

Corporate Governance

The Board of Directors and Executive Committee of Georg Fischer attach considerable importance to 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 management that is transparent and commensurate with risk. 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 fulfils all obligations of the corresponding SIX Swiss Exchange directive on information relating to Corporate Governance in terms of content and order. The Compensation Report is presented in a separate chapter on pages 55 to 56.

All figures apply to 31 December 2009, unless otherwise noted. Any changes occurring before the copy deadline on 19 February 2010, are listed at the end of this section. 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 Regulations, its mission statements and much more information online at www.georgfischer.com/corporate_governance_en

Corporate Structure and Shareholders

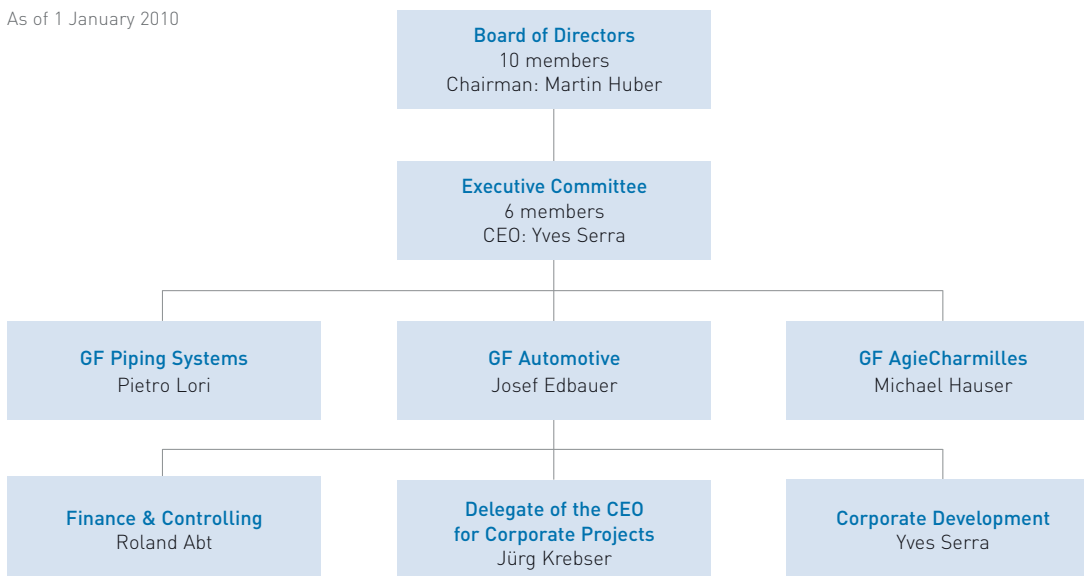
The organizational structure of the Corporation is illustrated in the diagram on this page. The Corporation has three operational Corporate Groups: GF Piping Systems, GF Automotive und GF AgieCharmilles, plus the Corporate Staff units Finance & Controlling and Corporate Development. As of 1 January 2010, the CEO will also be the Head of Corporate Development. 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 (previous year: CHF 102 522 450), and its market capitalisation was CHF 1 073 million (previous year: CHF 972 million) as at 31 December 2009.

Affiliated companies. An overview of all affiliated companies can be found in the financial section on pages 106 to 109.

Significant shareholders. Three disclosure notifications were published in 2009. According to an announcement by UBS Fund Management (Switzerland) AG, it held 3.09 percent of the share capital of Georg Fischer Ltd as per 26 June 2009.

Credit Suisse Asset Management Funds AG announced that it held 3.64 percent of the share capital as per 1 July 2009. On 27 October 2009 it reported that its share of the share capital had fallen below the 3 percent threshold again.

As of 1 January 2010



One disclosure notification was published in 2008. According to an announcement of BDS Beteiligungsgesellschaft AG, completely controlled by Prof. Dr. Giorgio Behr, it held 6.36 percent of voting rights in Georg Fischer Ltd as per 27 November 2008. The package consisted of 211,000 shares, equivalent to 5.15 percent of share capital, and 50,000 options, equivalent to 1.21 percent of share capital.

