report.

**Group companies and scope of consolidation** Bucher Industries AG, which is based in Niederweningen, Switzerland, is the Group’s holding company. Its registered shares are listed on SWX Swiss Exchange. The registered shares are also listed on the over-the counter market of the following stock exchanges: Frankfurt, Stuttgart, Berlin, XETRA. The details are shown in the investor relations section on pages 26 and 27 of this annual report. The consolidation includes all group companies owned directly or indirectly by



the holding company, as shown on pages 100 and 101 of this annual report. None of these group 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 since February 2008 represented by Rudolf Hauser, Zürich, holds 34.14% of the voting rights, as published in the Swiss Official Gazette of Commerce (SHAB) on 10 May 2005. The shareholders' agreement essentially governs unity in voting at general meetings of shareholders. Bucher Industries AG and Bucher Beteiligungs-Stiftung hold a total of 6.0% of the issued share capital, the voting rights attached to such shares being suspended in accordance with article 659a per. 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** 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. Bucher Industries AG has conditional, unissued capital of a maximum of CHF 236 820. There is no authorised capital.

**Conditional capital** The share capital of Bucher Industries AG may be increased by issuing a maximum of 1 184 100 registered shares with a par value of CHF 0.20 each for a total of CHF 236 820. The conditional capital is reserved for the exercise of warrants or conversion rights attached to bonds and of options rights granted to shareholders. Shareholders have no subscription privilege. Holders of options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present.

Option or conversion terms are determined by the board of directors. The board is authorised to suspend shareholders' preemptive rights for good cause, as provided in article 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 option 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 certificates or profit-sharing certificates.

**Restrictions on transferability** The 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 fail to expressly state in the application for registration that the shares are held for their own account (hereinafter nominees) will be registered as shareholders with voting rights in the share register up to a maximum of 2 % of the share capital then outstanding, provided that such persons entered into a nominee agreement with Bucher Industries AG prior to registration as a shareholder. If the 2 % limit is exceeded, registered shares of 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 % limit also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

**Convertible bonds and share options** Bucher Industries AG does not have any outstanding convertible bonds. Share options granted under the share option plan for members of the group management and division managements are shown on pages 22 to 23 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

**Kurt E. Siegenthaler** Swiss citizen, doctorate in biochemistry II University of Zurich, graduate in economics University of Basel ▶ 1969 Sandoz AG, Basel ▶ 1974 Mc Kinsey & Co., Zurich ▶ 1976 Bühler AG, Uzwil, head of finance and controlling ▶ 1985 SIG, Neuhausen, head of packaging machines division ▶ 1993–1998 Black&Decker, Towson, USA, corporate vice-president and managing director Emhart Glass ▶ 1998–2005 Bucher Industries AG, division president Emhart Glass ▶ **Other activities** member of the board of Vitrashop Holding AG, Birsfelden.

**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 activities or involvements.

**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 activities or involvements.

**Thomas W. Bechtler** Swiss citizen, doctorate in law, University of Zurich, L.L.M. Harvard University ▶ 1977 Luwa AG, Zurich, division head ▶ 1982 Hesta AG and Hesta Tex AG, Zug, delegate of the board ▶ **Other activities** Deputy chairman of the board of Sika AG, Baar ▶ Member of the board of Credit Suisse Group, Zurich, Swiss Re, Zurich, and Conzzeta Holding, Zurich ▶ Chairman Human Rights Watch Committee Zurich.

**Rolf Broglie** Swiss citizen, industrialist ▶ 1972 Chromos AG, Glattbrugg, managing director in 1985 ▶ 1995 Prografica AG, Glattbrugg, delegate of the board. No other activities or involvements.

**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, delegate of the board and chief executive officer since 2000 ▶ **Other activities** Member of the board of the European Container Glass Federation ▶ Deputy chairman of the board of H. Goessler AG, Zurich.

