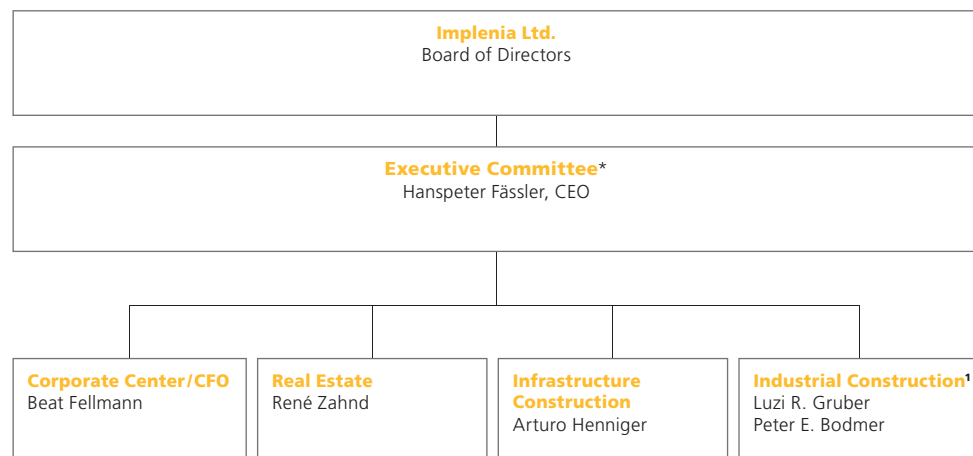


Group structure and shareholders 98 – Capital structure 101 – Board of Directors 105 – Executive Committee 113 – Compensation, shareholdings and loans 117 – Shareholders' participation 118 – Takeover and defence measures 120 – Auditing body 120 – Information policy 121 – Material changes since the balance sheet date 121





* Members of the Executive Committee: Hanspeter Fässler, Beat Fellmann, René Zahnd, Arturo Henniger, Luzi R. Gruber and Peter E. Bodmer.

¹ At the start of the period under review, Impenia merged the former Tunnel+Total Contracting and Global Solutions Divisions to form the Industrial Construction Division. This Division is headed by Luzi R. Gruber. The Head of the former Global Solutions Division, Peter E. Bodmer, is Co-Head of the new Division and also a Member of the Executive Committee.

Preamble

As required by the SIX Swiss Exchange Directive on Information Relating to Corporate Governance (Directive Corporate Governance, DCG), this chapter describes those main principles of Impenia Group's organisation and structure that directly or indirectly affect the interests of shareholders and other stakeholders. Unless stated otherwise, information is correct as of the balance sheet date (31 December 2010)

The structuring and numbering of this chapter correspond to the scheme set out in the above directive.

1. Group structure and shareholders

1.1 Group structure

Impenia Ltd. is a holding company, which directly or indirectly controls all the companies within the Impenia Group.

1.1.1 Operational Group structure

As at 31 December 2010, the Group's operational structure was as shown on page 98.

1.1.2 Listed companies within the Group

Impenia Ltd., registered office in Dietlikon (ZH), is a Swiss company that has been listed on the SIX Swiss Exchange (security no. 002386855, ISIN code CH0023868554, abbreviation IMPN) since 6 March 2006. Its stock market capitalization as at 31 December 2010 was CHF 590,180,400. Its consolidated holdings do not include any listed companies.

1.1.3 Unlisted companies within the Group

The unlisted companies within the Group, including their names, registered offices, share capital and the stake held by the Group, are listed on pages 230 and 231 in the notes to the financial report.

1.2 Significant shareholders

The names of known significant shareholders and shareholder groups holding more than 3% of Implenia's share capital as at 31 December 2010 are shown below.

As per last disclosure notification

Shareholder	Date of disclosure	Total number of shares	Percentage of share capital
Parmino Holding AG/Max Rössler Group	23.11.2009	2,936,950	15.90%
Rudolf Maag	23.11.2009	2,000,000	10.83%
Ernst Göhner Foundation (via EGS Beteiligungen AG)	04.12.2010	1,840,487	9.96%
Ammann Group ²	04.03.2008	1,156,438	6.26%
BlackRock, Inc. Group ³	28.12.2010	969,511	5.25%
Cazenove Capital Management Ltd.	20.03.2010	950,000	5.14% ⁴
The Capital Group Companies, Inc. Group ⁵	10.07.2010	655,000	3.55%

As per Share Register on 31.12.2010

Shareholder	Total number of shares	Percentage of share capital	Shares with voting rights	Shares without voting rights
Parmino Holding AG/Max Rössler Group	2,952,200	15.98%	2,952,200	
Rudolf Maag	2,000,000	10.83%	2,000,000	
Ammann Group	1,556,438	8.43%	1,556,438	
Ernst Göhner Foundation (via EGS Beteiligungen AG) ⁶	1,552,356	8.40%	1,552,356	
Chase Nominees Ltd.	997,222	5.40%		997,222
BlackRock, Inc. Group	None registered ⁷			
Cazenove Capital Management Ltd.	None registered ⁷			
The Capital Group Companies, Inc. Group	None registered ⁷			

² The Ammann Group includes Ammann Group Holding AG, Madisa AG, the pension funds of the Ammann companies, the Arthur und Emma Ammann Foundation and Katarina Ammann-Schellenberg.

³ As well as the parent company BlackRock, Inc. the BlackRock, Inc. Group includes BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Ltd, BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings, Inc., BlackRock Luxembourg Holdco S.à r.l., BlackRock Advisors UK Ltd., BlackRock Institutional Trust Company, N.A., BlackRock (Luxembourg) S.A. and BlackRock Investment Management (UK) Ltd.

⁴ The BlackRock, Inc. Group has reported acquired positions totalling 5.31% (the figure in the table excludes a CFD stake amounting to 11,888 shares [0.06%]).

⁵ The Group based around the holding company The Capital Group Companies, Inc. also includes The Capital Research and Management Company, Capital Guardian Trust Company, Capital International Ltd., Capital International S.à r.l. and Capital International K.K.

⁶ As at 6 January 2011 the stake held by the Ernst Göhner Foundation and EGS Beteiligungen AG came to 6.43% (1,187,114 shares).

