

Corporate Governance

1 Group Structure and Shareholders

1.1 Group structure

Charles Vögele Holding AG Pfäffikon (Canton Schwyz) Share capital CHF 35 200 000		
Charles Vögele Mode AG Pfäffikon (Canton Schwyz) Share capital CHF 20 000 000	Charles Vögele (Netherlands) B.V. Utrecht, NL Partnership capital € 1 000 200	Charles Vögele Trading AG Pfäffikon (Canton Schwyz) Share capital CHF 10 000 000
Charles Vögele Deutschland GmbH Sigmaringen, D Partnership capital € 15 340 000	Charles Vögele (Belgium) N.V. Turnhout, B Share capital € 10 063 906	Charles Vögele Import GmbH Lehrte, D Partnership capital € 25 000
Charles Vögele (Austria) AG Kalsdorf, A Share capital € 1 453 457	Charles Vögele trgovina s tekstilom d.o.o. Ljubljana, SI Partnership capital € 667 668	Prodress AG Pfäffikon (Canton Schwyz) Share capital CHF 100 000
Charles Voegele Polska Sp. z o.o. Warszawa, PL Partnership capital PLN 4 000 000	Charles Voegele Ceská s.r.o. Praha, CZ Partnership capital CZK 30 000 000	Cosmos Mode AG Pfäffikon (Canton Schwyz) Share capital CHF 100 000
Charles Voegele Romania SRL Bucuresti, RO Partnership capital 4 000 000 RON	Charles Vögele Hungária Kereskedelmi Kft. Budapest, HU Partnership capital HUF 240 000 000	Charles Vögele Fashion (HK) Ltd. Hongkong, HK Share capital HKD 100 000

- Holding company
- Sales organizations
- Service organizations

As of December 31, 2008

Information on listing and stock market capitalization as of December 31, 2008, can be found on page 4 of the Activity Report along with other key figures relating to the company's shares.

Charles Vögele Holding AG is the holding company for all of the Group's companies. Charles Vögele Trading AG is responsible for all group-wide services such as purchasing, IT, communications, treasury, accounts, financial control, and risk management. Charles Vögele Import GmbH, Lehrte, is responsible for operational functions (storage logistics and

quality control) at the distribution centre in Lehrte (D). Prodress AG is an advertising agency that works exclusively for the Charles Vögele Group. Cosmos Mode AG is responsible for the administration of licences. Charles Vögele Fashion (HK) Ltd. is the sourcing office of the Charles Vögele Group in China and provides business relations to suppliers in this important sourcing market. Segment information is on page 22 section 5 of the Financial Report, and the overview of all consolidated companies is on page 49 section 41 of the Financial Report.

1.2 Significant shareholders

For detailed information on the shareholder structure please refer to note 9 Important Shareholders in the Notes to the Financial Statements on page 57 of the Financial Statements.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital Structure

2.1 Share capital

As of December 31, 2008, the share capital of Charles Vögele Holding AG amounted to CHF 35 200 000 and was made up of 8 800 000 fully paid-up bearer shares (securities number: 693 777/ISIN code: CH000 693 777) with a par value of CHF 4.00 each. The Board of Directors will propose to the Annual Shareholders' Meeting of April 1, 2009, that instead of distributing a dividend, the par value of Charles Vögele Holding AG shares should be reduced by CHF 0.50 from CHF 4.00 to CHF 3.50 per share – providing that the proposal will be accepted. As of December 31, 2008, the Charles Vögele Group held 417 641 of its own shares (as of December 31, 2007: 370 546 shares), which are earmarked for the obligations of the existing management share option plan. Detailed information on purchases and sales of shares and on the relevant opening and closing totals can be found on page 57 section 8 of the Financial Report.

2.2 Authorized and conditional capital

Charles Vögele Holding AG's articles of association include a provision authorizing the Board of Directors to increase the company's equity capital by a maximum of CHF 1.056 million, excluding shareholders' subscription rights, through the issue of 264 000 shares with a par value of CHF 4.00 each. This authorization lasts for an indefinite period of time. These shares are to be used exclusively for people entitled to participate in management share option plans (please also refer to note 34.1 Management share option plan, in the Notes to the Consolidated Financial Statements on page 40 of the Financial Statements).

2.3 Changes in capital

A condensed overview of changes to the company's capital during the financial years 2006–2008 can be found on page 39 of this Activity Report.