↳ www.six-swiss-exchange.com

Significant shareholder group. As at end-2009, Prof. Giorgio Behr and BDS Beteiligungsgesellschaft AG were entered in the share register with 4.7 percent of the share capital with voting rights. Another 0.3 percent of the share capital was held by natural persons and legal entities, which the Board of Directors, in compliance with its obligations under the Articles of Association, pursuant to § 4.9, para. a (clause on voting right restriction) counted as part of this group. In the Schaffhausen Cantonal Court, Prof. Giorgio Behr and BDS Beteiligungsgesellschaft AG challenged the Board of Directors' view that a group had been formed. At year-end, the lawsuit of BDS Beteiligungsgesellschaft AG regarding the 0.3 percent of shares entered in the share register without voting rights was still pending. (See 'Changes after the balance sheet date', page 54).

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 (previous year: CHF 102,522,450). It is divided into registered shares with a par value of CHF 20 (previous year: CHF 25). Each share has one vote at the General Meeting of Shareholders. Further information concerning the share capital and changes in capital for the past five years can be found in the financial section on pages 42 to 43. 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 rules: A natural person or legal entity may directly or indirectly accumulate no more than 5 percent of registered share capital. Persons who are bound by capital or voting rights, by consolidated management or in another similar manner, or who have come to an

Board of Directors

<i>Name</i> <i>Position, year of birth, nationality</i> <i>Educational background</i>	Martin Huber Chairman of the Board, 1941 (Switzerland) Dipl.-Ing. ETH (Zurich), lic. iur. University of Zurich	Bruno Hug Vice Chairman of the Board, 1941 (Switzerland) Lic. oec. HSG, lic. iur. University of Geneva
<i>First term as Board member</i> <i>Termination of current term</i>	Board member since 1992; Chairman of the Board since 2003 2012	Board member since 1992; Vice Chairman of the Board since 2004 2010
<i>Professional background, career</i>	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).
<i>Further professional activities and functions</i>	Member of the Board of Directors of economiessuisse	Vice Chairman of Schenk Group Rolle/VD; member of the Boards of Directors of Chopard S.A., H&M Hennes & Mauritz, Karl Steiner AG and Sogelym-Dixence S.A.S. Lyon.
<i>Committees</i>	Chairman of the Compensation and Nomination Committees	Member of the Nomination Committee
<i>Corporate Governance</i>	Independent member	Independent member

As of January 1, 2010

agreement for the purpose of circumventing this rule, shall be deemed as one person. Applications for registration that exceed the threshold of five percent are refused.

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 that exceed the threshold of five percent are refused. No such applications were received during the year under review.

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 no options issued by Georg Fischer.



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

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).

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

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), Cellere AG and Züblin Immobilien Holding AG.

Member of the Audit Committee

Independent member



Flavio Cotti
Member of the Board of Directors, 1939 (Switzerland)
Lic. iur. University of Fribourg (Switzerland)

Board member since 2000

2010

Lawyer and notary in Locarno (1965–1975); member of the cantonal government in Ticino (1975–1983) and of the Swiss Parliament (1983–1986); Federal Councillor (1987–1999), President of the Swiss Confederation (1991, 1998).

Member of the Board of Directors of Società Elettrica Sopracenerina SA; member of the board of trustees of Jacobs Foundation.

Member of the Compensation Committee

Independent member

BOARD COMMITTEES

Audit Committee

Rudolf Huber, Chairman
Gerold Bührer
Ulrich Graf
Kurt E. Stirnemann

Compensation Committee

Martin Huber, Chairman
Flavio Cotti
Ulrich Graf

Nomination Committee

Martin Huber, Chairman
Roman Boutellier
Gertrud Höhler
Bruno Hug

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 (Art. 698 Swiss Code of Obligations) or the Articles of Association. 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

The Board of Directors delegates operational management to the Chief Executive Officer, who is assisted in this task by the Executive Committee. The competencies and the cooperation between the Board of Directors and the Executive Committee are defined by the Organisation and Business Regulations.

↳ www.georgfischer.com/corporate_governance_en

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 AG or a subsidiary company.

Election and term of office. Members of the Board of Directors are elected individually by the Annual General Meeting 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. Particular emphasis is placed on entrepreneurial experience, relevant expertise or international ties when selecting Board members. The Board of Directors aims for 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 companies listed on the stock exchange.