⁷ The shares concerned are not registered in the share register ("Dispo" shares).

Between 1 January and 31 December 2010 Implenia Ltd. received the following disclosure notifications concerning shareholdings within the meaning of Articles 20 and 21 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) of 24 March 1995.

Date of notification	Shareholder	Total number of shares	Percentage of share capital
17.03.2010	Cazenove Capital Management Ltd.	950,000	5.14%
18.03.2010	Implenia Ltd.	672,931	3.64%
18.03.2010	LB (Swiss) Investment Ltd.	630,000	3.41%
19.03.2010	LB (Swiss) Investment Ltd.		<3.0%
06.07.2010	Implenia Ltd.		<3.0%
07.07.2010	The Capital Group Companies, Inc. Group	655,000	3.55%
25.11.2010	BlackRock, Inc. Group	573,615	3.11% ⁸
03.12.2010	Ernst Göhner Foundation (via EGS Beteiligungen AG)	1,840,487	9.96%
24.12.2010	BlackRock, Inc. Group	969,511	5.25% ⁹

No notifications were received by the SIX Swiss Exchange between 1 January and 22 February 2011.

1.3 Cross-shareholdings

There are no cross shareholdings.

2. Capital Structure

2.1 Capital

As at 31 December 2010, the share capital amounts to CHF 51,721,600 divided into 18,472,000 registered shares with a par value of CHF 2.80 each. The shares are fully paid up. Conditional capital amounts to CHF 25,860,800. There is no authorised capital.

2.2 Conditional and authorised capital in particular

Capital may be increased conditionally by a maximum of CHF 25,860,800 by issuing a maximum of 9,236,000 registered shares with a par value of CHF 2.80 each to be fully paid up. The capital increase takes place following the exercise of conversion and/or option rights issued in connection with bonds or other financial market instruments of the company and/or of the Group companies. Existing shareholders' preferential subscription rights are excluded. Holders of the relevant conversion and/or option rights are entitled to subscribe to the new registered shares. The Board of Directors fixes the conditions for the conversion and/or the option.

⁸ The BlackRock, Inc. Group has reported acquired positions totalling 3.14% (in addition to the figure in the table, a CFD stake amounting to 5,832 shares [0.03%]).

⁹ See Footnote 4.

The Board of Directors may partially or entirely exclude shareholders' preferential subscription rights when bonds or other financial market instruments are issued with conversion and/or option rights if these instruments are being issued to finance or refinance the acquisition of companies, parts of companies, participations or new investment projects, and/or if the instruments are issued on the national or international capital markets. If the Board of Directors resolves that the preferential subscription right will not be granted directly or indirectly, (1.) the bonds or other money market instruments must be issued at market conditions, (2.) the new registered shares must be issued at market conditions, taking due consideration of the stock market price of the registered shares and/or comparable instruments priced by the market, and (3.) it should be possible to exercise the conversion and/or option rights within a period of no longer than 10 years from the relevant issue date.

The acquisition of shares through the exercise of conversion and/or option rights and any subsequent transfer of the registered shares are subject to the registration restrictions pursuant to Art. 7 Para. 4 of the articles of association of Implenla Ltd. (see point 2.6 below).

There were no conditional capital increases in 2010. Neither was there any authorised capital as at 31 December 2010.

2.3 Changes in capital over the last three years

	31.12.2010	31.12.2009	31.12.2008
	1,000 CHF	1,000 CHF	1,000 CHF
Share capital ¹⁰	51,721	64,652	73,888
Reserve for treasury shares	6,292	38,890	5,313
Legal reserve			
– Agio	40,873	40,873	40,873
– other reserve	13,686	13,686	13,686
Voluntary reserve	20,780	20,780	20,780
Profit and loss account:			
– profit carried forward	113,616	60,465	54,138
– profit for the year	21,359	20,553	39,905
Equity	268,327	259,899	248,583
Total	681,830	677,340	621,910

10. The changes in share capital over the last three years shown are due to reductions in par value.

2.4 Shares and participation certificates

As at 31 December 2010, the share capital is divided into 18,472,000 fully paid-up registered shares with a par value of CHF 2.80 each. Each share entitles the holder to one vote at the General Meeting of Shareholders and to dividends. There are no voting right shares or other shares with similar advantages. There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Percentage clause

There is no percentage clause which would allow any limitation of transferability of Implenla shares. Pursuant to Art. 7 Para. 4b of Implenla Ltd.'s articles of association, the Board of Directors can refuse to enter an owner of registered shares as a shareholder with voting rights in the Share Register if information available to the company indicates that recognition of this owner as a shareholder would or could prevent the company and/or its subsidiaries from providing the legally required evidence about the composition of its shareholder body and/or the beneficial owners of the shares. In connection with the project development and real estate business run through the corporation's subsidiaries, the corporation is specifically entitled to refuse to register persons abroad (pursuant to the Federal Law of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad, BewG), if such registration could raise any doubt about the Swiss control of the corporation and/or its subsidiaries.

The details of how this article is implemented are set out in the Board of Directors' regulation entitled "Regulations on the Registration of Registered Shares and Keeping of the Share Register of Implenla AG" ("Registration Regulations"). The Registration Regulations are available at www.implenla.com, under the link "Implenla" – "Regulations".

The Registration Regulations state that the Board of Directors shall enter a foreign shareholder in the Share Register as a shareholder with voting rights, provided: (i) the foreign shareholder meets the conditions that apply to all shareholders (points 2 to 4 of the Registration Regulations), (ii) total foreign-owned shares entered with voting rights in the Share Register (including the shares of the foreign shareholder concerned) do not account for more than 20% of all shares entered with voting rights in the Share Register, and (iii) the number of shares entered with voting rights in the Share Register that are held by the foreign shareholder concerned does not exceed 10% of all shares entered with voting rights in the Share Register. Above these limits, foreign shareholders will only be registered if a decision by the competent authorities is presented at Implenla's headquarters to the effect that Implenla and its subsidiaries shall not be considered as foreign controlled even after the new foreign shareholder is entered in the Share Register. Any shareholder falling within the definition of a person living abroad as per Art. 5 of the Federal Law on the Acquisition of Real Estate by Persons Abroad (BewG) in conjunction with Art. 6 BewG, and any nominee who has not disclosed the identity of the shareholders it is representing, shall be considered as a foreign shareholder within the meaning of this clause.