**Anita Hauser** Swiss citizen, lic. rer. publ. HSG University St. Gallen, MBA INSEAD, Fontainebleau ▶ 1993–1998 Unilever, Zug and Mailand, european brand manager ▶ 2000–2004 Lindt & Sprüngli (International), Kilchberg, international marketing manager, ▶ since 2005 EF Education (Switzerland) AG, managing director. No other activities or involvements.

**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 ► 1998 SFS Group, Heerbrugg, delegate of the board and chief executive officer ► **Other activities** Member of the board of Industrieholding Cham, Mikron AG, Biel, and Tegula AG, Zurich.

**Erwin Stoller** Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ► 1992 Rieter Holding AG, Winterthur, head of Spinning Systems ► 1996 Rieter Textile Systems, Winterthur, chief executive officer ► 2002–2007 Rieter Automotive Systems, Winterthur, chief executive officer. No other activities or involvements.

**Independence** All directors, with the exception of Kurt E. Siegenthaler, are also independent, i.e. they have not been members of the management of Bucher Industries for the last three years and also do not have a material business relationship with the group. Kurt E. Siegenthaler was the non-executive chairman of the board in the reporting year. He is not considered to be independent because he held an executive position as division president of Emhart Glass until the end of 2005.

**Elections and terms of office** Members of the board are elected individually for staggered three-year terms. They are required to retire at the next annual general meeting of shareholders after reaching the age of 70. There are no other statutory restrictions regarding the term of office. Rudolf Hauser, the former chairman of the board of directors, left the board at the annual general meeting of 12 April 2007 as he had reached the age limit. Kurt E. Siegenthaler, former member of the board, took over as chair-

| Name                      | Age | Position                                    | Appointed | Term expires | Committees |              |            |
|---------------------------|-----|---|-----------|--------------|------------|--------------|------------|
|                           |     |   |           |              | Audit      | Compensation | Nomination |
| <b>Board of directors</b> |     |   |           |              |            |              |            |
| Kurt E. Siegenthaler      | 66  | Chairman, non-executive                     | 2006      | 2009         |            | x            | x          |
| Thomas W. Hauser          | 67  | Deputy chairman, non-executive, independent | 1984      | 2008         |            | x            | x          |
| Ernst Bärtschi            | 56  | non-executive, independent                  | 2005      | 2008         |            |              |            |
| Thomas W. Bechtler        | 58  | non-executive, independent                  | 1987      | 2010         |            | x            | x          |
| Rolf Broglie              | 61  | non-executive, independent                  | 1996      | 2010         | x          |              |            |
| Claude R. Cornaz          | 47  | non-executive, independent                  | 2002      | 2009         | x          |              |            |
| Anita Hauser              | 39  | non-executive, independent                  | 2007      | 2010         |            |              |            |
| Heinrich Spoerry          | 56  | non-executive, independent                  | 2006      | 2009         |            |              |            |
| Erwin Stoller             | 60  | non-executive, independent                  | 1996      | 2008         | x          |              |            |

man of the board as from this date. During the year under review, Thomas W. Bechtler and Rolf Broglie were re-elected and Anita Hauser was elected to the board for the first time.

**Internal organisation** The board determines the strategic direction of the company and supervises its management as provided in the Swiss Code of Obligations, the articles of association and the internal rules of organisation, available under [www.bucherind.com](http://www.bucherind.com). It meets as often as business requires, holding at least six scheduled meetings each year. It met six times in the reporting year. The meetings are usually attended by the chief executive officer, the chief financial officer and by other members of group management, depending on the items on the agenda. The secretary to the board records the discussions and resolutions in the minutes of the meeting. Each meeting lasts at least half a day, and the annual strategy meeting two days.

**Committees** To assist in its duties, the board has appointed an audit committee, a compensation committee and a nomination committee from among its members. The committees report to the full board on their activities, results and proposals. The board has overall responsibility for the tasks assigned to the committees. The term of office of the committee members begins with the annual general meeting and lasts until the next annual general meeting. Minutes are kept of business conducted and resolutions passed at committee meetings.