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 terms expire may be reelected immediately. Members of the Board must resign their mandate at the Annual General Meeting following their 70th birthday.

Board of Directors

<p><i>Name</i> <i>Position, year of birth, nationality</i> <i>Educational background</i></p>		
<p><i>First term as Board member</i> <i>Termination of current term</i></p>	<p>Ulrich Graf Member of the Board of Directors, 1945 (Switzerland) Dipl. EL.-Ing. ETH (Zurich)</p>	<p>Gertrud Höhler Member of the Board of Directors, 1941 (Germany) Dr. phil. University of Mannheim (Germany)</p>
<p><i>Professional background, career</i></p>	<p>Board member since 1998 2010</p> <p>Various positions at the Kaba Group (1976–2006), ultimately as President and CEO and Delegate to the Board of Kaba Holding AG (1990–2006).</p>	<p>Board member since 1999 2011</p> <p>Professor of Literature and German at the University of Paderborn, Germany (1976–1995); 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><i>Further professional activities and functions</i></p>	<p>Chairman of the Board of Directors of Kaba Holding AG, Dätwyler 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.</p>	<p>Member of the Board of Directors of Bâloise Holding AG.</p>
<p><i>Committees</i></p>	<p>Member of the Audit and Compensation Committees</p>	<p>Member of the Nomination Committee</p>
<p><i>Corporate Governance</i></p>	<p>Independent member</p>	<p>Independent member</p>

2009. At the 113th Annual General Meeting on March 18, 2009, Martin Huber, Roman Boutellier and Zhiqiang Zhang were re-elected individually. Since Martin Huber will reach the statutory age limit at the 2012 Annual General Meeting, he was re-elected for a term of only three years. Roman Boutellier and Zhiqiang Zhang were re-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. Members of the committees are elected in the same manner. The Board of Directors constituted itself the day of the Annual General Meeting, 18 March 2009, as follows: Martin Huber Chairman (hitherto) and Bruno Hug Vice Chairman (hitherto).

Areas of responsibility. The members of the three standing Board Committees are listed on page 47. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions (except the Compensation Commit-

tee). They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The President and 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. They are not entitled to vote, however. Only the Chief Executive Officer is present when personnel topics are dealt with. Invitations to Board meetings list all of the issues that the Board of Directors, a Board Committee or the CEO wish to discuss. All participants in a Board meeting receive 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 seven times: the annual strategy meeting lasted two days, four meetings lasted half a day, and two lasted less. The



Rudolf Huber

Member of the Board of Directors, 1955 (CH)
Dr. oec. publ. University of Zurich

Board member since 2006
2012

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.

Chairman of the Board of Directors of Looser Holding AG, member of the Board of Directors of Swiss Prime Site AG and Jelmolli Holding AG and of the non-listed companies Hoerbiger Holding AG, Wicor Holding AG and Zur Rose AG; President of the CFO Forum Switzerland.

Chairman of the Audit Committee

Independent member



Kurt E. Stirnemann

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

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), CEO of Nokia Siemens Networks, Greater China Region (since 2007).

–

–

Independent member

three standing Board Committees held a total of 14 meetings, while two temporary Board Committees held four meetings. The appointments for the regular meetings are generally set well in advance in order that all members can attend personally. In 2009 the attendance rate was 100 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 within the framework of a self-assessment. In the year under review, it assessed the work of the Board of Directors, the procedure and quality of the meetings and cooperation generally as well as succession planning for the Board of Directors. The Board of Directors incorporates the conclusions of this assessment into its annual planning for 2010.

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

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 the compliance with statutory provisions, acknowledges the closing financial statements, endorses 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 Annual General Meeting.

As a rule, the Chairman of the Board, the President and 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 agreement with the CEO, the external auditor also provides information on current questions relating to the financial statements and financial aspects. During the business year just ended, the Audit Committee held six meetings, two of which lasted half a day, four less.