2.4 Shares and participation certificates

As of December 31, 2008, Charles Vögele Holding AG's share capital consisted of 8 800 000 fully paid-up bearer shares (securities number: 693 777/ISIN code: CH000 693 777) with a par value of CHF 4.00 each. The Board of Directors will propose to the Annual Shareholders' Meeting of April 1, 2009 that instead of distributing a dividend, the par value of Charles Vögele Holding AG shares should be reduced by CHF 0.50 from CHF 4.00 to CHF 3.50 per share. This share capital is fully paid up. There are no restrictions on the transfer of shares. As stipulated in Art. 659a of the Swiss Code of Obligations, every share entitles the holder to dividends and to vote at the Annual Shareholders' Meeting. There are no participation certificates.

2.5 Bonus participation certificates

There are no bonus participation certificates.

2.6 Restrictions on transferability and nominee registrations

There are no restrictions on transferability or nominee registrations.

2.7 Convertible bonds and options

There are no convertible bonds. The only options are those associated with the management share option plan (note 34.1, page 40 Financial Statements).

3 Board of Directors

3.1 Members of the Board of Directors

Bernd H. J. Bothe

1944, Chairman, German citizen
Term of office 2008–2009, first elected in 2002;
Graduate in business administration. Managing Partner of Droege & Comp. GmbH. Responsible for Metro AG's cash-and-carry business from 1993 to March 2002, and Chairman and Chief Executive Officer of Metro Cash & Carry GmbH since 1998. He was already active at the Metro Group in 1988 as a member of the Executive Board of Kaufhof Holding AG.

Dr. Felix R. Ehrat

1957, Vice-Chairman, Swiss citizen
Term of office 2006–2009, first elected in 1997;
Doctorate in law from the University of Zurich, attorney, LL.M. University of the Pacific, McGeorge School of Law. Since 1987 employee of and since 1992 Partner of Bär & Karrer law firm. Since 2003 Senior Partner and as of 2007 Chairman of the Board of Directors of Bär & Karrer AG.

Jan C. Berger

1946, Dutch Citizen
Term of office 2008–2009, first elected in 2008
Marketing and science studies as well as various management courses at Babson College, Harvard and Nijenrode Business School. Independent retail consultant since 2006, and member of the boards of directors of several retail, educational and cultural organizations. From 1996 to 2006 CEO of the leading Dutch department store De Bijenkorf. The group includes department stores as well as clothing and DIY chains. Jan C. Berger is also a member of the advisory boards of the Amsterdam Fashion Institute and of Visual Retailing, an organization that concentrates on the visual presentation of goods in the retail industry.

Alain Caparros

1956, French citizen
Term of office 2007–2009, first elected in 2007;
Master of Business Administration. Since 2005 member of the Management Board of REWE-Zentral AG and REWE-Zentralfinanz e.G. Member of the Board of Directors of transGourmet Schweiz AG. As of 1991 Vice-President with Yves Rocher in Paris and from 1994 to 1998 Managing Director of Aldi France. 1999 Chairman of Aldi Service Plus ASP in France and at the same time member of the Management Committee of Bon appétit Group Schweiz as of 2000. From 2003 to 2004 CEO of the Bon appétit Group in Switzerland, which was subsequently taken over by REWE.

Professor Dr. Peter Littmann

1947, German citizen
Term of office 2007–2009, first elected in 2006;
Peter Littmann is the Managing Partner of Brandinsider Strategic Brand Consulting GmbH in Hamburg, and since 1993 has been Honorary Professor in the Marketing Faculty of the University of Witten/Herdecke (Germany). He is also a member of the Board of Directors of Nijenrode University, the Netherlands, and a member of the Harvard University Art Museum's Visiting Committee, Cambridge, USA. From 1993 to 1997 he was Chairman of the Managing Board of Hugo Boss AG; prior to this he worked from 1982 to 1993 for the international textiles company Vorwerk & Co, latterly as President and CEO. Member of the Board of Directors of Bata Shoe Corporation from 1996 to 2005.

Daniel J. Sauter

1957, Swiss citizen
Term of office 2006–2009, first elected in 2002;
Financial specialist. From 1976 to 1983, various functions in a number of banks including Bank Leu AG; from 1983 to 1998 Senior Partner and CFO of Glencore International AG; from 1994 to 2001, CEO and Managing Director of the publicly quoted firm Xstrata AG.