2.6.2 Reasons for granting exceptions

No exceptions were granted during the year under review.

2.6.3 Admissibility of nominee registrations

According to section 4 of the Registration Regulations, nominees are persons who do not explicitly declare in their application for registration that they hold the shares for their own account.

According to Art. 7 Para. 4a of the company's articles of association, nominees will be entered in the Share Register with the right to vote if they declare in writing that they are prepared to disclose the names, addresses and shareholdings of any persons for whose account they are holding the shares. Art. 7 Para. 4a of the articles of association says the following:

"Acquirers of registered shares are registered in the Share Register with the right to vote upon request if: (a) they can prove that they acquired and hold these registered shares in their own name and for their own account. Persons who do not provide such evidence shall only be registered as nominees with the right to vote in the Share Register if they undertake in writing to disclose the names, addresses and the number of shares of the persons for whose account they hold shares, or if they disclose this information immediately in writing on first request. The remaining provisions of the articles of association, in particular Articles 4, 11 and 13, apply by analogy to nominees. The board of directors is empowered to enter into agreements with nominees regarding their notification duties".

Pursuant to Para. 4 of the Registration Regulations, the Board of Directors will enter nominees in the Share Register as shareholders with voting rights up to an acknowledged percentage of 1% of the total registered share capital entered in the Commercial Register, as long as the nominees declare in writing that they are prepared to disclose the names, addresses and shareholdings of any person for whose account they are holding the shares, or if they disclose this information immediately in writing on first request. The nominees must have concluded agreements with the Board of Directors regarding their position. Registered shares held by a nominee will only be entered in the Share Register with voting rights above this 1% limit if the nominee concerned discloses the names, addresses, place of residence or domicile and shareholdings of any person for whose account they are holding 0.25% or more of the registered share capital entered in the Commercial Register. Registration as a nominee requires that the nominee has made a valid application using the "Application for Registration as Nominee" form (available at www.implenia.com, then click on "Implenia" – "Regulations" – "Application for Registration as Nominee").

2.6.4 Procedure and conditions for cancelling privileges granted under the articles of association and limitations on transferability

There are no privileges under the articles of association, and the cancellation of transferability restrictions requires a resolution by the General Meeting of Shareholders adopted by at least two thirds of the votes represented at the meeting.

2.7 Convertible bonds and options

There are no outstanding convertible bonds or options.

3. Board of Directors

3.1 Members of the Board of Directors

The Board of Directors was reduced in size during the year under review and now has six members. Chairman of the Board of Directors Anton Affentranger and the existing Members of the Board Markus Dennler, Patrick Hünerwadel, Toni Wicki and Phillippe Zoelly were re-elected at the General Meeting of Shareholders on 14 April 2010. James Lionel Cohen and Ian Andrew Goldin stepped down from the Board. Claudio Generali and Urs Häner did not make themselves available for re-election. Hans-Beat Gürtler was elected as a new Member of the Board of Directors.

None of the Members of the Board of Directors has an operational management role in the company or any of its subsidiaries.

Anton Affentranger, as Chairman of the Board and CEO from 6 April 2009 until 31 August 2010, and as Member of the Executive Committee until 30 September 2010, served as Executive Member of the Board of Directors of Implenia. Otherwise no Member of the Board of Directors was part of Implenia Ltd.'s Executive Committee or part of the operational management team of any Group company in the three years before the period under review.

No Member of the Board of Directors maintains significant business relations with the Implenia Group.



1



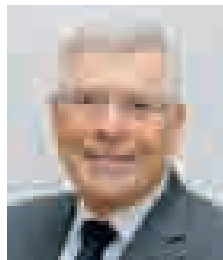
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6

1 Anton Affentranger

(born 1956, Swiss)

Anton Affentranger has been Chairman of the Board of Directors since March 2006; and from 6 April 2009 to 31 August 2010 (as Chairman of the Board of Directors and CEO) and until 30 September 2010 (as Member of the Executive Committee) he was Executive Member of the Board of Directors. He is also the founder and chairman of Affentranger Associates AG and chairman of various private start-ups. He worked for UBS in New York, Hong Kong and Geneva, and was a Member of the bank's Executive Board at its head office in Zurich. He was also partner and CEO of the private bank Lombard Odier & Cie and CFO of Roche Holding AG. In 1999 he joined the Board of Directors of Zschokke Holding AG, becoming Chairman in 2003. Anton Affentranger graduated from the University of Geneva with an economics degree.

2 Markus Dennler

(born 1956, Swiss)

Markus Dennler has been Vice Chairman of the Board of Directors since March 2006. He is also a Member of the Board of Directors of Swissquote Holding AG, Petrolplus Holdings AG and Allianz Suisse, and is a Member of the Board of the British-Swiss Chamber of Commerce. He joined Credit Suisse Group in 1986, and became a Member of the Executive Boards of the Group's Winterthur Insurance and Credit Suisse Financial Services arms. At the beginning of 2005 he set up his own business as a lawyer in Zurich. He was Chairman of the Board of Directors of Batigroup Holding AG between 2005 and the company's merger with Zschokke Holding AG in 2006. Markus Dennler earned a degree and a doctorate in law from the University of Zurich and qualified to practice in Zurich.

3 Hans-Beat Gürtler

(born 1946, Swiss)

Hans-Beat Gürtler has been a Member of the Board of Directors since April 2010. He is management partner at Varuma AG, a privately held Swiss investment company in Basel. He is also a Member of the Board of Basilea Pharmaceutica AG in Basel, and a Member and President of the Boards of Directors of several private Swiss-based companies, most of them start-ups and SMEs, primarily in the pharma/biotech sector. Prior to joining Varuma, he held the position of Global CEO at Novartis Animal Health, which researches into, develops, produces and markets animal pharmaceuticals for pets and farm animals. Previously, Mr. Gürtler held various management positions with increasing responsibility at Ciba-Geigy Ltd. As CEO of Mahissa, Ciba-Geigy's seeds business in Spain, he lived in Barcelona for several years. Hans-Beat Gürtler holds a commercial diploma.

