

Georg Fischer AG

Amsler-Laffon-Strasse 9  
8201 SchaffhausenDate 27 June 2011  
Place Schaffhausen

## Organization and Business Rules 2011

*In case of discrepancies, the German text of these rules shall prevail.*

The Board of Directors has issued these Organization and Business Rules based on § 20 of the Articles of Association of Georg Fischer Ltd. They govern internal organization, as well as the duties, rights and obligations of the following bodies and persons<sup>1</sup> who have been entrusted with the management of the Georg Fischer Corporation:

- Board of Directors
- Board Committees
- Chairman of the Board
- CEO (President and Chief Executive Officer) and
- Executive Committee

### 1. Corporate Organization

#### 1.1. Definitions

##### *Corporation*

The Georg Fischer Corporation comprises the lawfully independent corporate subsidiaries and affiliated companies in which Georg Fischer Ltd, as the corporate holding company, holds capital interests, either directly or indirectly.

##### *Corporate Subsidiaries*

Corporate subsidiaries are companies in which Georg Fischer Ltd holds capital interests, directly or indirectly, and which are proportionately or completely integrated into the consolidated accounts.

##### *Affiliated Companies*

Affiliated companies include all other companies in which Georg Fischer Ltd holds capital interests, directly or indirectly, for reasons of business policy, but only those whose book value of investment is integrated into the consolidated accounts.

#### 1.2. Management Structure

These rules pertain to the upper three management levels as follows:

---

<sup>1</sup> Linguistically, all corporate functions in these rules are gender-neutral and refer equally to men and women (e.g. chairman).

### *Management Level Board of Directors*

The Board level consists of the Board of Directors of Georg Fischer Ltd, the Board Committees and the Chairman of the Board.

### *Management Level, Executive Committee*

The Executive Committee level consists of the President and Chief Executive Officer (CEO), the Corporate Group Presidents and Heads of Corporate Staff. The responsibility for the management of the Corporation lies, insofar as it has not been delegated to the Corporate Groups or corporate staffs, with the President and Chief Executive Officer, who is assisted in his managerial tasks by the other members of the Executive Committee.

### *Management Level, Corporate Groups*

The Corporate Group management level consists of the Corporate Groups which execute the operational business of the Georg Fischer Corporation through their divisions and service divisions. These are further divided into business units and corporate subsidiaries. Corporate Group management responsibility lies with the Corporate Group Presidents, who are assisted by the Division Managers and Service Division Managers of each group, by means of regular management meetings.

### *Corporate Subsidiaries*

As a rule, business activity is conducted in particular by corporate subsidiaries which operate locally. All corporate subsidiaries must contribute proportionately to an optimal result. They are subject to the management of their specific company organ (i.e. public-limited companies to their board of directors), which can delegate the conduct of business to the executive bodies in accordance with local laws and regulations.

### *Corporate Staffs*

The management of the Corporation is vested in the corporate management, which consists of the corporate staff service divisions. They support the Executive Committee and the Board of Directors in fulfilling their duties.

### *Subordination*

Each corporate subsidiary or affiliated company is assigned to either a Corporate Group or a corporate staff.

## **2. Board of Directors**

### **2.1. Composition**

#### *Number of Members*

The Board consists of seven to ten members. They have managerial experience, relevant expertise and/or special relations. The majority of the members are Swiss nationals.

As a rule, members who have been elected based on specific grounds will resign if such grounds cease to exist.

**2.2. Term of Office***Term of Office*

Board members are elected for a four-year term of office. Every year, approximately one quarter of the Board shall stand for election or re-election. The term of office for newly elected Board members shall be determined in accordance with the periodicity of re-elections. Members whose terms have expired are eligible for immediate re-election. Each member of the Board is bound to resign at the Annual General Meeting subsequent to his attainment of 70 years of age, irrespective of the remainder of his running term of office.

**2.3. Constitution***Constitution*

The Board of Directors is self-constituting. Each year it elects from its members a Chairman, a Vice Chairman and the members of the Board Committees.

*Secretary*

The Board of Directors appoints a Secretary, who, as a rule, is not a member of the Board.

**2.4. Board Meetings***Number of Meetings per Year*

Board meetings are held by invitation of the Chairman or Vice Chairman as often as required for business matters or upon request of a member of the Board.

*Notice*

Written notice shall generally be given at least one week prior to any meeting. The notice must include an agenda which has been established by the Chairman of the Board, listing all items of business proposed by a Board member or the President and Chief Executive Officer for transaction at the meeting.

*Video or telephone conference*

Board meetings may also be carried out, in exceptional cases, by means of video or telephone conferences.

*Attendance of Executive Committee Members*

Members of the Executive Committee generally attend the Board meetings, but without voting rights. Other employees may be invited to attend with the consent of the Chairman.

*Chairmanship*

The Chairman of the Board or, in his absence, the Vice Chairman shall preside at all Board meetings. If the latter is likewise hindered, he may be represented in turn by another member to be determined by the Board.

*Quorum*

Valid resolutions passed at Board meetings are subject to a quorum comprising at least half the members of the Board. Voting by proxy is not permitted.