Carlo Vögele

1957, Swiss citizen
Term of office 2008–2009, first elected in 1998;
Management training at the University of California, San Diego; businessman. Carlo Vögele was full-time Chairman of the Board of Directors from January 1999 to October 2001. From 1993 onwards he was a member of the Board of Directors of the former Group holding company. Until the end of 1997 he held a number of executive management positions within the Charles Vögele Group.

Hans Ziegler

1952, Swiss citizen
Term of office 2008–2009, first elected in 2008;
Master of Business Administration. Independent management consultant since 1997 with international mandates in crisis management, restructurings and repositionings. From 1988 to 1991 CFO and CIO at the Usego-Waro Group, and from 1991 to 1995 head of group finance, IT and group development at the Globus Group. From 1996 to 1997 chairman of the board of directors and CEO of the Distefora Group (previously Interdiscount). From 2000 to 2005 CFO and member of the board of directors of the Pragmatica Group. In 2003 CEO of the Erb Group.

During the year under review none of the members of the Board of Directors, except for Bernd H. J. Bothe, worked in any executive functions within the Group. Unless otherwise stated, the non-executive members of the Board of Directors have no other significant links with the Group. With regard to the other business relationships and interests that link members of the Board of Directors to the company, please refer to section Additional fees and remuneration of note 38 Related party transactions of the Notes to the Consolidated Financial Statements on page 44 of the Financial Statements.

Bernd H. J. Bolhe



Dr. Felix R. Ehrat



Jan C. Berger



Alain Caporras



Prof. Dr. Peter Littmann



Daniel J. Sauter



Carlo Vögele



Hans Ziegler



Changes to the Board of Directors 2008

Jan C. Berger and Hans Ziegler were elected as new members of the Board of Directors at the Shareholders' Meeting of April 16, 2008.

3.2 Other activities and interests

Under the Corporate Governance Directive, the other activities and interests of the members of the Board of Directors only have to be listed if they are significant or substantial. The company believes that the activities of the present members of the Board of Directors are basically only significant if they relate to their work on management or supervisory bodies of listed Swiss or foreign companies, or unlisted and important Swiss or foreign companies in the garment trading business or other industries. The members of the Board of Directors are not involved in any other substantial activities or interests.

Bernd H. J. Bothe

Member of the supervisory boards of Spar Österreichische Warenhandels-AG; member of the advisory board of H&E Reinert Group of Companies.

Dr. Felix R. Ehrat

Chairman of the board of directors of Banca del Gottardo (until March 2008); member of the board of austriamicrosystems AG and of Carlo Gavazzi Holding AG.

Jan C. Berger

Member of the board of directors of the Shopex Group, of NEVI, of the Centraal Museum in Utrecht and of the Koetsier Foundation.

Alain Caparros

No other board positions in listed companies or garment trading companies.

Professor Dr. Peter Littmann

Board of directors of Ciba Spezialitätenchemie AG and Ruckstuhl AG.

Daniel J. Sauter

Chairman of the board of directors of Alpine Select AG; member of the boards of directors of Sulzer AG, of Sika AG and of Julius Bär Holding AG.

Carlo Vögele

No other Board positions in listed companies or garment trading companies.

Hans Ziegler

Chairman of the boards of directors of Swisslog Holding AG and of Schlatter Holding AG. Member of the boards of directors of OC Oerlikon Corporation AG and of Elma Electronic AG.

In addition to these activities, some members of the Board of Directors are involved in activities outside their fields of responsibility in corporations, institutions, and private and public sector foundations, as well as long-term executive and advisory functions for major Swiss and foreign interest groups, official functions and political offices, none of which, however, are of major significance to Charles Vögele Holding AG.

3.3 Elections and terms of office

The Board of Directors of Charles Vögele Holding AG consists of at least three and no more than nine members, who have to be shareholders in the company or represent a legal entity that holds shares. Its members are elected one by one by the Annual Shareholders' Meeting for a term of office of one year, a "year in office" being defined as the period between two Annual Shareholders' Meetings. Re-election is permitted. If a member departs before the end of his or her term of office, his or her successor takes over for the remainder of the departing member's term of office. The Board of Directors designates a chairman and a secretary, who needs not be a shareholder or a member of the Board of Directors (details of initial appointment and term of office are included in section 3.1 Members of the Board of Directors on page 56).