Executive Committee

Name Position, year of birth, nationality	Yves Serra President and CEO of Georg Fischer Ltd, 1953 (France)	Roland Abt CFO 1957 (Switzerland)	Josef Edbauer Head of GF Automotive 1957 (Germany)
<i>Educational background</i>	Engineering degree from Ecole Centrale de Paris (France) and a M. Sc. in construction engineering from the University of Wisconsin-Madison (USA)	Dr. oec. HSG (St. Gallen)	Dipl.-Ing. (FH) University of Konstanz (Germany)
<i>Member of the Executive Committee</i>	Since 2003, CEO since 2008	Since 2004	Since 2008
<i>Professional background, career</i>	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).	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 Agie Charmilles Group (1997–2004) and CFO of the Georg Fischer Corporation (since 2004).	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).
<i>Further professional activities and functions</i>	Member of the Executive Committee of swissmem	Member of the Regulatory Board and Issuers Committee of the SIX Swiss Exchange	–



Compensation Committee. The Compensation Committee is comprised of three Board members. It supports the Board of Directors in determining compensation policy for the highest corporate level and, on request, uses knowledge of external compensation specialists as regards market data from comparable industrial companies in Switzerland to this effect. In the 2009 business year, no external consultants were hired to design compensation and share option programs.

The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the Executive Committee and the Chief Executive Officer and decides on the remuneration of the other members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held four meetings during the last financial year, each of which lasted about an hour.

Nomination Committee. The Nomination Committee is comprised of four Board members. It supports the Board of Directors with succession planning for the Board itself and the Executive Committee and assists in the selection of candidates for ap-

pointment to the Board of Directors and the Executive Committee. The Nomination Committee is informed annually about senior management succession planning for the two highest operating management levels. During the last financial year, the Nomination Committee held four meetings, which lasted on average around two hours.

Ad hoc Committees. In the course of the year under review, the Board of Directors established two temporary ad hoc committees, each with three Board members. These committees studied restructuring measures in depth and reviewed issues relating to stock corporation law. The four meetings they held were attended by members of Corporate management (CEO, CFO and Head Corporate Development) as well as the Head of the Corporate Group directly affected, and internal and external specialists.

Information and control instruments. The Board of Directors is kept informed continually and comprehensively about business performance. The members of the Board also receive the monthly report, which contains current information concer-



Michael Hauser
Head of GF AgieCharmilles
1961 (Germany)

Studies of mechanical engineering and business administration at Munich Technical University (Germany) and University of Mannheim (Germany), BA from the University of Mannheim (Germany).

Since 2008

Various positions in different companies of the machine tool industry in Germany, Italy (1988–1996); Chairman of the Standard Milling Machines business unit and member of Group Management of the Mikron Technology Group (1996–2000); member of Group Management of Agie Charmilles Holding Ltd (now: GF AgieCharmilles) (since 2000), first as Head of the Mikron division (2000–2004) and then as Head of the Technology Unit Milling and of Marketing and Sales Support (2004–2008); Head of GF AgieCharmilles (since 2008).

President of swissmem's „Machine tool and manufacturing technology“ group and Chairman of CECIMO, the European Committee for Cooperation of the Machine Tool Industries.



Jürg Krebser
Delegate of the CEO for Corporate Projects
1948 (Switzerland)

Dr. sc. techn. ETH (Zurich)

Since 1994

Researcher on the scientific staff of the Institute of Communication Technology at the ETH in Zurich (1976–1980), various positions at BBC (today ABB) (1980–1990), latterly as Head of Development in a joint venture between BBC and Ascom; various positions for the Georg Fischer Corporation in Switzerland and the USA (since 1990), including Head of GF Piping Systems (1994–2003), CEO and Delegate to the Board of Agie Charmilles Holding AG (today GF AgieCharmilles) (2003–2008) and Delegate of the CEO for Corporate Projects (since 2008).

Chairman of the Board of Directors of inspire AG.



Pietro Lori
Head of GF Piping Systems
1956 (Italy)

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

Since 2008

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

–

ning 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.

The Board of Directors also receives projections of the annual financial statements twice a year, and the results of medium-term planning for the next three years once a year. Once a year, the Board of Directors has a two-day meeting behind closed doors to concentrate exclusively on 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 top managers, the Executive Committee's two-day 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 Chairman of the Board of Directors receives the invitations and minutes of the meetings of the Executive Committee and Corporate management. He visits corporate subsidiaries on a regular basis to see for himself their operations and how they are implementing the Corporation's strategies. In 2009 he visited Corporate Subsidiaries in Europe, Asia and the USA.

