

## **Rules of organisation of Bucher Industries AG**

### **Condensed version**

Pursuant to the articles of association, the board of directors of Bucher Industries AG issues the following rules of organisation for Bucher Industries AG (holding company) and Bucher Industries (Group):

#### **1. Board of directors of Bucher Industries AG**

##### **1.1. Constitution**

The board of directors constitutes itself. It elects from among its members the chairman and deputy chairman, and the members and respective chairmen of the committees appointed by it. It also elects a secretary, who need not be a director.

##### **1.2. Duties and powers**

The board of directors is authorised to take decisions on all matters that do not fall within the authority of the general meeting of shareholders or statutory auditors. It delegates the duties and powers of management to the group management and the executive bodies of the group companies, within the scope of these rules of organisation and an internal functional chart.

The principal non-delegable duties of the board of directors are:

- to oversee the management of the Group and to formulate the corporate policy of the Group, in particular the strategies of the Group and each division;
- to prescribe the organisation of and to issue rules of organisation for the Group;
- to organise the accounting system, financial controls and financial planning of the Group;
- to approve the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital;
- to appoint and remove the CEO and members of the group management;
- to exercise overall supervision of the persons entrusted with company management, also with regard to compliance with the laws, articles of association, rules and the implementation of resolutions of the board of directors and general meeting of shareholders;
- to prepare the annual general meeting.

Provision of full and timely information to the board of directors is ensured by an appropriate reporting system and by additional briefings provided by the group management. Any director may at any time request additional information about all company and group affairs.

##### **1.3. Meetings**

During the year, the board of directors holds six regular meetings and additional special meetings as necessary. The annual meeting schedule is determined before the start of the financial year.

Notice of meetings is as a rule to be given by the chairman or deputy chairman no later than 7 days before the date of a meeting, stating the matters on the agenda.

The following regular meeting schedule and agenda items are planned:

**February meeting**

- Provisional group financial statement
- Group strategy projects

**March meeting**

- Consolidated financial statements
- Holding company's financial statements
- Group and holding company annual report and financial statements
- Preparation of the annual general meeting, proposed dividend

**April meeting**

- Group situation analysis

**June meeting**

- Progress reports

**September workshop meeting**

- Consolidated interim financial statements
- Group strategy and medium-range planning

**November meeting**

- Group and group company budgets
- Group strategy projects

Special meetings are held when urgent business so requires or if a director so requests.

**1.4. Passing of resolutions**

The board of directors constitutes a quorum if a majority of its members are present. Voting by the board of directors takes place by a show of hands. A vote is decided by an absolute majority. In the event of a tie, the chairman has the casting vote.

In urgent cases, and provided that a director does not demand a verbal discussion, resolutions may also be passed by written agreement on the basis of a written submission; in this case an absolute majority vote of all directors is required.

**1.5. Minutes**

The minutes are drawn up by the secretary. If the secretary is unable to keep the minutes, the chairman designates another person. The minutes are to be signed by the chairman and by the person who has taken them.

**1.6. Authority to sign**

All directors are authorised to sign jointly.

**1.7. Remuneration**

Half of the directors' remuneration is paid in the form of shares of the company. A separate allowance is paid to cover expenses.

**1.8. Age limit**

The service of a director who has reached the age of 70 ends at the next annual general meeting.

## **2. Chairman of the board**

### **2.1. Duties and powers**

The chairman has the following principal duties:

- at the request of the CEO, he makes the necessary preparations for the annual general meeting and arranges for notice thereof to be given;
- at the request of the CEO, he approves the agenda for board meetings and arranges the respective notices, documentation and preparations;
- he presides over the general meeting and board meetings;
- he oversees the implementation of the resolutions of the general meeting and board of directors;
- in urgent cases, the chairman may decide by a presidential decision on matters which fall within the authority of the board of directors. The directors are to be informed in writing without delay about decisions taken in this way, and a regular resolution by the board of directors is to be obtained subsequently at the next opportunity.

The duties and powers are defined in detail in an internal functional chart.

### **2.2. Substitution**

If the chairman is unable to attend a meeting, the deputy chairman or, if the latter is also unable to attend, another director appointed by the board of directors from among its members, performs the functions of the chairman.