4 Patrick Hünerwadel

(born 1959, Swiss)

Patrick Hünerwadel has been a Member of the Board of Directors since March 2006. He is a partner at the Lenz & Staehelin law firm (since 1994) and he teaches courses in company law and general law of obligations at the University of Saint Gallen. He was a Member of the Board of Directors of Batigroup Holding AG from 1997, and Vice Chairman from 1999 until the merger with Zschokke Holding AG. He holds a degree and a doctorate in law from the University of St. Gallen. Patrick Hünerwadel qualified to practice in Zurich.

5 Toni Wicki

(born 1944, Swiss)

Toni Wicki has been a Member of the Board of Directors since March 2006. From April 2009 to August 2010 he was the Board's Independent Lead Director. He is a Member of the Supervisory Board of Rheinmetall AG, of the Board of Directors of Nitrochemie AG, and of the Board of Trustees of the Stiftung Museum und historisches Material der schweizerischen Luftwaffe. He was previously CEO and Delegate of the Board at RUAG Holding and before that held various positions in technology businesses, including ABB and Leica. He was Chief of Weaponry for the Swiss Army. Until its merger with Batigroup Holding AG, he was Vice Chairman of the Board of Directors of Zschokke Holding AG. Toni Wicki qualified as a mechanical engineer from the Federal Institute of Technology in Zurich.

6 Philippe Zoelly

(born 1948, Swiss)

Philippe Zoelly has been a Member of the Board of Directors since March 2006. He is a partner at a law firm in Geneva. He works mainly on consultancy, negotiation and court-room litigation in commercial matters, particularly in the fields of civil liability and insurance law, bankruptcy law and copyright management. He also takes on official mandates as a fiduciary and company administrator. He is a Member of the Board of Directors of the Swiss Society of Authors (Société Suisse des Auteurs – SSA) and chairman of the SSA's Emergency Fund. He was a Member of the Board of Directors of Zschokke Holding AG from 2005. Philippe Zoelly holds a degree in law from the University of Fribourg and qualified to practice in Geneva.

3.2 Other activities and vested interests

This information is given above in the individual profiles of each Board Member.

3.3 Elections and terms of office

3.3.1 Principles of the election procedure and limits on terms of office

The General Meeting of Shareholders of 14 April 2010 re-elected five board members individually, and elected Hans-Beat Gürtler as a new Member of the Board of Directors. Unless they resign or are removed from the Board prematurely, Board Members serve a two year term of office commencing on the date of their election and ending on the date of the Ordinary General Meeting of Shareholders at the end of their terms of office. Members of the Board of Directors can be re-elected at any time, but they are subject to an upper age limit of 70 years; when they reach this age limit, they must leave the Board at the next Ordinary General Meeting of Shareholders. The Chairman, the Vice Chairman and the Secretary are appointed by the Board of Directors.

3.3.2 First election and remaining term of office

The dates on which each Member of the Board of Directors was first elected, as well as the dates of their re-election and details of their remaining terms of office are given in the following table:

Member of the Board of Directors	First elected	Re-elected	Term ends
Anton Affentranger	20.12.2005	14.04.2010	2012 AGM
Markus Dennler	20.12.2005	14.04.2010	2012 AGM
Hans-Beat Gürtler	14.04.2010		2012 AGM
Patrick Hünerwadel	20.12.2005	14.04.2010	2012 AGM
Toni Wicki	20.12.2005	14.04.2010	2012 AGM
Philippe Zoelly	20.12.2005	14.04.2010	2012 AGM

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

There is no formal distribution of responsibilities within the Board of Directors except for the Chairman's powers of authority as described here. In general, the tasks and powers of the Chairman are as defined in the law, the articles of association, Implenit Ltd.'s Organisational Regulations (referred to hereinafter as "Implenia's OR") and the functions diagram, plus any tasks and powers delegated by specific resolutions of the Board of Directors (Section 2.8a para. 1 Implenit's OR).

The Chairman chairs meetings of the Board of Directors. The Chairman is empowered to nominate the Members of the Board of Directors of the companies in which Implenit has a shareholding of at least 50%. He is authorised in emergencies to perform tasks normally reserved for the Board of Directors if a decision cannot be taken by the Board in time, and if the Chairman may reasonably expect the Board to agree with his actions. In such cases he must inform the Members of the Board of Directors immediately about what he has done. In addition, the Chairman has the right to obtain information from the Members of the Executive Committee at any time (Section 2.3c and 2.8 of Implenit's OR).

If the Chairman is unable to carry out his duties or exercise his powers, the Vice Chairman, or if necessary another Member of the Board of Directors to be specified, shall do so in his place (Section 2.8d Implenit's OR).

3.4.2 Members list, tasks and areas of responsibility for each committee of the Board of Directors

The Board of Directors has formed three committees – the Audit Committee, the Nomination and Remuneration Committee and the Strategy Committee. These committees analyse the relevant areas and submit reports to the Board of Directors so it can prepare decisions or perform its monitoring function. The Chairs of the individual committees inform the Board of Directors about all major points and give recommendations for the decisions that have to be taken by the Board as a whole. The committees' powers are set out in Implenit's OR and in the regulations of each committee. The Lead Director Committee was disbanded during the year under review when the CEO function was transferred from the Chairman of the Board of Directors to Hanspeter Fässler. It has been replaced by the Strategy Committee.

The committees and their memberships are shown in the table below:

Member of the Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy Committee
Anton Affentranger	•		• (Chair)
Markus Dennler		• (Chair)	•
Hans-Beat Gürtler		•	•
Patrick Hünerwadel	•		
Toni Wicki	• (Chair)		
Philippe Zoelly		•	

The Audit Committee is made up of at least three Members of the Board of Directors. As the Board of Directors' control committee, the Audit Committee is responsible for internal controls and the correct application of accepted and statutory accountancy principles. It coordinates and harmonises the work of the internal and external auditors. It is responsible for regular communication between internal and external auditors and the Board of Directors. It formulates instructions for the internal and external audit bodies. It has the authority to order special audits where necessary (Section 3.1 Implenit's OR).

