

Corporate Governance

The Board of Directors and Executive Committee of Georg Fischer attach very great importance to good corporate governance in the interests of shareholders, customers, business partners and employees. The implementation and ongoing improvement of the generally accepted principles of corporate governance ensure the necessary transparency to enable investors to judge the quality of the Corporation. This Report provides information on structures and processes, areas of responsibility and decision-making paths, control mechanisms as well as the rights and obligations of the various stakeholders.

Contents. The present publication fulfills all obligations of the relevant SIX Swiss Exchange Directive Corporate Governance in terms of content and order and is based on the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*. The Compensation Report is presented in a separate chapter on pages 57 to 60.

All data and information apply to the cutoff date of 31 December 2010, unless otherwise noted. Any changes occurring before the copy deadline on 18 February 2011 are listed at the end of this chapter. Any changes occurring after the copy deadline can be found on our website. Georg Fischer also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, its mission statements and much more information online at

↳ www.georgfischer.com/corporate_governance_en

As of 1 January 2011



Corporate structure and shareholders

The organizational structure of Georg Fischer is illustrated in the diagram on this page. The Corporation has three operational Corporate Groups, GF Piping Systems, GF Automotive und GF AgieCharmilles, plus the Corporate Staff units Finance & Controlling and Corporate Development. The Chief Executive Officer is also the Head of Corporate Development.

The CEO, supported by the other members of the Executive Committee, bears responsibility for the management of the Corporation, where this is not delegated to the Corporate Groups or the Corporate Staff units. The Heads of the Corporate Groups, supported by the Heads of the Business Units and Divisions, bear responsibility for the management of the Corporate Groups. The Corporate Staff units support the Board of Directors and the Executive Committee in their management and supervisory functions.

The parent company of all the corporate subsidiaries is Georg Fischer Ltd. It is incorporated under Swiss law and is domiciled in Schaffhausen. Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N, security number 175,230). Its share capital is CHF 82,017,960, and its market capitalization was CHF 2,163 million as at 31 December 2010 (previous year: CHF 1,073 million).

Affiliated Companies. An overview of all affiliated companies in the scope of consolidation can be found in the financial section on pages 115 to 119. The list contains the company name, domicile, share capital and the percentage held by Georg Fischer.

Significant Shareholders and Shareholder Groups. As at 31 December 2010, Georg Fischer was aware that Professor Giorgio Behr and Behr Deflandre & Snozzi BDS AG held more than 5 percent of the voting rights as shareholders belonging to the same group.

Five disclosure notifications were published in the year under review. UBS Fund Management (Switzerland) AG announced on 31 May 2010 that it had reduced its holding in Georg Fischer Ltd to below 3 percent (publication date: 2 June 2010). On 30 June 2010 it announced that it held 3.24 percent of the share capital (publication date: 2 July 2010). It subsequently announced on 1 July 2010 that it had reduced its holding to below 3 percent (publication date: 3 July 2010). According to its announcement on 7 October 2010, it held 3.01 percent of the share capital of Georg Fischer Ltd (publication date: 9 October 2010). On 22 October 2010 it reported that its holding of the share capital had fallen below the 3 percent threshold again (publication date: 23 October 2010). ↳ http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Cross-shareholdings. There are no cross-shareholdings or shareholder pooling agreements with other companies.

Capital structure



Capital and share information. Fully paid-in share capital amounts to CHF 82,017,960 and is divided into 4,100,898 registered shares with a par value of CHF 20. Each registered share has one vote at the General Meeting of Shareholders. The authorized and the conditional capital each amount to a maximum of CHF 12,000,000. The maximum amount of authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares:

I. Until no later than 24 March 2012, there exists authorized share capital amounting to a maximum of CHF 12,000,000, divided into at most 600,000 registered shares with a par value of CHF 20. The Board of Directors may issue these shares by means of a firm underwriting by a bank or consortium and a subsequent offer made to existing shareholders. If subscription rights are not exercised, the Board of Directors may allow them to lapse or place them, or the corresponding shares, at market conditions. The Board of Directors may restrict or exclude the subscription rights of shareholders or allocate these rights or the shares to third parties in the event the shares are used for

the purpose of acquiring an enterprise, parts of an enterprise or participations or for the purpose of financing, including refinancing, of such transactions.