No quorum is required at Board meetings if the only business to be transacted is the establishment of a capital increase and the subsequent revision of the Articles of Association.

#### *Passing of Resolutions*

Resolutions by the Board of Directors are passed by majority vote. In the event of votes being equal, the Chairman casts the deciding vote.

#### *Consent Resolutions*

Resolutions can be decided in exceptional cases by written consent resolutions without calling a Board meeting, unless such a meeting is requested by a Board member. The passing of resolutions by voting by mail is subject to a two-thirds majority.

### **2.5. Minutes of the Meetings**

#### *Minutes*

Minutes of Board meetings are to be recorded, and shall be signed by the Chairman and the Secretary. Consent resolutions are to be recorded in the next minutes. Each member of the Board taking part in a meeting may request that his vote, and above all his dissenting opinion, be recorded in the minutes. Every member of the Board receives a copy of the minutes, normally no later than two weeks after each meeting.

### **2.6. Other Directorships of Board Members**

#### *Directorships in External Companies*

Prior to accepting directorships with other companies operating in the same or related business sectors, members must inform the Chairman of the Board in order to avoid any conflict of interests. In case of doubt, the Board of Directors shall decide if there is any conflict of interests, rendering acceptance of the directorship in question inopportune.

#### *Directorships in Corporate Subsidiaries*

With the exception of the Managing Directors, members of the Board do not generally hold office in bodies of corporate subsidiaries.

### **2.7. Board Documentation and Duty of Discretion**

#### *Safekeeping and Return of Documentation*

Board documentation distributed to members of the Board must be kept in a safe place and returned as follows:

- The return of all documents more than three years old will be requested each year by the Secretary.
- Retiring Board members must return all documentation in their possession.
- In the event of the death of a Board member, his heirs are responsible for returning all documentation.

#### *Business Secrecy*

Members of the Board are bound, both during their term of office and subsequently, to maintain secrecy regarding all business matters, relations and information concerning Georg Fischer Ltd

and the Georg Fischer Corporation of which they gain knowledge in their capacity as Board members.

## **2.8. Compensation**

### *Compensation*

The basis for and elements of the compensation of the Board members will be stipulated by the Board of Directors in a separate set of regulations.

## **2.9. Reimbursement for Expenses**

### *Expenses*

Members of the Board will be reimbursed for travel expenses in connection with meetings, conferences or corporate assignments away from their place of residence.

## **2.10. Duties and Areas of Responsibility**

### *Supreme Authority and Management Control*

The Board of Directors exercises supreme authority, supervision and management control over Georg Fischer Ltd and the Georg Fischer Corporation. The Board of Directors issues business policy guidelines and informs itself regularly on the course of business. It can assign tasks to the Board Committees and to the President and Chief Executive Officer

The Board of Directors shall in particular:

### *Convocation and Preparation of General Meetings*

- a) Convoke and prepare ordinary and extraordinary General Meetings; define the conditions for participation in the Annual General Meeting of Georg Fischer Ltd.
- b) Prepare all business to be transacted at General Meetings.

### *Implementation of General Meetings Resolutions*

- c) Direct the implementation of the resolutions passed at General Meetings.

### *Registration of Shares*

- d) Supervise the transfer of registered shares and, if necessary, deny entry in the share register.

### *Supervision of Management*

- e) Supervise the management in regard to compliance with statutory regulations, the Articles of Association and the Corporate Rules. To this purpose the Board of Directors is kept informed by the President and Chief Executive Officer.

### *Supervision of Company Accounting*

- f) Supervise the orderly keeping of company accounts in compliance with the directives issued to the President and Chief Executive Officer, and likewise ensure that the Income Statement and Balance Sheet of Georg Fischer Ltd and of the Corporation are drawn up in accordance with the statutory regulations and submitted to the auditors for examination.

#### *Right of Information*

- g) Ensure the entitlement to information on all matters concerning Georg Fischer Ltd or a corporate subsidiary. Any member of the Board desiring information or access to business documents at times other than during Board meetings shall make an application to this end to the Chairman of the Board.

#### *Acknowledgement of Auditing Reports*

- h) Take note of internal and external auditing reports concerning Georg Fischer Ltd and the corporate accounts.

#### *Issue of Regulations*

- i) Issue regulations governing the corporate management structure and legal structure, as well as define the areas of responsibility of the respective senior management personnel.

#### *Appointments and Dismissals*

- j) Appoint and dismiss the President and Chief Executive Officer and the members of the Executive Committee upon request of the Chairman of the Board; approve significant changes in their employment conditions.

#### *Signatory Regulations*

- k) Designate those members of the Board who are entitled to represent the company and who have signatory powers. The joint signature of two Board members having signatory power is required.

#### *Corporate Strategy, Medium-Term Planning*

- l) Approve corporate strategies and medium-term planning.

#### *Annual Budget, Annual Account*

- m) Approve the annual budget and the annual account of the Corporation, the groups and Georg Fischer Ltd.

#### *Financial competencies: one-off costs, investments and disposals, equity capital*

- n) Approve one-off costs for specific projects related to the operational business, investments in tangible fixed assets, disposal of fixed assets as well as any increase or reduction in the equity capital of corporate subsidiaries exceeding 5 million Swiss francs per individual case. This rule does not apply to long-term purchasing and service contracts.