The Nomination and Remuneration Committee is made up of at least three Members of the Board of Directors. It prepares the Board of Directors' and the Executive Committee's succession planning and helps the Board of Directors select suitable candidates for posts on the Board of Directors and the Executive Committee. The Nomination and Remuneration Committee helps the Board of Directors and CEO to decide on remuneration at the company's most senior levels, i.e. the Board of Directors and the Executive Committee (Section 3.2 Implenit's OR).

The Strategy Committee is made up of at least three Members of the Board of Directors. It helps the Board of Directors and the Executive Committee determine corporate development and strategy. It also performs any other related tasks delegated to it by the Board of Directors (Section 3.3 Implenit's OR).

The members of the Audit Committee, the Nomination and Remuneration Committee and the Strategy Committee are appointed by the Board of Directors. Each of these committees organises itself and draws up its own regulations, which must be approved by the Board of Directors.

The committees are advisory bodies; decision-making power is reserved for the Board of Directors as a whole.

3.4.3 Work methods of the Board of Directors and its committees

The Board of Directors and its committees meet as often as business requires, but at least six times a year (Board of Directors) and twice a year (committees). Meetings take place at the invitation of the relevant chairperson. Invitations shall be accompanied by an agenda and meeting documents. In addition, each member is entitled to request that a meeting be convened and can request that items are included on the agenda. Each meeting is chaired by the Chair. Meetings are quorate if the majority of members are in attendance; the Board of Directors and its committees pass resolutions and elect members by simple majority of votes cast by attending members. If votes are tied, the person chairing the meeting has the casting vote (in addition to his normal vote). Minutes are taken of all meetings. Members of the Executive Committee regularly participate without voting rights in meetings of the Board of Directors and its committees, as does the auditor in meetings of the Audit Committee (Section 2.3 and 2.4 Implenia's OR).

During the year under review, the Board of Directors held eight meetings, convened by its Chairman, with one of these meetings taking the form of a telephone conference. The average length of its meetings was five hours. The telephone conference lasted one hour. Before the CEO function was passed onto Hanspeter Fässler, the Executive Committee was represented at the meetings by Anton Affentranger as Chairman and CEO. Following the handover, the new CEO attended at least part of the two remaining meetings of the Board of Directors. The CFO attended at least part of all the meetings that took place during the year under review.

The Audit Committee met three times during the year under review. The average duration of these meetings was three hours. The new CEO, the Chairman and former CEO, the CFO and the Head of Finance and Controlling (F&C) took part in all meetings of the Audit Committee. The auditor attended at least part of every committee meeting during the year under review.

The Nomination and Remuneration Committee met seven times. The average duration of these meetings was three hours. The new CEO or the Chairman and former CEO took part in the Committee meetings. In addition, the CFO and the Head of Human Resources sometimes attended the meetings.

The Strategy Committee did not meet during the year under review. After the CEO function changed hands, the Strategy Committee replaced the Lead Director Committee, which had met twice without the Chairman and former CEO in attendance. The average duration of these meetings was three hours. In addition, the Independent Lead Director held monthly discussions with the Chairman and former CEO.

3.5 Definition of areas of responsibility

In accordance with Implenia's OR, the Board of Directors has delegated the management of Implenia Ltd. and its subsidiaries to the CEO, with the exception of the responsibilities that are reserved for the Board itself by the law, the articles of association and Implenia's OR.

The CEO is responsible for operational management to the extent that it is not assigned to other bodies by the law, articles of association or Implenia's OR. He is responsible for managing the Group's business and for representing the Group, and especially for its operational management and for implementing strategy. He is empowered to arrange and/or carry out the duties and powers of authority assigned to him by Implenia's OR, unless these are reserved for the Board of Directors. The CEO delegates management of the business in accordance with Implenia's OR to the Members of the Executive Committee (Section 4.2a Implenia's OR). The CEO informs the Chairman of the Board of Directors and the Board of Directors when required and on request about the general business performance, about specific transactions and about decisions he has taken. Unusual events must be brought to the attention of the Chairman of the Board of Directors and if necessary to the Members of the Board of Directors without delay, either in writing or verbally (Section 4.2b Implenia's OR).

The Members of the Executive Committee have full operational responsibility for managing their allocated business areas. They are responsible for the results achieved by their allocated areas and they report to the CEO (Section 4.3 Implenia's OR).

As well as the powers of authority reserved under Art. 716a of the Swiss Code of Obligations, the Board of Directors also decides on the following major areas of business as shown on the function diagram: production in Switzerland and abroad worth more CHF 150 million (Implenia's part); parts worth more than CHF 200 million of general and total contracting business in Switzerland and abroad; consultancy, engineering and management in Switzerland and abroad worth more than CHF 15 million (Implenia's part); choosing partners for collaboration on projects of all types (joint ventures and other forms) worth more than CHF 200 million; promotional and development projects (standard promotions) with maximum funding requirement (real case) over CHF 15 million; non-budgeted purchases and sales of land, buildings and sites (operational property) worth more than CHF 15 million; unbudgeted physical assets worth more than CHF 15 million; purchase or sale of holdings (enterprise value) worth more than CHF 10 million; starting or ending long-term joint ventures or strategic partnerships; obtaining debt capital of more than CHF 50 million; granting loans to third parties of more than CHF 2 million; long-term financial investment (more than three months) of more than CHF 15 million; issuing group guaranties, warranties, bid, performance and payment bonds, etc., other collateral and contingent liabilities outside normal business activity worth more than CHF 2 million; and initiating legal proceedings or agreeing settlements involving sums of more than CHF 15 million.

3.6 Information and control instruments vis-a-vis the Executive Committee

To monitor how the CEO and Members of the Executive Committee perform the tasks entrusted to them, the Board of Directors has the following information and control tools at its disposal:

	Annual	Half-yearly	Quarterly	Monthly
MIS (Management Information System)				•
Financial statements (balance sheet, income statement, operating accounts, cash flow statement, by division and consolidated)			•	
Budget (by division and consolidated)	•			
Rolling three-year plan (by division and consolidated)	•			
Risk management report		•		

The MIS (Management Information System) provides monthly reporting on how business is going. The MIS report contains information about turnover, margins, costs and the operating result, plus information about orders on hand, capital spending, invested capital, liquidity and headcount. The relevant documents are submitted to the Executive Committee and the Board of Directors together with a quarterly updated commentary and an estimate for the year as a whole.