II. Moreover, the share capital may be increased by a maximum amount of CHF 12,000,000 by the issue of a maximum of 600,000 fully paid-in registered shares with a nominal value of CHF 20 each, through the exercise of conversion and/or option rights granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its corporate subsidiaries. The subscription rights of shareholders are excluded; the owners of conversion and/or option rights are entitled to subscription rights. The Board of Directors defines the conditions of the conversion and/or option rights. The shareholders have pre-emptive subscription rights, which the Board of Directors may restrict or deny if the pre-emptive right is indirectly preserved in the event of an issue through firm underwriting by a bank or a consortium. The conversion rights may be exercised for a maximum period of seven years, and the option rights for a maximum of five years, from the date of issue. The conversion or option price or their calculation modalities are determined at market conditions, with the share price serving as the basis for the shares of the company.

Board of Directors

Name Position, year of birth, nationality Educational background	 Martin Huber Chairman of the Board, 1941 (Switzerland) Dipl.-Ing. ETH Zurich, lic. iur. University of Zurich (Switzerland)	 Bruno Hug Vice Chairman of the Board, 1941 (Switzerland) Lic. oec. University of St Gallen (Switzerland), lic. iur. University of Geneva (Switzerland)
First term as Board member	Board member since 1992; Chairman of the Board since 2003	Board member since 1992; Vice Chairman of the Board since 2004
Termination of current term	2012	2012
Professional background, career	Assistant at ETH's Institute of Telecommunications (1966-1967); clerk at the cantonal court of Schaffhausen (1970-1972); various positions at Mettler Instrumente AG (1972-1981), appointed to the Executive Board in 1976; various positions for the Georg Fischer Corporation in Switzerland and the USA (1981-2003), including Head of Georg Fischer Piping Systems (1984-1992), President and CEO and Delegate to the Board (1992-2003).	Various positions at the Union Bank of Switzerland (now UBS) in New York, Basel, Geneva and Zurich (1971-1998), ultimately as Executive Vice President and as a member of the Expanded Executive Board; Chairman of the Senate of the University of Fribourg (1999-2005); Chairman Banque Ferrier Lullin & Cie SA (1999-2004); Deputy Chairman of the CSS Insurance Group (1996-2008); business lawyer in Geneva (since 1998).
Further professional activities and functions	Member of the Board of Directors of economiesuisse	Chairman of the Board of Directors of Schenk Group Rolle/VD; member of the Boards of Directors of Chopard S.A., H&M Hennes & Mauritz (until may 2010), Karl Steiner AG (until may 2010) and Sogelym-Dixence S.A.S. Lyon/Paris, Vice Chairman of the Board of Directors of Bank Hottinger & Cie AG
Committees	Chairman of the Nomination Committee; member of the Compensation Committee	Member of the Nomination Committee
Corporate governance	Independent member	Independent member

As of January 1, 2011

The subscription to and acquisition of the new shares, and any subsequent transfer of the shares, are subject to the statutory restrictions on transferability (see the next section "Restrictions on Transferability").

Further information on the share capital and changes in capital in the last five years can be found in the financial report on page 44 to 46. No participation or profit-sharing certificates exist.

Restrictions on transferability. Registration in the company's share register as a shareholder with voting rights or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following conditions: a natural person or legal entity may not accumulate, either directly or indirectly, more than five percent of the registered share capital. Natural persons or legal entities bound by capital or voting rights, by consolidated management or in another similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed to be one person. Applications for registration in excess of this threshold will be refused. In the year under review, no such exceptional applications were received.



Roman Boutellier

Member of the Board of Directors, 1950 (Switzerland)
Dr. sc. math. ETH Zurich (Switzerland)

Board member since 1999

2013

Kern AG (1981–1987); member of the executive management of Leica AG (1987–1993); Professor of Business Management at the University of St Gallen (1993–1998); CEO and Delegate to the Board of Directors of SIG Holding AG (1999–2004); Professor of Innovation and Technology Management at the ETH in Zurich (since 2004) and Vice President Human Resources and Infrastructure ETH Zurich (since 2008).

Chairman of the Board of Directors of Ammann Group Holding AG; member of the Bank Council of the Cantonal Bank of Appenzell; member of the Board of Trustees of Vontobel Foundation.

Member of the Nomination Committee

Independent member



Gerold Bühler

Member of the Board of Directors, 1948 (Switzerland)
Lic. oec. publ. University of Zurich (Switzerland)

Board member since 2001

2011

Various positions at the Union Bank of Switzerland (now UBS) (1973–1990), ultimately as a member of the executive management of the bank's investment company; member of the Executive Committee of Georg Fischer Ltd (1991–2000); member of the Swiss Parliament (1991–2007), business consultant (since 2000).