3.4 Internal organizations

The Board of Directors passes resolutions on all matters affecting the company that the law, the articles of association or the Organizational Regulations do not place under the responsibility of another of the company's official bodies. In particular, the Board of Directors' responsibilities include the stipulation and review of the company's strategy, the appointment and dismissal of persons to whom the overall management of the company is entrusted (especially the CEO), the organizational structure, and the financial and accounting system. The Board of Directors is also responsible for supervising the people charged with management of the company to ensure that their actions comply with the law, the articles of association, the regulations and directives. The Board of Directors is responsible for producing the Annual Report, as well as for reporting to the Annual Shareholders' Meeting and implementing its resolutions. It is authorized to prepare and execute the resolutions and to delegate the supervision of business to the committees of the Board of Directors or to individual Board members. It can assign the management of the company's business in whole or in part to individual Board members or to other people.

According to the Organizational Regulations, the Board of Directors meets as often as business requires but always at least six times in each financial year. Six meetings and two telephone conferences were held during the year under review. Meetings normally last one full day. The CEO and the CFO are normally present at the meetings; other members of company management, department heads and other employees or third parties are present as required. In addition, the Board of Directors has held a two-day seminar ever since 2004.

Since 2004, the Board of Directors has had a permanent secretary whose responsibilities include minuting meetings of the Board of Directors and its committees. The secretary is not a member of the Board of Directors.

Chairman of the Board of Directors

The Chairman of the Board of Directors is always appointed by the Board at the end of the Annual Shareholders' Meeting for a one-year term of office. The Chairman ensures good cooperation between the Board of Directors, its committees and the CEO.

Vice-Chairman of the Board of Directors

The Vice Chairman of the Board of Directors is always appointed by the Board after the Annual Shareholders' Meeting for a one-year term of office. The Vice-Chairman of the Board of Directors supports the Chairman of the Board of Directors and can be given specific responsibilities by the Board as a whole.

Board of Directors committees

The Board of Directors of Charles Vögele Holding AG generally takes all its decisions collectively. The preparation and implementation of resolutions and the monitoring of transactions is delegated by the Board of Directors to committees that have defined areas of competence and that can formulate recommendations. These recommendations are submitted to the full Board of Directors for decision. The committees are made up as follows and fulfil the following tasks stipulated in the Organizational Regulations:

– Audit Committee

Daniel J. Sauter (Chairman), Dr. Felix R. Ehrat, Hans Ziegler

The Audit Committee helps the Board of Directors to supervise the accounting and financial reporting systems, and to monitor compliance with the law by the company and by the Group companies that it directly or indirectly controls. It supervises internal and external auditing procedures, and also monitors adherence to statutory rules and regulations by ordering regular reports from management. If the external audit mandate comes up for review, the Audit Committee evaluates possible alternatives and submits a proposal to the Board of Directors. The Audit Committee also monitors the content and formal correctness of external communications on all financial matters. It normally meets three to five times a year for between half a day and a whole day. The CEO, the CFO and the Group auditors as well as other members of Group Management are invited as required. In 2008, four half-day meetings were held.

– Personnel and Compensation Committee

Dr. Felix R. Ehrat (Chairman), Bernd H. J. Bothe, Prof. Dr. Peter Littmann, Carlo Vögele

The Personnel and Compensation Committee reviews the performance of the CEO and the other members of Group Management. Together with the CEO it evaluates any new members of the most senior level of management and submits proposals accordingly to the Board of Directors. It also submits proposals to the Board of Directors about remuneration for Group Management and members of the Board of Directors and is the Group Management's point of contact for all major human resources issues in the Charles Vögele Group. The CEO and the Head of Human Resources are asked to attend as required. In 2008 one meeting lasting several hours and four telephone conferences were held.

– Strategy Committee

Bernd H. J. Bothe (Chairman), Jan C. Berger, Alain Caparros, Prof. Dr. Peter Littmann, Carlo Vögele

The Strategy Committee periodically reviews Group strategy and the implementation by Group Management of the Board of Directors' strategic guidelines. Working in close collaboration with Group Management, it submits proposals to the Board of Directors on changes to Group strategy as well as on major new additional business activities for the Group and/or the relinquishment of existing activities. It meets two or three times a year for at least a half or a full day. The CEO is asked to attend as required. In 2008, one full-day and two half-day meetings were held.