The accounts are reported every quarter with the IFRS financial report and the internal reporting, which details the business performance to date and gives an estimate of year-end figures.

As part of the budget planning for the following year, the key figures used in the MIS are estimated on the basis of expected economic developments, and defined along with the business goals for each division. These are then used to prepare the budgeted balance sheet, income statement, cash flow statement and liquidity position.

The annual planning for the coming three calendar years (rolling three-year plan) is done in the same way as the budget.

Operational and financial risks for each division are assessed by the relevant operational manager every six months and consolidated by the finance department. The Head of F&C presents a commentary on and explanation of the risk management report directly to the Audit Committee.

The internal control system is examined by the external auditor, which reports its findings to the Board of Directors in accordance with the law (Art. 728a Para. 1 clause 3 and 728b Para. 1 SCO).

The reporting tools mentioned above are prepared by the finance department and presented simultaneously in consolidated form to the Board of Directors and the Executive Committee. The reporting is presented and explained by the CFO and Head of F&C at the Executive Committee and Audit Committee meetings. The Executive Committee presents the Board of Directors with a detailed analysis at each meeting of the Board.

The CEO, the CFO and the Head of F&C take part in all meetings of the Audit Committee. They provide detailed information about the business performance, make any necessary comments about this and answer questions from the members of the Audit Committee.

The Board of Directors has hired a well-known audit company for the internal audit function. Internal audit reports are produced and given to the Audit Committee together with the necessary comments and recommendations. The Internal Audit Unit reports directly to each meeting of the Audit Committee. The Internal Audit Unit's reports are given to the external auditors without qualification. There is regular communication between the internal and external auditors.

4. Executive Committee

During the year under review Chairman of the Board of Directors Anton Affentranger was also CEO until 31 August 2010 and a Member of the Executive Committee until 30 September 2010. Hanspeter Fässler has been CEO since 1 September 2010. As such, he is responsible for the management of Implenia Ltd. and its subsidiaries. He heads the Executive Committee, which is divided into different divisional responsibilities, each with its own head. René Zahnd has also been a Member of the Executive Committee since 1 March 2010.

4.1 Members of the Executive Committee

(see next page)

4.2 Other activities and interests

This information is given below in the individual profiles of each Member of the Executive Committee.

4.3 Management contracts

There are no management contracts with third parties.



René Zahnd, Beat Fellmann, Arturo Henniger, Hanspeter Fässler, Peter E. Bodmer and Luzi R. Gruber (from left)

Hanspeter Fässler

(born 1956, Swiss)

Hanspeter Fässler took over as CEO on 1 September 2010. After studying mechanical engineering at ETH Zurich, where he also gained his doctorate, and at Stanford University in the USA, he joined ABB in 1989. He took on various increasingly senior management roles in Sweden and Switzerland, primarily in the automation and building technology sectors. In 2004 he was put in charge of ABB Switzerland, and from 2006 he was responsible for 14,000 employees as ABB's Regional Manager Mediterranean and Country Manager of ABB Italy. Since 2004 Hanspeter Fässler has been a Member of the Board of Directors of Dätwyler Holding AG as well as the affiliated Pema Holding AG and Dätwyler Führungs AG.

Beat Fellmann

(born 1964, Swiss)

Beat Fellmann has been Implenia's CFO and Head of Corporate Center since October 2008. He graduated with a degree in economics from the University of St. Gallen, and he is also a qualified auditor. He began his career as an internal auditor with the international industrial Group Bühler, where he became assistant to the CEO and Chairman before becoming a specialist in financing projects. In 1998 he joined Holcim Group, where he was Head of Financial Holdings. In this role he reported to the CFO and was responsible for all financial and holding companies worldwide. In January 2005 Beat Fellmann became deputy Group CFO at Holcim and was also made responsible for Group tax, as well as for the management company's IT, finance and controlling.

Luzi R. Gruber

(born 1951, Swiss)

Luzi R. Gruber is in charge of the Industrial Construction Division, which within Implenia Construction Ltd. includes the Underground Construction and Total Contracting businesses. He graduated in civil engineering from the Federal Institute of Technology (FIT) in Zurich and was teaching and scientific assistant to Prof. Christian Menn at the FIT from 1976 to 1979. From 1979 to 1993 he was site manager, project manager and operational manager at LGV Impresa Costruzioni SA; from 1993 to 1996, head of production for the Eastern region of SA Conrad Zschokke; from 1996 to 1997, head of Division IV of the Stuaag SA Group; and from 1997, he was in charge of the tunnels & bridges section and a member of management at Batigroup. In this capacity, he headed the Major Projects and Infrastructure East divisions. L.R. Gruber is the chairman of the steering committee of Swissconditions (SIA 118 standards) within the Swiss Association for Standardisation (SNV), a member of the managing committee of the INFRA trade association, and of the SIA (specialists in underground construction), as well as a member of the Normenbeirat Bau (NBB).

Arturo Henniger

(born 1956, Swiss)

Arturo Henniger is in charge of the Infrastructure Division, which within Implenia Construction Ltd. includes buildings, roads and civil engineering works, engineering construction works and special works. After graduating as an engineer from the Federal Institute of Technology in Zurich, he worked from 1982 to 1988 as a director of works for different companies in South Africa and Italy. From 1988 to 1997 he worked for Locher & Co AG as site manager for various major tunnelling projects. He joined the Zschokke Group in 1988. As Head of Industrial Projects Arturo Henniger headed Zschokke Locher SA until its merger in 2005 with Zschokke Construction SA, at which point he took over the management of that company.