#### *Loans, Issue of Shares, Bonds and Participation Certificates*

- o) Pass resolutions on issuing corporate loans; approve the conditions for issuing shares, bonds and participation certificates in the Corporation.

#### *Bank loans*

- p) Approve bank loans which exceed 100 million Swiss francs per case or those which have been granted on the basis of contracts and include the cross default or similar clauses for Georg Fischer Ltd or its corporate subsidiaries.

*Litigation and Settlement Powers*

- q) Assign litigation and settlement powers in disputes involving sums exceeding 5 million Swiss francs.

*Founding of Corporate Subsidiaries, Merging, Acquisitions, Liquidation and Sale of Companies*

- r) Pass resolutions on the establishment of corporate subsidiaries, the acquisition of other companies, merging, the financial participation in other companies, and the liquidation or sale - in part or as a whole - of such companies.

*Acquisition of and participation in third-party businesses*

- s) Pass resolutions on the acquisition of and the financial participation in third-party businesses.

*Foundations and Trusts*

- t) Establish corporate foundations and trusts.

*Approval of Transactions*

- u) Approve business transactions exceeding 100 million Swiss francs, exception being made for blanket orders extending over several years,

*Guarantees, Sureties, Letters of Comfort*

- v) Approve guarantees, sureties and letters of comfort exceeding 100 million Swiss francs per case

*Compensation Policy and Total Compensation*

- w) Define the compensation policy at the highest echelon of the Corporation; decide on the amount of compensation paid to the Chief Executive Officer and the total compensation for the Executive Committee upon a proposal made by the Compensation Committee.

*Retirement Plans for Senior Management*

- x) Approve the basic principles of the retirement plans for the Senior Management of the Corporation.

*Risk Management*

- y) Regular evaluation and acknowledgement of the activities of the internal monitoring system and risk management regarding strategic, financial and operative risks and dangers.

*Equal treatment of shareholders*

- z) The Board of Directors treats all shareholders equally. In accordance with this principle, it does not make use of the right to exceptions according to § 4.9a and 4.10 of the Articles of Association.

### **3. Chairman of the Board**

#### **3.1. Duties and Areas of Responsibility**

The Chairman of the Board shall acquire his information regarding all important business of primary significance or with far-reaching consequences through regular consultation with the President and Chief Executive Officer.

In particular, the Chairman of the Board shall:

##### *Direction*

- a) Direct the members of the Board and the President and Chief Executive Officer.

##### *Preparation and Convocation of the AGM and Board Meetings*

- b) Establish agendas for the Annual General Meeting of Georg Fischer Ltd and for Board meetings; convoke Board meetings.

##### *Chairmanship of AGM and Board Meetings*

- c) Preside over Annual General Meetings and Board meetings.

##### *Implementation of AGM Resolutions*

- d) Order and supervise the implementation of the resolutions passed at General Meetings.

##### *Implementation of Board Resolutions*

- e) Supervise the implementation of Board resolutions, as well as the business policy guidelines and regulations approved by the Board.

##### *Share Register*

- f) Establish regulations which govern the keeping of the share register.

##### *Representation*

- g) External representation of the company appropriate to function at this corporate level.

##### *Elections, Dismissals*

- h) Make proposals to the Board regarding election and dismissal of the President and Chief Executive Officer and of the members of the Executive Committee.

##### *Management Transactions*

- i) Issue regulations pertaining to the disclosure of management transactions for the members of the Board in accordance with the SWX Swiss Exchange rules concerning the disclosure of management transactions (MTD).

##### *Signatory Rights*

- j) Grant and withdraw signatory rights on behalf of Georg Fischer Ltd at the request of the Chief Executive Officer.
- k) Select and dismiss trustees of the Corporation's foundations at the request of the Chief Executive Officer.

**3.2. Substitution***Substitution*

Should the Chairman of the Board be prevented from carrying out his duties due to illness or long periods of absence, these shall be taken over for the duration of his absence by the Vice Chairman or, in case of hindrance, by a member to be determined by the Board.

**4. Board Committees****4.1. Audit Committee***Audit Committee*

The Board of Directors shall designate the Members of the Audit Committee and shall determine the chairman. The Audit Committee shall be composed of a minimum of three non-executive, preferably independent, Board members who exhibit sufficient experience in finance and accounting. In this Art. 4, independent refers to Board members without an executive function who have never held a management position or have not done so for the past three years. In addition, they may have no business connections whatsoever, or have only comparatively insubstantial connections with the Georg Fischer Corporation.

The Audit Committee shall convene as often as business matters demand, with a minimum of three times a year.

*Committee Members*

As a rule, the President and Chief Executive Officer, the Head of Corporate Finance and Accounting, the Head of Corporate Auditing and a representative of external auditing also participate in the meetings of the Audit Committee.