3.5 Division of responsibilities between the Board of Directors and Group Management

The division of responsibilities between the Board of Directors and Group Management is defined in the Organizational Regulations of Charles Vögele Holding AG. The Board of Directors entrusts the CEO – who is given authority to issue directives to the other members of Group Management – and Group Management with operational management of the company and transfers to it all management responsibilities and powers that are not expressly reserved for itself by law or internal organizational regulations.

In essence, the responsibilities and powers reserved for the Board of Directors by the internal organizational regulations are as follows: overall leadership of the company and the issuing of the necessary directives; defining and adjusting corporate strategy, financial and investment policy, the organization and principles of accounting, financial control and planning; the appointment and dismissal of the persons entrusted with managing the Group and representing the company as set out in the Commercial Register entry, as well as succession planning for the Board of Directors and Group Management; supervision of Group Management, including with regard to compliance with the law, articles of association, regulations and directives; approval of business that the Group Management must or chooses to present to the Board; defining the payments made to members of Group Management on the basis of a recommendation from the Personnel and Compensation Committee; approval of mass redundancies pursuant to Art. 335d of the Swiss Code of Obligations; and finally, the production of the Annual Report, preparations for the Annual Shareholders' Meeting and implementation of its resolutions.

Group Management has the authority to make decisions on the transactions assigned to it, although certain transactions require the consent of the Board of Directors. According to the organizational regulations, these transactions are essentially as follows: property transactions, buying and selling subsidiaries and parts of companies, initiating legal actions against and granting loans to third parties or entering into contingent liabilities in favour of third parties – in each case when the sum concerned exceeds CHF 1 million; also proprietary transactions and contracts with third parties which by their nature lie outside Charles Vögele Group AG's normal business.

3.6 Information and control instruments for Group Management

The Board of Directors receives a monthly written report from Group Management that includes, among other items, the latest monthly figures, a financial statement up to the relevant month-end, plus further key figures relating to business activities. The Board of Directors also receives weekly sales figures from the individual sales organizations. At each Board meeting Group Management informs the Board of Directors about the current course of business. Group Management also makes available any additional information requested by the Board of Directors. This reporting is based on the budget approved by the Board of Directors, which is compared every month against the latest business performance. Investments are approved en masse as part of the budget process, though single investments of more than CHF 1.5 million must be approved by the Board of Directors on an individual basis before definitive implementation. Any two members of the Board of Directors and the Group Management have collective signing powers.

Group Internal Audit reports to Group Management in organizational terms, but has a direct functional link to the Audit Committee. Internal Audit's reports are submitted to the Audit Committee. Internal Audit's tasks continue to include branch audits, control functions relating to stocktaking, and training for branch heads. In addition, it is also responsible for process controlling with regard to procurement, distribution logistics and purchasing. Group Management and Internal Audit submit a report to the Audit Committee about the measures taken.

Every year the Board of Directors reviews a risk overview presented by Group Management. This overview details the main risks that could affect the company. It contains statements about the likelihood of the relevant risks occurring, as well as about the likely implications. This risk overview forms the basis for a list of measures that Group Management proposes and the Board of Directors approves. The implementation of these measures is reviewed annually.

- Contents
- Highlights
- Key Operating Figures
- Annual Report
- Strategy
- Countries
- Company
- Sustainability
- Corporate Governance**

4 Group Management

Group Management is responsible for the operational management of the Charles Vögele Group. During the year under review, Group Management consisted of the Chief Executive Officer (from January 1, 2008, to August 17, 2008, Daniel Reinhard and from August 18, 2008, to February 15, 2009, Bernd H. J. Bothe), the Chief Financial Officer (Felix Thöni), as well as the Chief Marketing and Sales Officer (Dr. Dirk Seifert) and the Chief Purchasing Officer (Werner Lange). The CEO heads Group Management with authority to issue directives. Felix Thöni additionally manages Human Resources at Group level, IT, as well as Supply Chain and Logistics.

4.1 Members of Group Management

Bernd H. J. Bothe

1944, CEO from August 18, 2008, to February 15, 2009, German citizen. Graduate in business administration. Managing Partner of Droege & Comp. GmbH. Responsible for Metro AG's cash-and-carry business from 1993 to March 2002, and Chairman and Chief Executive Officer of Metro Cash & Carry GmbH since 1998. He was already active at the Metro Group in 1988 as a member of the Executive Board of Kaufhof Holding AG.