President of economiesuisse, member of the Bank Council of the Swiss National Bank, Vice Chairman of the Board of Directors of Swiss Life, member of the Boards of Bank Sal. Oppenheim (Switzerland) Ltd, Cellere AG and Züblin Immobilien Holding AG.

Member of the Audit Committee

Independent member



Ulrich Graf

Member of the Board of Directors, 1945 (Switzerland)
Dipl. EL.-Ing. ETH Zurich (Switzerland)

Board member since 1998

2014

Various positions at the Kaba Group (1976–2006), ultimately as President and CEO and Delegate to the Board of Kaba Holding AG (1990–2006).

Chairman of the Boards of Directors of Kaba Holding AG, Dätwyler Holding AG, Griesser Holding AG and of Fr. Sauter AG; member of the Board of Directors of Feller AG, member of the Supervisory Board of Dekra e.V. and member of the Board of Trustees of REGA.

Chairman of the Compensation Committee

Independent member

COMMITTEES

Audit Committee

Rudolf Huber, Chairman
Gerold Bühler
Kurt E. Stirnemann

Compensation Committee

Ulrich Graf, Chairman
Martin Huber
Andreas Koopmann

Nomination Committee

Martin Huber, Chairman
Roman Boutellier
Gertrud Höhler
Bruno Hug

Nominee Registrations. Persons who hold shares for third parties (referred to as nominees) are only entered in the share register with voting rights if the nominee declares his willingness to disclose the names, addresses and shareholdings of those persons on whose behalf he holds the shares. The same registration limitations apply mutatis mutandis to nominees as to individual shareholders. Applications for registration in excess of this threshold of five percent will be refused.

Cancellation or Amendment of Restrictions. Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the General Meeting of Shareholders passed by at least two-thirds of the shares represented and an absolute majority of the par value of the shares represented.

Convertible Bonds and Options. There are no outstanding convertible bonds, and Georg Fischer has issued no options.

Board of Directors

Responsibilities. The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. The Board of Directors is responsible for all matters vested in it by the law or the Articles of Association, provided it has not delegated these to other bodies. These are in particular:

- decisions on corporate strategy and the organizational structure,
- appointing and dismissing members of the Executive Committee,
- organizing finance and accounting,
- determining the annual and investment budgets.

Unless otherwise provided for by law or the Articles of Association, The Board of Directors delegates operational management to the Chief Executive Officer, who is assisted in this task by the Executive Committee. The extent to which competencies are delegated by the Board of Directors to the Executive Committee and the nature of the cooperation between the Board and the Executive Committee are defined by the Organization and Business Regulations.

↳ http://www.georgfischer.com/public/corporategovernance/organization_and_business_rules_2010.pdf

Board of Directors



<p>Name Position, year of birth, nationality Educational background</p>	<p>Gertrud Höhler Member of the Board of Directors, 1941 (Germany) Dr. phil. University of Mannheim (Germany)</p>	<p>Rudolf Huber Member of the Board of Directors, 1955 (Switzerland) Dr. oec. publ. University of Zurich (Switzerland)</p>
<p>First term as Board member Termination of current term</p>	<p>Board member since 1999 2011</p>	<p>Board member since 2006 2012</p>
<p>Professional background, career</p>	<p>Professor of Literature and German at the University of Paderborn, Germany (1976 – 1995) (Germany); personal assistant to the Chairman of the Board of Deutsche Bank (1987 – 1990), economic and political consultant and author of authoritative books on corporate development and management (since 1978).</p>	<p>Various positions in the financial sector of industrial firms in Switzerland (1985 – 1992); CFO of Geberit AG (1992 – 2004); business consultant (since 2005); part-time lecturer at the Hochschule für Wirtschaft in Lucerne and lecturer at the University of St. Gallen.</p>
<p>Further professional activities and functions</p>	<p>Member of the Board of Directors of Bâloise Holding AG.</p>	<p>Chairman of the Board of Directors of Looser Holding AG, member of the Board of Directors of Swiss Prime Site AG and of the un-listed companies Hoerbiger Holding AG and Wicor Holding AG and Zur Rose AG; President of the CFO Forum Switzerland.</p>
<p>Committees</p>	<p>Member of the Nomination Committee</p>	<p>Chairman of the Audit Committee</p>
<p>Corporate Governance</p>	<p>Independent member</p>	<p>Independent member</p>

Independence. All members of the Board of Directors are non-executive. There are no significant business relationships between the members of the Board or the companies or organizations they represent and Georg Fischer Ltd or a subsidiary company.