## **3. Board committees**

### **3.1. Formation and operation**

The board of directors appoints the following committees:

- Audit committee
- Human resources committee (remuneration and nomination committee)

The board of directors elects the committee members and the respective chairmen from among its members. The term of office begins at the annual general meeting and continues until the next annual general meeting.

The board of directors lays down the duties and powers of the committees. The audit committee reports to the board of directors at least three times a year and the human resources committee at least once a year on their activities, results and proposals. In important cases, the board of directors is informed immediately. Overall responsibility for duties assigned to the committees remains with the board of directors.

Minutes are kept of the proceedings and resolutions of the committees.

### **3.2. Audit committee**

The audit committee consists of three non-executive and independent directors. The majority of the members, including the chairman, are to be experienced in financial and accounting matters.

The audit committee meets upon the invitation of the chairman as often as business requires, but at least three times a year.

As a rule the chairman of the board, CEO and CFO attend the meetings in an advisory capacity. Representatives of the external and internal auditors are invited to attend meetings as required.

The duties of the audit committee are:

- to prepare a comprehensive and effective audit programme for the Group and to oversee its implementation;
- to determine the key areas of the audit plan for the external and internal audits;
- to receive reports from the auditors;
- to make a preliminary assessment of the independence and performance of the auditors and to decide on the level of their remuneration;
- to prepare the board's proposal for the appointment of the statutory and group auditors;
- to review the organisation of the accounting system, financial controls and financial planning of the Group;
- to review the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital.

### **3.3. Human resources committee**

The human resources committee consists of three directors, the majority of whom are to be non-executive and independent. As a rule the chairman of the board is appointed as its chairman.

The human resources committee meets upon the invitation of the chairman as often as business requires, but at least once a year.

The CEO attends the meetings to propose motions and serve in an advisory capacity, except when his own remuneration is being determined.

The duties of the human resources committee are:

- to prepare the Group's remuneration policy for directors and members of the group and division managements;
- to make recommendations to the board for the annual remuneration of directors and the CEO;
- to determine the remuneration of members of the group and division managements;
- to prepare the medium- and long-term succession planning for directors and group management members;
- to recommend to the board a policy for the selection of candidates for appointment as directors and CEO and to prepare their selection applying these criteria;
- to determine the policy for the selection of candidates for appointment to the group management and to prepare their selection applying these criteria.

## **4. Group management**

### **4.1. Duties and powers of the CEO**

The CEO has the following principal duties:

- he proposes to the chairman of the board the necessary preparations for the annual general meeting;
- he proposes to the chairman of the board the agenda items, documentation and preparations for meetings of the board and its committees;

- he manages the affairs of the Group within the constraints of corporate policy, the corporate strategy, medium-term plans and annual budgets, and implements the resolutions of the board together with the group management and executive bodies of the group companies;
- he proposes an appropriate risk and compliance policy to the board.

#### **4.2 Duties and powers of the group management**

The members of the group management run their division or their functional area within the constraints of corporate policy, the division strategy, medium-term plans, annual budgets and the instructions of the CEO together with their divisional or functional-area managements.

The duties and powers are defined in detail in an internal functional chart.

#### **4.3. Age limit**

The service of a member of the group management ends on resignation from the group management, but at the latest on reaching the age of 65.

### **5. Management of group companies**

#### **5.1. Managing directors**

Each managing director has the following principal duties:

- he is in charge of the company management and is responsible for the financial, commercial, human resources and technical management of the company within the constraints of the defined corporate policy, company objectives and the group and division rules;
- he is as a rule accountable to the responsible member of the group management and represents the company management in relation to the latter and to the other executive bodies of Bucher Industries AG.

#### **5.2. Members of company management**

They take part in the management duties of their company within the constraints of the duties and powers assigned to them.

### **6. Final remarks**

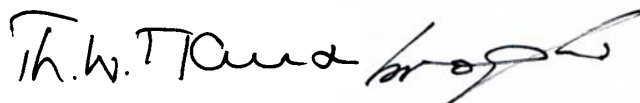
The board of directors of Bucher Industries AG reserves the right to make changes to these rules and the internal functional chart at any time.

Niederweningen, 8 March 2010

On behalf of the board of directors

The chairman

The deputy chairman



Thomas W. Hauser

Rolf Broglie