**Audit Committee** The audit committee is composed of Rolf Broglie (chairman), Claude R. Cornaz and Erwin Stoller. All of its members are non-executive and independent. The role of the audit committee is to ensure a comprehensive and effective audit programme for the Group, receive reports from the statutory and group auditors, review their independence and performance, fix their remuneration and recommend their appointment. It approves the audit priorities each year, evaluates the audit plan and discusses the audit findings with the auditors. The chairman of the board, chief executive officer, chief financial officer, and representatives of the auditors attend the meetings in a consultant capacity. The audit committee holds at least two meetings each year. It met three times in the reporting year.

**Compensation Committee** The compensation committee is composed of Kurt E. Siegenthaler (chairman), Thomas W. Bechtler and Thomas W. Hauser. The three committee members are non-executive and two of them are independent. The compensation committee is responsible for fixing the compensation of the group management, determining policy on senior executive compensation and recommending the compensation paid to members of the board. The chief executive officer attends the meetings in a consultant capacity, except for when his own compensation is being determined. The compensation committee holds at least one meeting each year. It met once in the reporting year.

**Nomination Committee** The nomination committee is composed of Kurt E. Siegenthaler (chairman), Thomas W. Bechtler and Thomas W. Hauser. The three committee members are non-executive and two of them are independent. The nomination committee determines the selection policy for

members of the board and group management, carries out the selection procedure and nominates and recommends candidates to the board of directors. No other persons attend the meetings of this committee. The nomination committee holds at least one meeting each year. It met once in the reporting year.

**Definition of areas of responsibility** The board has delegated the Group's operational management to the chief executive officer and group management. Their authority and responsibilities are set out in the internal rules of organisation. A short version of the rules of organisation is available as a PDF document at the Bucher Industries website, [www.bucherind.com](http://www.bucherind.com), under Investor Relations/Corporate Governance. The board's role is to monitor and control the operational management.

**Information and control systems relating to group management** As part of the management reporting system, the board receives monthly key figures and quarterly consolidated financial statements including management comments on key figures and other important business issues, all of which keep the directors informed about operational performance and key performance indicators within the Group, the divisions and important group companies. Deviations from the budget and three-year medium-term planning are analysed on the basis of overall market performance, and action taken by the management is evaluated. In addition, the board of directors is informed at each meeting about the course of business, important projects and risks. Once a year it undertakes 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.



## Group management

### Members

**Philip Mosimann** Swiss citizen, age 54, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ► **1980** Sulzer Innotec AG, Winterthur ► **1993** Sulzer AG, Winterthur, division president Sulzer Thermtec ► **1997** Sulzer AG, Winterthur, division president Sulzer Textil ► **2001** Bucher Industries AG, since **2002** chief executive officer. ► **Other activities** Member of the board of Conzzeta Holding AG, Zürich.

**Roger Baillod** Swiss citizen, age 49, 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 central services ► **1996** Bucher Industries AG, chief financial officer. No other activities or involvements.

**Jean-Pierre Bernheim** French citizen, age 59, mechanical engineer Ecole des Mines, Paris, doctorate in engineering University of Marseille ► **1977** Groupe Vallourec, Paris ► **1980** Bucher Vaslin SA, managing director ► **1988** Bucher Process, division president. No other activities or involvements.

**Michael Häusermann** Swiss citizen, age 47, graduate of Commercial College Zurich ► **1983** Kran + Hydraulik AG, Tagelswangen ► **1988** Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ► **2000** Bucher Municipal, division president. No other activities or involvements.

**Martin Jetter** German citizen, age 52, engineer University of Cooperative Education Stuttgart ► **1978** Robert Bosch GmbH, Schwieberdingen ► **1980** Jetter AG, Ludwigsburg, chief executive officer ► **2005** Emhart Glass AG,



Roger Baillod



Daniel Waller



Michael Häusermann

Jean-Pierre Bernheim

division president since 2006. ▶ **Other activities** Jetter AG, Ludwigsburg, chief executive officer.