Elections and Term of Office. The members of the Board of Directors are elected individually by the General Meeting of Shareholders and normally for a term of four years. Each year the General Meeting of Shareholders will elect or re-elect around a quarter of the Board members. When selecting Board members, particular emphasis is placed on entrepreneurial experience, relevant expertise or international ties. The Board of Directors aims to achieve a proper balance of competence and knowledge, taking into account the main operational focus of the Corporation, its international orientation and the accounting requirements of listed companies.

The term of office of newly elected members is determined at the time of election, with consideration given to the staggered renewal of the Board. Members whose term has expired may be re-elected immediately. Members of the Board must resign their mandate at the General Meeting of Shareholders following their 70th birthday.

2010. At the 114th General Meeting of Shareholders on 24 March 2010, Andreas Koopmann was elected as a new member of the Board. Bruno Hug and Ulrich Graf were re-elected individually. Since Bruno Hug will reach the statutory age limit at the 2012 Annual General Meeting, he was re-elected for a term of only two years. Ulrich Graf and Andreas Koopmann were elected for four years. The Board of Directors, which in accordance with the Articles of Association consists of seven to ten members, has ten members.

Internal Organizational Structure. The Board of Directors constitutes itself by electing a Chairman and a Vice Chairman from among its members on an annual basis. The Board of Directors constituted itself the day of the General Meeting of Shareholders, 24 March 2010, as follows: Martin Huber, Chairman; Bruno Hug, Vice-Chairman (both hitherto).

Areas of Responsibility. The members of the three standing Board Committees are listed on page 49. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions (except the Compensation Committee). They discuss the issues assigned to them and make



Andreas Koopmann

Member Board of Directors, 1951 (Switzerland)
Dipl. Masch.-Ing. ETH Zurich; MBA from IMD
Lausanne (Switzerland)

Board member since 2010
2014

Various functions in Swiss industrial companies (1979–1982); Vice President of Engineering and Production, Bobst Group, Roseland, USA (1982–1989); various senior positions in the Bobst Group in Lausanne (1989–1995), latterly as CEO (1995–2009). Since February 2010 Chairman of Alstom (Schweiz) AG.

First Vice Chairman of the Board of Directors of Nestlé AG, member of the Board of Directors of Credit Suisse Group AG and CSD Group, Lausanne; Vice President and Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries).

Member Compensation Committee

Non-executive member



Kurt E. Stirnemann

Member of the Board, 1943 (Switzerland)
Dr. sc. techn. ETH Zurich (Switzerland)

Board member since 2003
2011

Assistant (1969–1971) and lecturer (1973–1977) at the ETH in Zurich; various positions at Rieter (1977–1990), ultimately as Managing Director of Maschinenfabrik Rieter AG and as deputy member of the Executive Committee of Rieter Holding AG; President and CEO of Agie AG (1990–1996); member of the Executive Committee of Georg Fischer as well as CEO and Delegate to the Board of Directors of the Agie Charmilles Group (1996–2003); President and CEO of Georg Fischer Ltd and Delegate to the Board (2003–2008).

Member of the Board of Directors of Feintool AG

Member of the Audit Committee

Non-executive member



Zhiqiang Zhang

Member of the Board of Directors, 1961 (China)
Bachelor of Sciences from Northern Jiatong
University, Beijing (China); MBA from Queen's
University, Kingston (Canada)

Board member since 2005
2013

Various positions at Siemens in a number of countries, including the USA, Germany and China (1987–2006), President of Nokia Siemens Networks, Greater China Region (since 2007).

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Independent member

proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all members of the Board of Directors. The chairmen of the individual committees also make a verbal report at the next meeting of the Board of Directors and submit any proposals.

Work methods of the Board of Directors. Decisions are made by the Board of Directors as a body. Members of the Executive Committee also participate in Board meetings for agenda items relating to the company's business, but are not entitled to vote. Only the Chief Executive Officer is present when personnel topics are dealt with. Invitations to Board meetings list all the issues that the Board of Directors, a Board Committee or the CEO wishes to discuss. All participants in a Board meeting receive detailed written material on the proposals in advance.