Internal Audit. Internal Audit reports to the Chairman of the Audit Committee 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. During the year under review, 28 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 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 dealt with and submits a corresponding report 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 Compliance Officer, who reports to the CEO, is responsible in particular for preventive measures, training the Corporate Groups and providing information and consultation to the corporate subsidiaries to ensure that the corporate subsidiaries comply with the law, internal rules and the Corporation's principles of business ethics in their business activity.

The Executive Committee, in consultation with the Compliance Officer, defines the priority issues for the next two years. In 2009, the Compliance Officer instructed some 200 employees – especially managing directors and Marketing & Sales employees – in five training modules on the avoidance of corrupt practices. The Compliance Officer was, moreover, repeatedly consulted on issues relating to exports controls, cartel law and labour law.

Risk Management. The Board of Directors and Executive Committee attach considerable importance to a cautious approach to strategic, financial and operating risks and they therefore 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 President and CEO and is supported in this task by Risk Officers from the three Corporate Groups. Together with specialists in Corporate Risk Management, they form the Corporate Risk Council, which is headed by the CRO and which met four times during the past business year.

The handling of financial risks is explained in the financial section on pages 85 to 87 and of operational risk on page 21.

Assessment. The performance of the Executive Committee and of its members is evaluated and assessed 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 President of the Executive Committee and CEO is responsible for the direction of the Corporation. In this duty he is supported by the other members of the Executive Committee. Under the leadership of the CEO, the Executive Committee deals with all Corporation-related issues, takes decisions within the scope of its authority and submits proposals to the Board of Directors. The heads of the Corporate Groups and corporate units are responsible for formulating and achieving their corporate goals and for managing their areas autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

Members: As per 31 December 2009, Ernst Willi retired from the firm, whereupon he ceased to be Head of Corporate Development and a member of the Executive Committee. As per 1 January 2010, the Executive Committee has the following members: Yves Serra, CEO and Head of Corporate Development; Pietro Lori, GF Piping Systems; Josef Edbauer, GF Automotive; Michael Hauser, GF AgieCharmilles; Roland Abt, CFO; and Jürg Krebsler, Delegate of the CEO for Corporate Projects.

Shareholders' Rights

As at 31 December 2009, Georg Fischer Ltd had 15,338 (previous year: 15,347) 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 or acting in concert for the purpose of circumventing this provision are regarded as one person. The Board of Directors may approve exceptions to this rule.

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 authorised signatory, legal entities by a person authorised 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. The following resolutions of the General Meeting of Shareholders require a majority greater than that laid down 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 favour 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 in 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.

Entries 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 days before the date of the General Meeting of Shareholders. It is stated in the invitation.

Change of control and defence measures

The Articles of Association of Georg Fischer Ltd do not contain any regulation with regard to „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, Philipp Hallauer, has held that position since the 2003 Annual General Meeting. The chief auditor is changed every seven years.

Audit fees. In 2009, the Corporation paid KPMG AG a total of approximately CHF 2.28 million (previous year: CHF 2.12 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 0.4 million (previous year: CHF 0.4 million), in particular for tax advice (CHF 0.3 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 their 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 in the Executive Committee and the Audit Committee. Authorisation 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 line 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 auditing, 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 attended the five regular meetings of the Audit Committee.

Information Policy

Georg Fischer has 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. The Corporate Communications and Investor Relations units are entrusted with the task of information and communication.

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 e-mail 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 and all other interested persons receive the Annual Report and the mid-year report directly in the post.

↳ www.georgfischer.com/medien_en

↳ www.georgfischer.com/628/663/285/8198.asp

↳ www.georgfischer.com/628/652/2091.asp

Investor Relations

Daniel Bösiger

daniel.boesiger@georgfischer.com

Communications

Bettina Schmidt

bettina.schmidt@georgfischer.com

Changes after the balance sheet date

As at 4 February 2010, Prof. Giorgio Behr, Buchberg, and the other shareholders belonging to the same group, BDS Beteiligungsgesellschaft AG, Buchberg, and the pension fund and welfare fund of Cellpack AG, Villmergen, are entered in the share register with a total of five percent of the share capital of Georg Fischer AG with voting rights. (See 'Significant shareholder group', page 46).