**Michel Siebert** French citizen, age 59, graduate of Institute of Business Administration Nancy ▶ 1976 Charbonnages de France, Nancy ▶ 1979 Kuhn SA, head of sales and member of division management ▶ 1999 Kuhn Group, division president. No other activities or involvements.

**Daniel Waller** Swiss citizen, age 47, 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 ▶ 2004 Bucher Hydraulics, division president. No other activities or involvements.

**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 of directors ▶ 2002 Bucher Industries AG, head of legal and communications, secretary to the board of directors.

**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 ▶ 1989 PricewaterhouseCoopers, Zurich, audit and business advisory services ▶ 2000 transaction services ▶ 2005 senior manager transaction services ▶ 2006 Bucher Industries AG, head of group development.

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



Philip Mosimann



Michel Siebert



Martin Jetter

## Remuneration, shareholdings and loans

**Remuneration system** The remuneration system used by Bucher Industries has been designed to ensure that management focuses on the interests of the Group, the shareholders and other stakeholders. The individual remuneration components take account of the sustained short- and long-term development of the Group and support a healthy, performance-focused approach. As the objective is also to attract and retain highly qualified managers and specialists, the focus falls on competitive salaries with a moderate fixed component and performance-related components paid in cash as well as in the form of shares and options in the company. The remuneration components include a base salary, the bonus plan, the long-term bonus plan and the share option plan. The performance-related components are paid out in spring of the current year after the board of directors has approved the annual accounts for the year under review.

**Base salary** The base salary is determined in consideration of the country-specific market data for the position in question as well as the employee's level of individual responsibility and experience. The base salary is also compared to an international grading system every three to five years and adjusted by the compensation committee if necessary.

**Bonus plan** The bonus is a performance-related component of the remuneration of the members of group management and senior management which is paid out in cash. The bonus depends on the achievement of the annual financial objectives of the Group and the divisions as well as the attainment of the manager's personal objectives. The bonus bandwidth for the chief executive officer is 0 to 100 % and for all other members of group management 0–80 % of the base salary, depending on the degree of objective attainment. The bonuses for the chief executive officer and the chief financial officer are determined by the financial criteria "Group net profit" and the Group's "return on net operating

| CHF 1 000                              | Base salary  | Share awards |                | Share awards under long-term bonus plan |              | Social security and pension benefits | Other remuneration | Total          | Paid in cash |
|--|--------------|--------------|----------------|---|--------------|--------------------------------------|--------------------|----------------|--------------|
|  |              | Number       | Value          | Number                                  | Value        |                                      |                    |                |              |
| <b>Remuneration board of directors</b> |              |              |                |   |              |                                      |                    |                |              |
|  | 90.0         | 606          | 158.2          | 815                                     | 212.7        | 43.2                                 | 13.6               | <b>517.7</b>   | 103.6        |
|  | 40.0         | –            | –              | 1 532                                   | 399.9        | 42.5                                 | –                  | <b>482.4</b>   | 40.0         |
|  | –            | 530          | 138.3          | –                                       | –            | 15.0                                 | 11.8               | <b>165.1</b>   | 11.8         |
|  | –            | 455          | 118.8          | –                                       | –            | 12.0                                 | 1.8                | <b>132.6</b>   | 1.8          |
|  | –            | 455          | 118.8          | –                                       | –            | 13.0                                 | 11.8               | <b>143.6</b>   | 11.8         |
|  | –            | 455          | 118.8          | –                                       | –            | 13.0                                 | 11.8               | <b>143.6</b>   | 11.8         |
|  | –            | 455          | 118.8          | –                                       | –            | 13.0                                 | 11.8               | <b>143.6</b>   | 11.8         |
|  | –            | 455          | 118.8          | –                                       | –            | 12.0                                 | 1.8                | <b>132.6</b>   | 1.8          |
|  | –            | 455          | 118.8          | –                                       | –            | 12.0                                 | 1.8                | <b>132.6</b>   | 1.8          |
|  | –            | 455          | 118.8          | –                                       | –            | 13.0                                 | 11.8               | <b>143.6</b>   | 11.8         |
| <b>Total board of directors</b>        | <b>130.0</b> | <b>4 321</b> | <b>1 128.1</b> | <b>2 347</b>                            | <b>612.6</b> | <b>188.7</b>                         | <b>78.0</b>        | <b>2 137.4</b> | <b>208.0</b> |