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met five times: three meetings lasted one day, one meeting lasted one and a half days and one meeting was shorter than half a day. In the year under review, the Board of Directors made a trip to the United States to gather information and call

on customers. During this time, the Board held one meeting and the annual, two-day strategy conference. The three standing Board Committees held a total of 14 meetings. A temporary Board Committee held two meetings. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, the attendance rate was 95 percent.

External consultants are called on for their services involving specific topics. Further information is provided in the section on the Board Committees.

Evaluation. The Board of Directors reviews its performance and that of its members annually as part of a self-assessment. At the end of 2009, the Chairman of the Board interviewed the members individually and summarized their opinions about the work of the Board in general and the processes and quality of the meetings in a detailed report. The findings from this evaluation were implemented in 2010 and the state of implementation was discussed at the last meeting of the year.

Audit Committee. The Audit Committee is comprised of three Board members. The Audit Committee supports the Board of

Executive Committee

<p>Name Position, year of birth, nationality</p>	<p>Yves Serra Chief Executive Officer of Georg Fischer Ltd, 1953 (France)</p>	<p>Roland Abt CFO 1957 (Switzerland)</p>
<p>Educational background</p>	<p>Engineering degree from Ecole Centrale de Paris (France) and a M. Sc. in construction engineering from the University of Wisconsin-Madison (USA)</p>	<p>Dr. oec. University of St. Gallen (Switzerland)</p>
<p>Member of the Executive Committee</p>	<p>Since 2003, CEO since 2008</p>	<p>Since 2004</p>
<p>Professional background, career</p>	<p>Deputy commercial attaché at the French Embassy in Manila (1977–1979); customer service engineer for Alstom in France and South Africa (1979–1982); various positions at Sulzer in France and Japan (1982–1992); various positions for the Georg Fischer Corporation (since 1992), Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia (1992–1996), Head of Charmilles (1996–2003), Head of GF Piping Systems (2003–2008); President and CEO of Georg Fischer Ltd (since 2008).</p>	<p>Head of Finance for a corporate group in the areas of data processing and real estate (1985–1987); various positions at the Eternit Group (1987–1996) in Switzerland and Venezuela, ultimately as Division Manager of their asbestos cement manufacturing activities; various positions for the Georg Fischer Corporation (since 1996), including CFO of the AgieCharmilles Group (1997–2004) and CFO of the Georg Fischer Corporation (since 2004).</p>
<p>Further professional activities and functions</p>	<p>Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries); member of the Board of Swiss Chinese Chamber of Commerce.</p>	<p>Member of the Regulatory Board and Issuers Committee of the SIX Swiss Exchange</p>

Directors in monitoring the accounting and financial reporting, supervises internal and external audits, assesses the efficiency of the internal control system, including risk management, and compliance with statutory provisions, acknowledges the sensitivity analysis of the pension trust funds of Georg Fischer Ltd and issues its opinions on transactions concerning equity and liabilities at Georg Fischer Ltd. The Audit Committee also decides whether or not the consolidated financial statements and those of Georg Fischer Ltd can be recommended to the Board of Directors for presentation to the General Meeting of Shareholders.

As a rule, the Chairman of the Board, the CEO, the CFO, the chief internal auditor, and a representative of the external auditors also attend the meetings. At the request of the Audit Committee and in consultation with the CEO, the external auditor also provides information on current questions relating to the financial statements and financial issues. During the business year just ended, the Audit Committee held five meetings, two of which lasted half a day, three less.

Compensation Committee. The Compensation Committee supports the Board of Directors in determining compensation policy for the highest corporate level. As required, it uses

knowledge of external compensation specialists about market data from comparable companies in Switzerland to this effect, in addition to publicly available data obtained on the basis of compensation disclosures. In the year under review, an external consultant was retained in one case to a limited extent. The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the entire Executive Committee and the Chief Executive Officer and decides on the remuneration of the individual members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held three meetings during the past financial year, each of which lasted about an hour and a half.

Nomination Committee. The Nomination Committee is comprised of four members of the Board of Directors. It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination Committee is kept informed annually about succession planning for the two senior operating management levels. In the year under review, the Nomination Committee held six meetings, which lasted two hours on average.