*Duties<sup>2</sup>*

The Audit Committee assists the Board in the supervision of accounting and financial reporting. The Committee monitors the internal and external auditing; appraises the working order of the internal monitoring systems as regards risk management and the adherence to legal regulations; acknowledges Board Committees reports as well as notes concerning the accounts and auditors' reports of the pension trust funds for personnel of Georg Fischer Ltd; and provides comments on equity and fixed-interest capital transactions of Georg Fischer Ltd.

**4.2. Compensation Committee***Compensation Committee*

The Compensation Committee consists of three Board members without an executive function.

The Compensation Committee shall convene as often as business matters demand, with a minimum of once a year.

*Committee Members*

As a rule, the President and Chief Executive Officer and the Head of Corporate Human Resources also participate in meetings of the Compensation Committee.

---

<sup>2</sup> For further information see Annex 1: Regulation for the Audit Committee

*Duties*

The Compensation Committee assists the Board in establishing the compensation policy for the uppermost corporate level. It proposes to the Board of Directors the amount of the total compensation paid to the Executive Committee and the Chief Executive Officer. It shall decide on the compensation of the other members of the Executive Committee on a proposal by the President and CEO.

The President and CEO shall withdraw from the meeting when his own compensation is to be determined.

**4.3. Nomination Committee**

The Nomination Committee shall be composed of a minimum of three Board members.

The Nomination Committee shall convene as often as business matters demand.

*Duties*

The Nomination Committee assists the Board in the planning of successors to the Board and the Executive Committee, as well as in selecting eligible candidates for the appointment to the Board of Directors and for the Executive Committee positions.

**4.4. Other Committees***Other Committees*

The Board may set up Committees to deal with specific issues.

*Composition*

As a rule, the Committees shall be composed of three members of the Board. The Board shall determine the Chairman of the Committee as well as his assignments and responsibilities.

**4.5. Corporate Regulations**

The regulations applying to the Board of Directors regarding the convocation, agenda, the chairing and organization of meetings, the passing of resolutions and keeping of minutes shall, by analogy, also apply to the meetings of Board Committees.

*Additional Participants in Meetings*

The President and Chief Executive Officer participates in meetings of Board Committees without voting rights. As far as specific business requires, Corporate Group Presidents, Heads of Corporate Staffs and other employees may, with the Committee Chairman's consent, also participate in Board Committee meetings.

*Recording and Reporting*

All persons attending the meeting, as well as all Board members, shall receive a copy of the minutes. In addition, the Committee Chairman shall report personally at next meeting of the Board of Directors on the business transacted and make corresponding proposals, where necessary, to the entire Board.

## **5. President and Chief Executive Officer**

### **5.1. Duties and Areas of Responsibility**

#### *Corporate Management*

Subject to the powers of the Board of Directors and Board Committees, the President and Chief Executive Officer (CEO) is responsible for the management of the Corporation, and thus, for taking all measures required to achieve corporate goals.

#### *Separation of power*

As a matter of principle, the President and CEO may not concomitantly assume the role of Chairman of the Board of Georg Fischer Ltd. The President and CEO shall be supported by the other members of the Executive Committee in the management of the Corporation.

#### *Briefing of the President and CEO*

The President and CEO informs and consults with the Chairman of the Board through regular discussion regarding all important business matters of primary significance or with far-reaching consequences, as well as opposing opinions within the Executive Committee on important questions and problems.

#### *Urgent decisions*

In case of urgency, the President and CEO and the Chairman of the Board may, by way of exception, decide jointly on matters which fall under the jurisdiction of the Board of Directors or the Board Committees, who shall be informed thereof no later than at their next meeting.

In particular, the President and CEO shall:

#### *Preparation of Board and Board Committee Meetings*

- a) Prepare the Board meetings and meetings of Board Committees, prepare proposals concerning the business to be transacted by the Board of Directors and meetings of Board Committees.

#### *Reports to the Board*

- b) Report to the Board of Directors on the course of business and on the financial and personnel situation of the Corporation, the Corporate Groups, Georg Fischer Ltd and the larger corporate subsidiaries.

#### *Annual Budget, Annual Account*

- c) Present the annual budget and the annual account of the Corporation, the groups and of Georg Fischer Ltd to the Board of Directors.

#### *Annual Report*

- d) Present the Annual Report drafts and the draft accounts of the Corporation and of Georg Fischer Ltd to the Board of Directors.

#### *Implementation of Board Resolutions*

- e) Implement Board resolutions and directives.

*Public Relations, Information Policy*

- f) Represent the Corporation in public; establish corporate information and public relations policies; define the corporate identity.

*Management of Georg Fischer Ltd*

- g) Assume responsibility for the operative management of Georg Fischer Ltd.

*Direction and Supervision of Corporate Groups and Corporate Staffs*

- h) Direct the Corporate Group Presidents and Heads of Corporate Staffs, as well as supervise their activities.

*Elections, Dismissals*

- i) Make proposals to the Chairman of the Board for the election and dismissal of Corporate Group Presidents and Heads of Corporate Staffs.
- j) Grant and withdraw signatory rights on behalf of Georg Fischer Ltd for submission to the Chairman of the Board of Directors.
- k) Select and dismiss trustees of the Corporation's foundations for submission to the Board of Directors.

*Supervisory Boards of Large Corporate Subsidiaries*

- l) Approve the election of supervisory boards for larger corporate subsidiaries.