assets RONOA.” The bonuses of the other group management members are determined by the financial criteria “operating profit EBIT” and “net operating assets as a percentage of sales” for their division.

**Long-term bonus plan** The long-term bonus is a long-term, share-based and performance-related component of the remuneration of the chairman of the board of directors and the members of group management. The financial objectives are determined by the three-year medium term planning of the Group and the financial criteria are “profit per share” and “return on net operating assets RONOA.” The number of shares to be awarded and the financial targets are determined annually by the compensation committee on request of the chief executive officer before the beginning of the next three-year assessment period. The long-term bonus plan bandwidth is 0 to 150 % of shares awarded, depending on the degree of objective attainment, whereby the value of shares awarded cannot exceed the limit of CHF 400 000 for the chairman of the board, CHF 900 000 for the chief executive officer and CHF 120 000 for all other group management members. The acquired shares are blocked for three years. The board of directors revised the allocation criteria during the year under review without changing the above mentioned limits. The previous system of allocating a fixed number of shares was replaced by a system where the number of shares to be awarded is calculated on the basis of an annually determined percentage of the base salary and the average share price during the financial year preceding the assessment period. If the objectives are reached, the applicable percentage is 50 % of the base salary for the chairman of the board of directors, 80 % for the chief executive officer, and 10–20 % for the other group management members. This system will apply for the first time to the 2008 to 2010 assessment period. The old system of allocating a fixed number of shares still applies to the assessment periods 2006 to 2008 and 2007 to 2009.

|  | Number of shares |
|--|------------------|
| at 31 December                           | <b>2007</b>      |
| <b>Shares held by board of directors</b> |                  |
| Kurt E. Siegenthaler, chairman           | 12 943           |
| Thomas W. Hauser, deputy chairman        | 979 039          |
| Ernst Bärtschi                           | 1 618            |
| Thomas W. Bechtler                       | 4 273            |
| Rolf Broglio                             | 11 163           |
| Claude R. Cornaz                         | 7 713            |
| Anita Hauser                             | 130 000          |
| Heinrich Spoerry                         | 692              |
| Erwin Stoller                            | 10 113           |
| <b>Total board of directors</b>          | <b>1 157 554</b> |

**Share option plan** Options are issued under the share option plan. In addition to the members of group management, the Group's and division's senior management also benefit from the share option plan. The compensation committee appoints the participants on request of the chief executive officer. The issue price of the options is determined on the basis of the average day-end price of the share on the last 20 trading days before the annual date of allocation. The issue price determined in this manner cannot be changed. The option term is ten years. The options are released for exercise in equal tranches over a period of four years. The award of a fixed number of options depends on the position and level of responsibility of the participant. Each option entitles the holder to purchase one share.

**Severance payments** There are no systems regarding severance pay, and no severance payments were made in the reporting year. When the employment relationship is terminated for reasons other than notice of termination, the bonus and long-term bonus are paid out on a pro rata basis in the year in which the board of directors approved the attainment of objectives. If notice of termination of employment is given, all rights under the long-term bonus plan and all options that have not yet fallen due lapse. Options must be exercised within six months of the termination of employment.