Josef Edbauer
Head of GF Automotive
1957 (Germany)

Dipl.-Ing. University of Konstanz
(Germany)

2008

Various positions at Georg Fischer Automotive (since 1982), including Head Engineering and Maintenance at George Fischer (Lincoln) Ltd., Lincoln UK (1985–1989), Managing Director Georg Fischer Automobilguss GmbH, Singen (Germany) (1999–2005); member of the Group Management and Head Iron Casting Technology Unit at GF Automotive (2005–2008); Head of GF Automotive (since 2008).



Pietro Lori
Head of GF Piping Systems
1956 (Italy)

Studies of mechanical engineering,
degree of Dr. Ing. Politecnico di Milano (Italy).

2008

Various positions in different companies in Italy and the United States (1982–1988) and of GF Piping Systems (since 1988), including Managing Director of GF Piping Systems Italy (1994–1998), Head of Southern Europe (1999–2001), member of the Group Management (since 2002), latterly Vice President Division Europe and Emerging Markets (2003–2008), Head of GF Piping Systems (since March 2008).



Jean-Pierre Wilmes
Head of GF AgieCharmilles,
1946 (France)

Institut Universitaire de Technologies Creil;
Degree in metallurgical engineering from the Institut de contrôle de gestion Paris (France)

2011 [ad interim]

Various functions in France and Switzerland, from 1972 to 1997 for Charmilles Technologies, since 1997 for GF AgieCharmilles, first as Head of Sales South Europe, as of 2004 also for America; since 2008 Head Global Sales and Marketing; Head AgieCharmilles since September 2010.

Ad hoc Committees. In the year under review, one ad hoc committee dealt with issues relating to company law in two meetings, each lasting around two hours. The meetings were also attended by the CEO, the CFO, specialists from Georg Fischer and external specialists.

Information and Control Instruments. The Board of Directors is informed comprehensively on a monthly basis about business performance. The members of the Board also receive the monthly report, which contains current information concerning business performance and the accounts of the Corporation, the Corporate Groups and subsidiaries together with a detailed commentary. The Executive Committee presents and comments on business performance and tables all important matters at the Board meetings. It also presents its assessment of business performance for the coming three months.

In addition, the Board of Directors receives the projection prepared twice a year with the figures for the entire business year. Furthermore, the Board of Directors approves the budget of the Corporation and the Corporate Groups for the coming year. It receives the results of medium-term planning for the next three years once a year. Once a year, the Board of Directors holds a two-day meeting to discuss the strategies of the Corporate Groups and the Corporation as a whole.

The Chairman of the Board of Directors attends the annual conference of the Corporation's senior managers and the Executive Committee's planning meeting and is a regular attendee at other corporate management events. The Chairman of the Board of Directors and the CEO inform and consult each other regularly on all business matters that are of fundamental importance or have far-reaching ramifications. The Board Chairman receives the invitations and minutes of the Executive Committee and Corporate management meetings. He visits corporate subsidiaries on a regular basis to see for himself their operations and how they are implementing the Corporation's strategies. In 2010, he visited corporate subsidiaries in Europe, Asia and the USA.

Internal Audit. Internal Audit reports to the Chairman of the Audit Committee operationally and to the CFO functionally and administratively. Based on the risk-oriented audit plan approved by the Audit Committee, corporate subsidiaries are audited either annually or every two to three years, depending on the risk assessment. In the year under review, 37 internal audits were conducted. The written report is reviewed in depth with the management of the company concerned; copies are given to the line managers, the external auditor, the Executive Committee, and the Chairmen of the Board of Directors and of the Audit Committee. Audit reports with significant findings are presented to and discussed in the Audit Committee.

Internal Audit also ensures that all discrepancies arising in internal and external audits are addressed and submits a report on such questions to the Executive Committee and the Audit Committee. The head of Internal Audit prepares an annual

report, which is discussed by the Executive Committee and the Audit Committee. He also serves as the Secretary of the Audit Committee.

Corporate Compliance. The Corporate Legal Department informs the Board of Directors and Executive Committee about legal issues and significant changes to the law. Through preventive measures and training in the Corporate Groups along with information and advice to the corporate subsidiaries, the Corporate Compliance Officer (CCO), who is nominated by the CEO and, in this function, can report to the CEO, ensures that in their business activities the corporate subsidiaries comply with the law, internal directives and the Corporation's business ethics principles.