*External Auditors*

- m) Approve the election of external auditors for all corporate subsidiaries.

*Internal Corporate Auditing*

- n) Issue assignments and directives to Internal Corporate Auditing.

*Appointment and Dismissal of Division and Service Division Managers, as well as Managing Directors*

- o) Approve the appointment and dismissal of Division Managers, Service Division Managers, Business Unit Managers and Managers of Corporate Subsidiaries.

*Management Development*

- p) Develop the Senior Management of the Corporation.

*Salary and Bonus Systems*

- q) Approve salary and bonus systems and pension plans within the Corporation.

*Corporate Strategy*

- r) Prepare and formulate the corporate strategy for approval by the Board of Directors; allocate medium to long-term financial resources.

*Corporate Group Targets and Plans*

- s) Approve Corporate Group and divisional targets and long-term plans, and report to the Board of Directors.

*Corporate Organization Structure*

- t) Define the corporate organization structure to be approved by the Board.

*Delineation of Activities*

- u) Delineate Corporate Group and corporate staff activities; direct joint Corporate Group activities and the utilization of mutual corporate services.

*Corporate Group and Corporate Staff Organization Structures*

- v) Approve the organization structures of the Corporate Groups and corporate staffs.

*Annual Budget, Annual Account of Corporate Groups, etc.*

- w) Approve the annual budget and annual account of Corporate Groups and corporate staffs, divisions and service divisions, country holdings and large corporate subsidiaries.

*Financial competencies: one-off costs, investments and disposals, equity capital*

- x) Approve one-off costs for specific projects related to the operational business, investments in tangible fixed assets and disposal of fixed assets between 1 and 5 million Swiss francs as well as any increase or reduction in the equity capital of corporate subsidiaries up to 5 million Swiss francs. This rule does not apply to long-term purchasing and service contracts.

*Litigation and Settlement Powers*

- y) Assign litigation and settlement powers in disputes involving sums between 1 and 5 million Swiss francs.

*Equity and Long-Term Borrowed Capital of Corporate Subsidiaries*

- z) Provide corporate subsidiaries with equity and long-term borrowed capital.

*Changes in Shareholding*

- aa) Monitor the changes reported in the shareholding structure and the compliance with the conditions stipulated in the Articles of Association for entering registered shares in the share register; reject, as a preliminary measure, entry applications not complying with the Articles of Association.

*Insider information*

- bb) Issue and supervise internal policies in regard to dealing with insider information and the prevention of insider operations.

*Risk management, Compliance*

- cc) Define and implement internal monitoring systems, risk management and compliance; report to the Board of Directors.

*Disclosure Obligations*

- dd) Issue and monitor internal guidelines for the adherence to all SWX disclosure requirements.

## **5.2. Corporate Group Meetings**

### *Purpose of Corporate Group Meetings*

Corporate Group meetings serve to facilitate the opinion-forming and decision-making process of the President and CEO and of the superior bodies of the Corporation in business and personnel matters. They are also held to provide information regarding important Corporate Group business. The meetings shall be attended by the members of the management of the respective Corporate Group. The time, place and agenda of the meetings shall be determined by the Corporate Group President concerned after consulting with the President and CEO.

## **5.3. Corporate Management Meetings**

### *Purpose of Corporate Management Meetings*

Corporate Management meetings serve to deal with matters which have been prepared by the Corporate Management or to prepare matters for the Executive Committee.

They shall be attended by the President and CEO, the Heads of Corporate Staff and – ad hoc – by specialists of corporate staffs. As a rule they shall take place on a monthly basis. Time, place and agenda shall be determined by the President and CEO in consultation with the Heads of Corporate Staff.

## **6. Executive Committee**

### **6.1. Meetings of the Executive Committee**

#### *Notice*

The Executive Committee meets at least eight times annually by invitation of the President and CEO. Extraordinary meetings of the Executive Committee may be called by request of any member. Written notice shall generally be given at least one week prior to any meeting, and includes an agenda established by the President and CEO. The agenda shall list all items of business proposed by members of the Executive Committee for transaction at the meeting.

#### *Attendance by other Employees*

Should the situation require, and with the consent of the President and CEO, other employees may be called to attend Executive Committee meetings for dealing with specific business.

### **6.2. Minutes of Meetings**

#### *Minutes*

Minutes are to be recorded of all proceedings and business transacted. They shall be signed by the Secretary. Copies of the minutes shall be distributed to all members of the Executive Committee no later than two weeks after the meeting.

### **6.3. Duties**

#### *Corporate Information*

Under the chairmanship of the President and CEO, the Executive Committee deals with all important matters relevant to corporate business. It serves to provide mutual information to all its members and plays an active role in forming opinions and decision-making by the President and CEO, in particular:

*Corporate Strategy*

- a) in formulating the corporate strategy and allocating mid-range and long-term finances.

*Objectives, Plans and Projects of Groups, Corporate Staffs, Divisions and Service Divisions*

- b) in assessing the objectives, long-term plans and important projects of Corporate Groups and corporate staffs, divisions and service divisions.