**Content and method of determining the remuneration** The compensation committee periodically reviews the remuneration system and individual components and proposes any adjustments that may be needed to the board of directors. The compensation committee also submits an annual proposal regarding the remuneration for the chairman and board members to the board of directors every year. In compliance with the rules of the remuneration system, the compensation committee on request of the chief executive officer

| CHF 1 000                                | Base salary | Bonus   | Share awards long-term bonus plan |         | Share option plan |         | Social security and pension benefits | Other remuneration | Total          | Paid in cash |
|--|-------------|---------|-----------------------------------|---------|-------------------|---------|--------------------------------------|--------------------|----------------|--------------|
|  |             |         | Number                            | Value   | Number            | Value   |                                      |                    |                |              |
| <b>Remuneration group management</b>     |             |         |                                   |         |                   |         |                                      |                    |                |              |
| Total for group management               | 2 809.4     | 1 892.9 | 5 524                             | 1 441.8 | 18 000            | 1 804.3 | 1 015.2                              | 49.2               | <b>9 012.8</b> | 4 751.5      |
| Philip Mosimann, chief executive officer | 665.0       | 616.8   | 3 448                             | 899.9   | 3 600             | 360.9   | 229.7                                | 19.2               | <b>2 791.5</b> | 1 301.0      |

determines the individual salary components and salaries for the members of group management every year. On request of the chief executive officer the compensation committee also selects the members of senior management who will participate in the share option plan. The remuneration for the board of directors and group management is presented on an accrual basis.

**Remuneration board of directors** Members of the board receive a remuneration that is not performance-related and is proposed by the compensation committee and determined by the full board every year. The remuneration comprises a base amount in the form of share awards plus cash allowances for their work on committees and for expenses. In addition to the base amount the chairman also receives a base salary plus share awards under the performance-related long-term bonus plan. The base amount is revised annually. In the reporting year the chairman received CHF 120 000, the vice-chairman CHF 105 000, and the members of the board CHF 90 000 each. The share awards were made on the basis of the average share price in the reporting year of CHF 198.10 and were valued at the year-end price of CHF 261.00. These shares are blocked for three years. The compensation paid to the board members and the participation rights held by them at the end of the year under review are set out on pages 20 and 21 of this annual report.

**Remuneration members of group management** Members of group management receive a fixed base salary commensurate with their responsibilities and experience, an annual performance-related cash bonus, shares in accordance with the long-term bonus plan and options in accordance with the share option plan. Other payments include representation expenses allowances and a middle class company car as well as contributions to the extra-mandatory pension fund. Shares allocated under the long-term bonus plan were valued at the year-end price of CHF 261.00. The options were valued according to the Black-Scholes method, and the price was

| Grant year  | Number of options |               |               |              |              |            |               | Total         | Number of shares |
|---|-------------------|---------------|---------------|--------------|--------------|------------|---------------|---------------|------------------|
|   | 2007              | 2006          | 2005          | 2004         | 2003         | 2000       |               |               |                  |
| Exercise price (CHF)                              | 221.00            | 116.00        | 108.00        | 46.80        | 34.60        | 52.40      |               |               |                  |
| Staggered vesting over 4 years                    | 2008–2011         | 2007–2010     | 2006–2009     | 2005–2008    | 2004–2007    | 2001–2004  |               |               |                  |
| Life (years)                                      | 10                | 10            | 10            | 5            | 5            | 10         |               |               |                  |
| <b>Option and shares held by group management</b> |                   |               |               |              |              |            |               |               |                  |
| Philip Mosimann, chief executive officer          | 3 600             | 2 700         | 1 800         | 450          | –            | –          | 8 550         | 26 778        |                  |
| Roger Baillod, chief financial officer            | 2 400             | 2 400         | 1 800         | 300          | 300          | –          | 7 200         | 9 865         |                  |
| Jean-Pierre Bernheim, Bucher Process              | 2 400             | 2 400         | 2 400         | 1 200        | 1 200        | 675        | 10 275        | 7 455         |                  |
| Michael Häusermann, Bucher Municipal              | 2 400             | 2 400         | 2 400         | 900          | 600          | –          | 8 700         | 2 950         |                  |
| Martin Jetter, Emhart Glass                       | 2 400             | 1 800         | 1 200         | –            | –            | –          | 5 400         | 250           |                  |
| Michel Siebert, Kuhn Group                        | 2 400             | 1 800         | 1 200         | 450          | –            | –          | 5 850         | 875           |                  |
| Daniel Waller, Bucher Hydraulics                  | 2 400             | 2 400         | 2 400         | 900          | 300          | –          | 8 400         | 3 590         |                  |
| <b>Total group management</b>                     | <b>18 000</b>     | <b>15 900</b> | <b>13 200</b> | <b>4 200</b> | <b>2 400</b> | <b>675</b> | <b>54 375</b> | <b>51 763</b> |                  |