Peter E. Bodmer

(born 1964, Swiss)

Peter E. Bodmer is Co-Head of the Industrial Construction Division (international activities). Since 2006 he has been a Member of the Board of Directors of Züblin Immobilien AG and since 2008 of Peach Property Group AG. After completing an apprenticeship as a mechanical engineer and basic training in engineering at the FIT Zurich, he studied at the University of Zurich, where he was awarded his degree in economics in 1993. In 2003 he earned an MBA from the IMD, Lausanne. P. E. Bodmer occupied various positions in two industrial companies before joining the Krebsöge Group (then part of Maag Group) in 1995 in Germany, where he worked as Associate Manager and Chief Financial Officer. He was subsequently appointed by the company that bought Krebsöge Group (initially American Group Sinter Metals Inc. and then British company GKN plc) as CFO Europe, Chief Information Officer and Head of Human Resources with responsibility for integrating all European companies of the GKN Sinter Metals (Europe) Group. In 1999, he became Chief Financial Officer and Chief Operating Officer of the listed company Maag Swiss Real Estate Group, until its merger with SPS Swiss Prime Site. Peter E. Bodmer joined the Zschokke Group in 2005, where he ran what was then the Real Estate division.

René Zahnd

(born 1966, Swiss)

René Zahnd has headed the Real Estate Division since 1 March 2010. In this capacity, he manages Implenla General Contractor Ltd., Implenla Development Ltd., Implenla Immobilien AG, Reuss Engineering Ltd. and Tetrag Automation Ltd. He studied law and is qualified to practice as an attorney. He worked in a law firm and at Berner Cantonal Bank, specializing in construction, planning and real estate law. His in-depth experience in the construction and real estate industry began when he became head of legal services at Losinger Construction AG. In 2004 he took over operational responsibility for project development in Losinger's central region. In 2007 he moved to Berne-based general contractor Marazzi, where he was responsible for project development in German-speaking Switzerland. From May 2009, René Zahnd was in charge of Implenla's project development in German-speaking Switzerland, and in this role was a Member of Implenla Real Estate's Executive Board.

5. Compensation, shareholdings and loans**5.1 Content and method of determining the compensation and shareholding programmes**

The compensation of serving Members of the Board of Directors and Members of the Executive Committee is determined every year by the Board of Directors in response to proposals from the Nomination and Remuneration Committee and after considering the market situation. Swiss industrial, semi-industrial and construction companies of a comparable size to Implenla Ltd. are used as the reference market. The compensation paid to the Board of Directors was assessed during the year under review and adjusted on the basis of benchmark analyses against other Swiss companies working in the construction and associated industries, such as Forbo Holding AG, Geberit AG and Sika AG. During the year under review, compensation was decided for the next two years, i.e. up until the Ordinary General Meeting of Shareholders in 2012.

In preparation for a new management system to be introduced during the course of 2011 for all technical and commercial staff, the compensation paid to Members of the Executive Committee was analyzed by the consultancy firm Hay Group during the year under review. It evaluated the functions performed by Members of the Executive Committee using the Hay Group Guide Chart-Profile Method. It put together a reference market of functions with similar value, determined median and quartile values for the individual components of remuneration within this reference market, and then compared these values with the compensation actually paid to Members of the Executive Committee. The reference market included comparable functions from Switzerland's top executive market. It focused on companies from the industrial and semi-industrial sectors including Caterpillar S.A.R.L., Hilti (Schweiz) AG, Holcim Group Support Ltd., Honeywell AG, Karl Steiner AG, Schindler, Siemens Switzerland Ltd. Building Technologies Group, Sika AG and Treuhand Liegenschafts Immobiliengesellschaft. The consultancy firm has no further mandates with the issuer.

The Board of Directors has decided to propose to the Ordinary General Meeting of Shareholders on 19 April 2011 that it approve the Board's and the Executive Committee's compensation with a consultative vote.

Board of Directors

Serving Members of the Board of Directors receive fixed compensation. The Members of the Board of Directors receive annual compensation for the services they perform. This covers the period between two Ordinary General Meetings of Shareholders. The amount of compensation depends on the function performed by the individual member within the Board, the work done in the committees, and the actual time spent. Two thirds of this amount is paid in cash and a third in the form of shares, except in the case of one Member of the Board who is paid exclusively in cash. The shares are blocked for a period of three years.

Executive Committee

The remuneration of Members of the Executive Committee is paid in two parts, one in cash, and the other in shares. The shares are paid out at the beginning of the next year and are blocked for three years. The amount paid in cash includes a fixed component (paid every month) and a variable component. The part paid in shares is fixed. The variable component of the cash remuneration depends on the attainment of financial targets set by the Board of Directors. These targets are determined on the basis of the annual budget and are made up as follows:

- a) 50% determined by achieving the budgeted EBITDA
- b) 50% determined by achieving the budgeted invested capital.

The Nomination and Remuneration Committee determines whether the targets have been achieved once the annual results are available. The variable part of cash remuneration is paid if the targets are reached. Exceeding one or both of the targets leads to a proportional increase in the variable amount (up to a maximum of 200%); conversely, failure to reach the target leads to a proportional reduction (down to zero).

In December, the Board of Directors, in response to a proposal by the Nomination and Remuneration Committee, determines the fixed portion of the remuneration paid to the Executive Committee for the following year. The Nominations and Remuneration Committee drafts a proposal on the amount to be paid to each Member of the Executive Committee, which is analysed and ratified by the Board of Directors. Additional information on compensation pursuant to Art. 663b SCO can be found in the notes to the financial statements on pages 240–245 of the financial report.

The CEO's remuneration is based on the same principles as those used for the other Members of the Executive Committee, but also includes a variable element in the form of shares. Also, the fixed share element is paid every quarter rather than once a year. The variable part is determined according to the criteria outlined above. There is a three-year blocking period for both the fixed and variable share payments. In addition, the CEO receives a one-off payment in three instalments that are paid to him at the year-end.

The remuneration paid to the Chairman of the Board of Directors during the period in which he was also CEO was fixed. It comprised one part paid in cash, and one part in the form of shares. It was paid monthly apart from the shares, which were paid out quarterly. The shares are blocked for trading for three years.