*Group and Corporate Staff Organization Structure*

- c) in defining the corporate, Corporate Group and corporate staff organization structures.

*Delineation of Activities*

- d) in delineating Corporate Group and corporate staff activities, in implementing joint Corporate Group activities and in utilizing mutual corporate services.

*Corporate Identity*

- e) in defining the corporate identity.

*Senior and Junior Management Promotion*

- f) in selecting and promoting senior and junior corporate management.

*Salary and Bonus Systems*

- g) in establishing salary and bonus systems and pension plans within the Corporation.

*Preparation of Board Transactions*

- h) in preparing business for transaction by the Board of Directors or Board Committees.

*Directives to Internal Auditing and External Auditors*

- i) in making proposals for the issuing of directives and assignments to Internal Corporate Auditing and external auditors.

*Acknowledgement of Auditing Reports*

- j) in taking note of the reports of Internal Corporate Auditing and external auditors.

*Mutual Information*

The Executive Committee furthermore ensures mutual information of its members on matters within their areas of responsibility.

*Dissenting Opinions: Procedure*

Should the Executive Committee fail to reach a consensus on important decisions, or in the event of basic differences of opinion between the President and CEO and a majority of Corporate Group Presidents or Heads of Corporate Staffs, the Chairman of the Board shall be informed by the President and CEO of any decision planned or already taken by him.

**7. Corporate Group Presidents and Heads of Corporate Staffs****7.1. Management Responsibility for Corporate Groups and Corporate Staffs***Delegation of Management Responsibility*

The President and CEO delegates management responsibility for Corporate Groups and corporate staffs to the Corporate Group Presidents and the Heads of Corporate Staffs.

**7.2. General Duties and Areas of Responsibility**

Subject to the powers of the Board of Directors, the Board Committees and the President and CEO, the Corporate Group Presidents and Heads of Corporate Staffs are responsible for undertaking all measures required to achieve their respective targets and for the management and supervision of their respective Corporate Groups or Corporate Staffs.

*General Duties and Areas of Responsibility*

In particular, the duties and responsibilities of Corporate Group Presidents and Heads of Corporate Staffs include the following:

*Preparation of Business*

- a) Preparation of business matters and proposals for decision-making falling under the jurisdiction of the President and CEO, the Board Committees and the Board of Directors.

*Reporting*

- b) Periodic reporting to the President and CEO on the course of business and the financial situation of the Corporate Groups or corporate staffs, the divisions, service divisions and corporate subsidiaries.

*Annual Budget, Annual Account*

- c) Presentation of the annual budget and annual account of the Corporate Groups or corporate staffs, the divisions and larger corporate subsidiaries to the President and CEO.

*External Representation; Public Relations and Information Policy*

- d) External representation of the Corporate Groups or corporate staffs and corporate subsidiaries; establishment of information policies and public relations policies within the framework of corporate guidelines.

*Implementation of Corporate Directives, etc.*

- e) Implementation and enforcement of corporate principles and regulations; execution of resolutions and directives issued by the President and CEO.

*Supervision of Division and Service Division Managers*

- f) Supervision of the managers of divisions, service divisions and corporate subsidiaries.

*Proposals for Appointments and Dismissals*

- g) Proposals to appoint and dismiss the managers of divisions, service divisions, business units and of corporate subsidiaries for decision by the President and CEO.

*Approval of Appointment and Dismissal*

- h) Approval of the appointment and dismissal of other management personnel according to the two-level principle (approval of direct superior).

*Senior and Junior Management Promotion*

- i) Selection and promotion of senior and junior Corporate Group or corporate staff management.

*Corporate Group and Corporate Staff Strategies*

- j) Preparation and formulation of Corporate Group or corporate staff strategies for approval by the President and CEO.

*Objectives and Plans of Divisions, Subdivisions and Service Divisions*

- k) Approval of objectives and long-term plans of divisions, subdivisions and service divisions; reporting of the same to the President and CEO.

*Organizational Structure*

- l) Definition of Corporate Group or corporate staff structures for approval by the President and CEO.

*Financial competencies: one-off costs, investments and disposals*

- m) Approve one-off costs for specific projects related to the operational business, investments in tangible fixed assets and disposal of fixed assets up to 1 million Swiss francs; budgeted investments in tangible fixed assets up to 2 million Swiss francs. This rule does not apply to long-term purchasing and service contracts.

*Short-Term Borrowed Capital*

- n) Provision of short-term borrowed capital for corporate subsidiaries.

*Litigation and Settlement Powers*

- o) Assignment of litigation and settlement powers within Corporate Groups or corporate staffs in disputes involving sums of up to 1 million Swiss francs.

**7.3. Duties and Areas of Responsibility of the Head of Finance and Controlling**

The duties of the Head of Corporate Finance and Controlling include in particular:

*Accounting, Controlling*

- a) Overall responsibility for corporate accounting and controlling.

*External Auditors*

- b) Proposal to appoint external auditors.

*Internal Corporate Auditing*

- c) Supervision of Internal Corporate Auditing.

*Budgeting, Medium-Term Planning, Taxation*

- d) Responsibility for corporate budgeting, medium-term planning and taxation matters.