CHF 100.24 per option in 2007. In the year under review, objective attainment for the performance-related components was between 95 % and 180 %. The chief executive officer received a performance-related bonus equalling 228 % of his base salary, while the other group management members received a bonus of 118 %. The total amounts paid in the reporting year as well as the participation rights held at the end of 2007 by the chief executive officer and the members of group management are set out on pages 22 and 23 of this annual report.

#### **Additional compensation, fees and loans to members of governing bodies**

No member of the board of directors, group management or including connected persons received any additional remuneration, fees or loans during the year.

### **Shareholders' participation rights**

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

**Statutory 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 article 704, paragraph 1 of the Swiss Code of Obligations.

**Convocation of the general meeting of shareholders** There are no rules that deviate from the law as regards the convocation of the annual general meeting. As provided in the articles of association, invitations to a general meeting are sent to shareholders at least 20 days before the meeting. The notice convening the meeting states the agenda and resolutions to be proposed by the board and by shareholders who have requested an item to be added to the agenda. The deadline for registering shareholders in the share register in order for them to be entitled to vote at the general meeting is three working days before the date of the meeting. Extraordinary general meetings of shareholders are convoked as and when required, especially in the cases provided by law. Shareholders representing at least one tenth of the share capital may request at any time that a meeting be convoked by submitting a request 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.

**Duty 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 full tender

offer when reaching or crossing the threshold of 40 % of the voting rights in accordance with articles 32 and 52 of the Federal Stock Exchange and Securities Trading Act. There are no clauses on change of control benefiting members of the board and group management.

## Auditors

**Duration of the mandate and term of office of the lead auditor** PricewaterhouseCoopers AG, Zurich, or its predecessor companies has served as statutory and group auditors of Bucher Industries AG since 1984. The lead auditor, Beat Inauen, has been responsible for the audit mandate since 2007.

**Auditing fees and additional fees** For the year under review, Bucher Industries was charged CHF 1 569 000 by PricewaterhouseCoopers and approximately CHF 529 000 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and the group companies and the audit of the consolidated financial statements of Bucher Industries. In addition, PricewaterhouseCoopers charged Bucher Industries a fee of approximately CHF 1 010 000 for other services, comprising financial, tax and due diligence services.

**Supervisory and control instruments pertaining to the audit** The audit committee reviews the auditing concept, the auditing priorities and the audit plan every year and discusses the audit findings with the auditors. Every year, the audit committee subsequently assesses the performance, remuneration and independence of the statutory and group auditors.

## Information policy

Bucher Industries publishes its business results in an annual report (including a financial report and a corporate governance report) and an interim report. These publications, along with the invitation to the general meeting of shareholders, are made available at the appropriate time on the company's website, [www.bucherind.com](http://www.bucherind.com). The Group issues press releases to announce 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 mid-year results. Significant events are announced in compliance with the directive on ad hoc publicity issued by SWX 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 27 of this annual report. In addition, all news releases published over the past two years as well as contact addresses are available at [www.bucherind.com](http://www.bucherind.com). The company website also provides the option of signing up for an e-mail service that enables subscribers to receive the media releases published by Bucher Industries free of charge.