During the year under review a new share option plan, valid from March 2010, was introduced for employees of Implenla companies and Implenla pension foundations based in Switzerland. Under this share option programme employees, including Members of the Executive Committee, have the opportunity each spring and autumn to buy Implenla Ltd. registered shares on preferential terms (currently at a discount of 30% to the average stock market price for the month in question). Members of the Executive Committee can buy shares worth up to their gross monthly salary each calendar year. Purchased shares are blocked for a period of three years. The share option programme was approved by the Board of Directors; Members of the Board are not entitled to participate. The programme and its conditions are periodically reviewed by the Executive Committee and may be altered at any time. Changes affecting Members of the Executive Committee have to be approved by the Board of Directors.

6. Shareholders' participation

6.1 Voting rights and representation restrictions

6.1.1 Voting rights may be refused (i) to shareholders which, when requested to do so by the company, do not expressly declare that they acquired and hold the shares in their own name and for their own account or, if acting as nominees, they do not declare in writing that they are prepared to reveal the names, addresses and number of shares held of the persons for whom they hold the shares, or if they do not immediately disclose this information on first request (Art. 7 Para. 4a of Implenla Ltd.'s articles of association), (ii) if the recognition of a purchaser as a shareholder may prevent the company from providing the proof required by law concerning the composition of its body of shareholders (Art. 7 Para. 4b of Implenla Ltd.'s articles of association). As mentioned above, the Board of Directors may reach agreements with nominees about their disclosure obligations (see section 2.6 above and www.implenia.com in the section "Implenia" – "Regulations").

6.1.2 No exceptions were granted during the year under review.

6.1.3 The above restrictions on voting rights prescribed by the articles of association can be removed by changing the articles of association, which requires a resolution of the General Meeting of Shareholders approved by at least two thirds of the votes represented (Art. 16 of the articles of association of Implenla Ltd.).

6.1.4 In accordance with Art. 13 Paras. 3–5 of the articles of association, a shareholder may be represented at the General Meeting of Shareholders by another shareholder with voting rights, using the power of attorney attached to the admission card, or by its legal representatives. Company representatives and depository proxies as well as independent proxies designated by the company do not have to be shareholders of the company. Minors and persons in guardianship may be represented by their legal representative, married persons by their spouse and legal entities by an authorised signatory or by another authorised representative; this applies even if such representatives are not shareholders of the company. The chairperson of the General Meeting of Shareholders shall decide on the admissibility of a representative.

6.2 Statutory quorums

The General Meeting of Shareholders makes its resolutions by the majorities stipulated by law. The articles of association do not stipulate any different majorities, except for the one needed for the removal or simplification of the restriction on the transferability of shares, which requires a resolution of the General Meeting of Shareholders approved by at least two thirds of the votes represented (Art. 16 of the articles of association of Implenla Ltd.). Resolutions about mergers, demergers and transformations are governed by the provisions of the Swiss Mergers Act.

6.3 Convocation of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by notice published in the Swiss Official Gazette of Commerce. Holders of registered shares may also be informed in writing (Art. 11 of the articles of association of Implenla Ltd.). The Board of Directors decides on the location of the General Meeting of Shareholders.

6.4 Inclusion of items on the agenda

Shareholders who together represent shares with a par value of CHF 1,000,000 may request that an item appear on the agenda. Requests to include an item on the agenda must be received in writing by the company at least 45 days before the General Meeting of Shareholders.

6.5 Inscriptions into the share register

Shareholders who are entered with voting rights in the Share Register at 12 noon on 23 March 2011 shall be sent an invitation to the General Meeting of Shareholders. Shareholders who are entered in the Share Register after this date but before 7 April 2011, shall be sent the invitation when they are entered in the Share Register. No entries with voting rights will be made in the Share Register from 7 April 2011 up to and including 19 April 2011. The cut-off date for acquiring the right to vote at the General Meeting of Shareholders is 6 April 2011, 5 p.m.

7. Changes of control and defence measures

7.1 Duty to make an offer

Implenia Ltd.'s articles of association contain no "opting out" or "opting up" clauses.

7.2 Clauses on changes of control

Apart from the following provision, no takeover agreements have been made with the Members of the Board of Directors, the Members of the Executive Committee or other executives.

In his employment contract, the CFO is granted a right of early termination in the event that Implenia Ltd. loses its character as a major listed company. This termination right only comes into effect if Implenia Ltd. is delisted as the result of a public takeover offer, if major parts of the business are demerged or sold, or if Implenia Ltd. becomes the subsidiary of a foreign company. In the event of such termination, the person concerned shall receive his fixed salary (excluding any variable component) for the ordinary notice period plus a period of 12 months (with income offset if new employment is found). This provision applies until 1 October 2011.

8. Auditing body

8.1 Duration of the mandate and term of office of the lead auditor

Since 2006 the auditor has been PricewaterhouseCoopers AG (Zurich). The duration of the auditing mandate given to PricewaterhouseCoopers AG is one year. This began on 14 April 2010.

The lead auditor, Willy Wenger, has been responsible for the audit mandate since 2 March 2006. The lead auditor's mandate must not be for a term of more than seven years.

8.2 Auditing fees

During the year under review, total fees invoiced by the auditing company came to CHF 1,045,000.–.

8.3 Additional fees

Total additional fees for the current financial year come to CHF 693,860.–. These fees were paid for consultancy services rendered in relation to due diligence-activities of the accounts (CHF 315,260.–) and tax consulting (CHF 378,000.–).

8.4 Informational instruments pertaining to an external audit

The main task of the Audit Committee is regularly and effectively to monitor the auditor's reporting to ensure its quality, integrity and transparency.

Representatives of the auditors attended parts of all meetings of the Audit Committee during the financial year. The auditing schedule, including fees, is presented to and discussed with the members of the Audit Committee. The auditor presents any important observations in writing to the Audit Committee together with appropriate recommendations.

9. Information policy

Implenia follows an open and transparent information policy. The most important information is communicated regularly as follows:

- Annual results: March
(publication of the annual report, press conference and analysts' event)
- Half-year results: August/September
(publication of the half-year report, press conference and analysts' event)
- General Meeting of Shareholders: April

For further information we refer interested parties to our press releases and our letters to shareholders, as well as to our website (www.implenia.com), where important information for investors is available under the links "Investor Relations", "Media – Media Releases" and "Media – News". Investors can also register to receive important information by e-mail by following the "News Service" link.

General information is available from the following contact address:

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Material changes since the balance sheet date:

None.