*Acquisitions, Divestments*

- e) Assistance in corporate acquisition and divestiture projects.

*High-Risk Protection*

- f) Establishment and implementation of directives for the protection of the Corporation against risks jeopardizing its existence.

*Treasury*

- g) Overall responsibility for the Corporate Treasury.

*Borrowed Capital, Capital Market Transactions*

- h) Definition of the provision of long-term borrowed capital for corporate subsidiaries; responsibility for capital market transactions. Any planned capital market transaction subject to publication rules must be submitted to the Board of Directors for a decision.

*Directives for Financial Investments*

- i) Definition and implementation of directives for financial investments.

*Investors, Financial Experts, Banks*

- j) Maintain relations with investors, financial experts and banks.

*Share Register*

- k) Monitor the share register.

*Swiss Stock Exchange*

- l) Secure the filing requirements of the Swiss Stock Exchange.

*Non-Operational Real Estate*

- m) Exploitation of non-operational real estate of corporate subsidiaries managed by the corporate management.

*Assistance to Corporate Subsidiaries*

- n) Assistance to other corporate subsidiaries in the exploitation of real estate.

*Risk Management*

- o) Preparation and implementation of the internal monitoring system and risk management, as well as its enforcement in the entire Corporation with assistance of the operative units.

*Corporate Legal Services*

- p) Securing corporate legal services.

*Patents, Licenses, Intellectual Property Rights*

- q) Administration of patents and licenses at the corporate level; formulation and implementation of the corporate intellectual property rights policy.

**7.4. Duties and Areas of Responsibility of the Head of Corporate Development**

In particular, the tasks of the Head of Corporate Development include the following:

*Corporate Planning*

- a) Assistance to the groups and the Executive Committee in mid-term and strategic planning.

*Human Resources Policies, Management Development*

- b) Preparation and implementation of corporate human resources policies and management development.

*Corporate Communication Policy*

- c) Formulation and implementation of the corporate communication policy.

*Corporate Environmental Policy*

- d) Formulation and supervision of the corporate environmental policy.

*Corporate Acquisition, Divestiture Projects*

- e) Assistance in corporate acquisition and divestiture projects.

*Major Corporate Projects*

- f) Supervision of major corporate projects.

*Secretariat General*

- g) Direction of the Secretariat General of Georg Fischer Ltd.

**8. Internal Corporate Auditing****8.1. Subordination***Management, Administrative and Technical Subordination*

Internal Corporate Auditing reports operationally to the Chairman of the Audit Committee, and reports in the technical and administrative spheres to the Head of Corporate Finance and Controlling.

**8.2. Assignments and Directives***Assignments to Internal Auditing*

Assignments and directives are issued to Internal Corporate Auditing by the Chairman of the Board, the Chairman of the Audit Committee, the President and CEO, and the Head of Corporate Finance and Controlling.

Members of the Board of Directors and of the Executive Committee are entitled to make proposals to the Chairman of the Audit Committee or President and CEO for the issuing of assignments and directives to Internal Corporate Auditing.

**8.3. Reports***Reports*

Internal Corporate Auditing shall report to the person who has issued the assignment. Copies of the reports must be submitted to the President and CEO, the members of the Executive Committee, and to the managers concerned.

Reports are to be submitted to the Chairman of the Audit Committee if the assignment in question was issued by him or is otherwise of far-reaching consequence.

The Chairman of the Audit Committee shall decide whether the Audit Committee and the Board of Directors have to be informed.

## **9. Enterprise Risk Management**

### *Enterprise Risk Management*

The Board of Directors bears overall responsibility for the implementation of risk management for the Corporation.

#### *Task*

In addition to comprehensive and effective insurance coverage, risk management for the Corporation involves the systematic identification, assessment and reporting of risks.

Risks and opportunities are regularly and systematically identified, assessed and appropriately monitored at all corporate levels. Risk management is integrated into existing structures, primarily in conjunction with internal monitoring systems.

Experts in this field may be called upon if necessary.

#### *Responsibilities*

Strategic risks shall be appraised by the Board of Directors. Risks involving a gross exposure exceeding 100 million Swiss francs shall be brought to the attention of the Board. The management bears responsibility for operative and financial risks.

#### *Chief Risk Officer*

Overall responsibility for the implementation of risk management lies with the President and Chief Executive Officer, who designates a Chief Risk Officer (CRO) for this task. The CRO reports directly to the CEO within his scope of responsibility concerning risk management. The functioning of the internal monitoring system and risk management is regularly appraised by the Board of Directors, who is also regularly informed of matters to this effect (strategic, financial and operative).

## **10. Compliance**

### *Delimitation of Responsibilities*

The Audit Committee assesses compliance with the applicable laws within the Corporation on behalf of the Board of Directors. Internal Audit provides monitoring functions in this task.

The Chief Executive Officer bears responsibility for implementing compliance. For implementation at the operational level, the Chief Executive Officer shall appoint a Corporate Compliance Officer (CCO).

#### *Tasks*

The main tasks of the CCO are as follows:

- a Take measures to prevent violations of the law and infringements of the Corporation's ethical principles.
- b Train and provide advice to operational management.