The Executive Committee, in consultation with the CCO, defines priority issues. In 2010, various compliance measures were taken: i. legal & compliance audits in five corporate subsidiaries with the focus on contractual and compliance risks; ii. two training sessions on compliance, antitrust law, anticorruption issues and export controls; iii. implementation of a compliance model tailored to local requirements in four corporate subsidiaries; iv. updating of corporate directives. The Compliance Officer was, furthermore, repeatedly asked for advice especially on issues relating to export controls, antitrust legislation and labor law.

Risk Management. The Board of Directors and Executive Committee attach considerable importance to a cautious approach to strategic, financial and operating risks and accordingly expanded corporate risk management during the past business year. The head of the Corporate Risk Management & Taxes Service Division is the Chief Risk Officer (CRO). In this function, the CRO reports directly to the CEO and is supported in this task by a part-time risk officer from each of the three Corporate Groups. Together with internal specialists in Corporate Risk Management, the risk officers form the Corporate Risk Council, which held four meetings, chaired by the CRO, during the past business year. In addition, the CRO conducted workshops with the management of the three Corporate Groups and with the Executive Committee at which the concrete risk situation was analyzed, measures were discussed, and key risks were defined. The results of these workshops were submitted to the Board of Directors.

The approach to financial risks is explained in the financial report on pages 90 to 94, while operational risks are dealt with on page 13.

Assessment. The performance of the Executive Committee and of its members is evaluated and assessed regularly, at least once a year, by the Board of Directors in the absence of the Executive Committee members. Members of the Executive Committee may not accept appointments to external Boards of Directors or take on high-level political or military functions without the approval of the Nomination Committee.

Executive Committee

The Chief Executive Officer is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit and submits proposals to the Board of Directors. The heads of the three Corporate Groups and two Corporate Staff units are responsible for drafting and achieving their business objectives and for managing their units autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

Members. As per 31 July 2010, Jürg Krebsler ended his function as Delegate of the CEO for Corporate Projects and as a member of the Executive Committee and he retired. As per 31 August 2010, Michael Hauser, Head of the Corporate Group GF AgieCharmilles and member of the Executive Committee, decided to pursue new opportunities outside Georg Fischer. He relinquished the management of the Corporate Group as of 31 August 2010. Jean-Pierre Wilmes took over as head of GF AgieCharmilles as per 1 September 2010. Jean-Pierre Wilmes has been nominated as a member of the Executive Committee as per 1 January 2011.

On 1 January 2011, the Executive Committee has the following members: Yves Serra, CEO and at the same time Head of Corporate Development; Pietro Lori, GF Piping Systems; Josef Edbauer, GF Automotive; Jean-Pierre Wilmes, GF AgieCharmilles; Roland Abt, CFO.

Shareholders' Rights

As at 31 December 2010, Georg Fischer Ltd had 14,180 (previous year: 15,410) shareholders with voting rights, most of whom reside in Switzerland. To maintain this broad base, the Articles of Association provide for the statutory restrictions summarized hereinafter.

Restriction on Voting Rights. The total number of votes exercised by one person for his own shares and shares for which he votes by proxy may not exceed five percent of the votes of the company's total share capital. Persons or legal entities bound by capital or voting rights or by joint management or otherwise acting in concert for the purpose of circumventing this provision are deemed to be one person. The Board of Directors may approve exceptions to this rule. In the year under review, no such exceptional applications were received.

The restriction of voting rights under § 4.10 of the Articles of Association may be revoked only by a resolution of the General Meeting of Shareholders, passed by a two-thirds majority of the shares represented and an absolute majority of the par value of the shares represented.

Proxy Voting. A shareholder may, on the basis of a written power of attorney, be represented at the General Meeting of Shareholders by another shareholder entitled to vote, a member of a governing body, the independent proxy, or a proxy holder of deposited shares. Partnerships may be represented by a partner or authorized signatory, legal entities by a person authorized by law or the Articles of Association, married persons by their spouse, wards by their legal guardians and minors by their legal representative, regardless of whether such representatives are shareholders or not.

Statutory Quorum. As laid down by the articles of association, the following resolutions of the General Meeting of Shareholders require a larger majority than that prescribed by law. At least two-thirds of the shares represented and an absolute majority of the par value of the shares represented must be in favor of:

- the easing or revocation of restrictions on the transferability of shares,
- the introduction, expansion, easing or revocation of restrictions on voting rights,
- the conversion of registered shares into bearer shares,
- the removal from office of a quarter or more of the members of the Board of Directors,
- amendments to § 16.1 of the Articles of Association concerning the election and term of office of members of the Board of Directors,
- the removal of limitations laid down by the Articles of Association regarding the resolutions passed by the General Meeting of Shareholders, in particular those contained in § 12.