- c Conduct compliance audits on behalf of the Chief Executive Officer.

## **11. Right to Reconsideration**

### *Reconsideration Procedure*

Executives at division, service division or higher levels who disagree with decisions by their superiors are entitled to apply to them for reconsideration of such decisions.

### *Reappraisal*

Should the original decision be upheld, the matter may be referred to the next higher level for reappraisal.

## **12. Disclosure and Abstention**

### *Disclosure*

Members of the Board and of the Executive Committee shall disclose their interests, possible conflicts of interests and all transactions involving participation certificates of Georg Fischer Ltd.

### *Management Transactions*

Transactions involving participation certificates of Georg Fischer Ltd subject to the SWX rules concerning management transactions are defined as all transactions involving shares, warrants and convertible bonds or similar securities. Regardless of the amount, these must be filed at the share register of Georg Fischer Ltd within two business days of the conclusion of the trade.

### *Conflict of Interest*

In the event of an actual or possible conflict of interest, the member of the Board or the Executive Committee concerned shall notify the Chairman of the Board; should the matter involve the Chairman himself, the Vice Chairman shall be notified. The Chairman or Vice Chairman calls upon the Board to decide on the extent of the conflict of interest, which takes its decision based in particular on the "Abstention" and "Business Transactions" rules which follow in the subsequent passages. The Board, excluding the member concerned, votes on the matter.

### *Abstention*

If any business is transacted at meetings which concerns their own interests or the interests of persons or companies closely connected with them, the members of the Board of Directors and Executive Committee are to abstain from voting on such transactions. Should the circumstances demand, those remaining committee members concerned can be generally excluded from the business to be transacted.

### *Business Transactions*

Business transactions between Georg Fischer Ltd or corporate subsidiaries and members of the executive body or persons closely affiliated to them are subject to the basic principle of a transaction under third-party conditions. Such transactions require official authorization. If necessary, an impartial expert may be appointed for appraisal.

### 13. Concluding Provisions

#### *Subject to Governing Law*

The Board of Directors, Executive Committee and other bodies occasionally make decisions based on these rules which are valid and binding not only for the corporate holdings, but also for the corporate subsidiaries. In these cases, however, the jurisdiction and responsibility to which the bodies of the corporate subsidiaries are entitled according to local governing law are reserved.

#### *Effective Date*

These Rules were approved by the Board of Georg Fischer Ltd on 27 June 2011 and shall take effect as of 1 July 2011. They replace all previous Rules, in particular the Organization and Business Rules of 19 February 2010.

The Organization and Business Rules are periodically reviewed and adapted with the consent of the Board of Directors.

Schaffhausen, 27 June 2011

Chairman of the Board of Directors:

Secretary:

Martin Huber

Roland Gröbli

**Index**

<b>1. Corporate Organization .....</b>	<b>1</b>
1.1. Definitions .....	1
1.2. Management Structure.....	1
<b>2. Board of Directors.....</b>	<b>2</b>
2.1. Composition .....	2
2.2. Term of Office .....	3
2.3. Constitution .....	3
2.4. Board Meetings .....	3
2.5. Minutes of the Meetings .....	4
2.6. Other Directorships of Board Members .....	4
2.7. Board Documentation and Duty of Discretion .....	4
2.8. Compensation .....	5
2.9. Reimbursement for Expenses .....	5
2.10. Duties and Areas of Responsibility.....	5
<b>3. Chairman of the Board.....</b>	<b>8</b>
3.1. Duties and Areas of Responsibility.....	8
3.2. Substitution .....	9
<b>4. Board Committees .....</b>	<b>9</b>
4.1. Audit Committee.....	9
4.2. Compensation Committee.....	9
4.3. Nomination Committee.....	10
4.4. Other Committees .....	10
4.5. Corporate Regulations .....	10
<b>5. President and Chief Executive Officer .....</b>	<b>11</b>
5.1. Duties and Areas of Responsibility.....	11
5.2. Corporate Group Meetings.....	14
5.3. Corporate Management Meetings.....	14
<b>6. Executive Committee .....</b>	<b>14</b>
6.1. Meetings of the Executive Committee.....	14
6.2. Minutes of Meetings .....	14
6.3. Duties .....	14
<b>7. Corporate Group Presidents and Heads of Corporate Staffs.....</b>	<b>16</b>
7.1. Management Responsibility for Corporate Groups and Corporate Staffs.....	16
7.2. General Duties and Areas of Responsibility .....	16
7.3. Duties and Areas of Responsibility of the Head of Finance and Controlling.....	17
7.4. Duties and Areas of Responsibility of the Head of Corporate Development .....	18
<b>8. Internal Corporate Auditing.....</b>	<b>19</b>
8.1. Subordination .....	19
8.2. Assignments and Directives .....	19
8.3. Reports.....	19

<b>9. Enterprise Risk Management .....</b>	<b>20</b>
<b>10. Compliance.....</b>	<b>20</b>
<b>11. Right to Reconsideration.....</b>	<b>21</b>
<b>12. Disclosure and Abstention.....</b>	<b>21</b>
<b>13. Concluding Provisions .....</b>	<b>22</b>