Convocation of the General Meeting of Shareholders. No regulations which deviate from those laid down by law exist.

Agenda. Shareholders representing a minimum of 0.3 percent of the share capital may request that an item be added to the agenda. The application must be submitted in writing no later than 60 days before the meeting and must specify the item to be discussed and the shareholder's proposal.

Entry in the Share Register. The deadline for entering shareholders in the share register with regard to attendance at the General Meeting of Shareholders is around ten calendar days before the date of the General Meeting of Shareholders. It is mentioned in the invitation.

Change of Control and Defense Measures

The Articles of Association of Georg Fischer Ltd do not contain any regulations governing "opting-out" or "opting-up". For one year subsequent to the effective date of a change of control, the term of notice of termination agreed upon by contract is

doubled for the members of the Executive Committee (from 12 to 24 months), as well as for several other members of senior management (from 6 to 12 months). Furthermore, a change of control will result in the cancellation of all existing disposal limitations for shares allocated according to the share plan. In the event of a change of control, bondholders and banks have the right to demand the immediate repayment of bond issues and loans before they are due.

Auditors

Mandate. KPMG AG of Zurich became the external auditors of Georg Fischer Ltd in 1985. The chief auditor, François Rouiller, has held that position since the 2010 General Meeting of Shareholders. The chief auditor is changed every seven years.

Audit Fees. In 2010, the Corporation paid KPMG AG a total of approximately CHF 2.14 million (previous year: CHF 2.28 million) for services relating to the audit of the annual financial statements of Georg Fischer Ltd, the Corporation as a whole and the corporate subsidiaries audited by KPMG worldwide. Globally, KPMG AG received fees of approximately CHF 0.64 million (previous year: CHF 0.4 million) for tax advice (CHF 0.5 million) and legal advice.

Supervisory and Control Instruments. The Audit Committee reviews and evaluates the effectiveness and independence of external auditors annually. The Audit Committee bases its evaluation on the following criteria:

- quality of the documents and management letters,
- time taken and costs,
- quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing or additional consulting mandates.

For the evaluation, the members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Audit also issues an annual list of all services rendered by external auditors for the Corporation and their costs. This report is discussed by the Executive Committee and the Audit Committee. Authorization of the costs for the auditor of Georg Fischer Ltd and the external auditing companies around the world is given by the CFO or by the managing directors of the individual subsidiaries in consultation with their functional managers. A high level of cost transparency is ensured because Internal Audit prepares a report every year. Any other mandates granted to KPMG AG are assessed by the CFO.

In the presence of internal and external auditors, the Audit Committee also evaluates potential for improvement regarding collaboration, the processing of assignments and any interfaces or overlapping of internal and external auditing. A representative of the auditors attends the meetings of the Audit Committee.

Information Policy

Georg Fischer implements a policy of communicating proactively, openly and promptly with all stakeholders. All communication measures are based on a commitment to uphold the company's credibility. Whenever possible and permissible, employees are notified first of issues that affect them. Open communication at all levels is an important element of management responsibility. Responsibility for communication and information lies primarily with the Corporate Communications and Investor Relations departments.

The Corporation's continually updated Internet site (www.georgfischer.com) and media releases on important events are a fixed feature of Georg Fischer communications. As a company listed on the SIX Swiss Exchange, Georg Fischer is subject to the requirements on ad hoc publicity, i.e. the obligation to report any events that may affect the share price. Georg Fischer also maintains a dialogue with investors and media workers at special events and road shows.

The key facts and figures on Georg Fischer, digital media kits on important events and the calendar of events of relevance to shareholders, analysts and the media (annual general meetings, press conferences, etc.) can be viewed and downloaded from the Georg Fischer website.

Subscription to the email service is free of charge. All media releases are available on the Georg Fischer website at the same time as they are published. The online media release archive dates back to 1996. In addition, shareholders of Georg Fischer AG receive the Annual Report and the Mid-Year Report directly in the post and all other interested persons on request.

↳ www.georgfischer.com/medien_en

↳ www.georgfischer.com/mediareleases_en

↳ www.georgfischer.com/newsletter_en

↳ www.georgfischer.com/subscriptionservice

Investor Relations

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Changes after the Balance Sheet Date

None.