Werner Lange

1959, Chief Purchasing Officer since July 1, 2007; German citizen. From 2003 to 2007 Purchasing Manager Adler Modemärkte GmbH. Previously Manager for purchasing and distribution of the men's textile unit of Karstadt. From 2000 to 2002 Manager of the children and young fashion at Karstadt.

Dr. Dirk Seifert

1970, Chief Marketing & Sales Officer since January 1, 2008; German citizen. Doctorate in business science. From mid-2005 until the end of 2007 Managing Director of Quelle GmbH and before that Global Chief Operating Officer of Esprit.

Dr. Felix Thöni

1959, Chief Financial Officer (CFO) since January 1, 2003; Swiss citizen. Doctorate in economics from the University of St Gallen; from 1992 to 2002 CFO of the Gavazzi Group. From 1988 to 1991 Area Controller of Schindler Management AG.

Bernd H. J. Bothe
Chief Executive Officer (CEO)



Werner Lange
Chief Purchasing Officer



Dr. Dirk Seifert
Chief Marketing & Sales Officer



Dr. Felix Thöni
Chief Financial Officer (CFO)



Changes in Group Management

During the year under review there were the following changes within Group Management:

- On August 17, 2008 Daniel Reinhard resigned from his post as CEO due to a sudden and serious illness, which caused his death on December 30, 2008.
- Bernd H. J. Bothe took over the post as CEO on August 18, 2008, and lead the Group until February 15, 2009
- On January 15, 2009, André Maeder was appointed as new CEO of the Charles Vögele Group. He joined the Group on February 16, 2009, and has since taken over the operational responsibility for the Group.

4.2 Other activities and interests

The members of Group Management (except for Bernd H. J. Bothe in his role as CEO ad interim as well as Felix Thöni as member of the board of directors of Industrieholding Cham AG and of Raiffeisenbank Cham) do not conduct any major additional activities outside their areas of responsibility in corporations, institutions, or foundations organized under private or public law. Neither do they have any permanent executive or advisory functions in any major Swiss or foreign companies, interest groups, or political parties.

4.3 Management contracts

There are no management contracts in existence.

5 Compensation, Shareholdings and Loans

5.1 Remuneration and profit-sharing programmes: content and procedures

The Board of Directors' Compensation Committee is responsible for formulating compensation and profit-sharing programmes for members of the Board of Directors and Group Management, and – with regard to the Management Share Option Plan – for members of the second level of management. The Committee recommends the levels at which compensation and profit shares should be set and submits these recommendations for decision by the Board of Directors. Decisions about compensation and profit shares for members of the Board of Directors are taken by the Board of Directors as a whole without the participation of Group Management. Members of the Board of Directors have a right of codetermination with regard to their own compensation. When the Board of Directors as a whole is deciding on compensation and profit shares for the other members of Group Management, the CEO participates in the discussion and has a vote.

Compensation for the Board of Directors and Group Management is reviewed every year by the whole Board of Directors as proposed by the Personnel and Compensation Committee unless contracts extend over several years. The basic aim when setting compensation for the Board of Directors and Group Management is to incentivize members of these bodies as effectively as possible to secure long-term increases in Group earnings after tax. During the year under review, the Personnel and Compensation Committee sought the assistance of external advisors who made recommendations on the basis of wage comparisons and benchmarks (comparable companies in Switzerland and abroad); these advisors did not have any other mandates within the Group during the period under review.

Compensation for the Board of Directors and Group Management is made up of a fixed and a variable component. For members of the Board of Directors the fixed part is a cash payment that varies according to function (Chairman, Vice-Chairman, member). For members of Group Management the fixed part comprises a cash payment plus the use of a company car for business and private purposes. The variable portion comprises a fixed percentage of Group net profit. For members of the Board of Directors this is 0.1% each of Group net profit, for the CEO 1.4% of reported Group net profit, and for members of Group Management 0.4% each of Group net profit. The fixed element is paid out to members of the Board of Directors every quarter, and members of Group Management twelve times a year. During the year under review, the variable element for the Members of the Board of Directors came in total to 11.4% of the basic compensation; for members of Group Management to 23.1% of the basic salary.

In order to link the interests of the members of the Board of Directors, Group Management and members of the second level of management with those of shareholders, a management share option plan was defined for these groups in 2002. For further details of this options plan's timetable, allocation criteria and individual parameters such as subscription ratios, underlying values, strike prices, maturities and blocking periods, please see note 34.1 Management Share Options Plan in the notes to the Group Financial Statements on page 40 of the financial section. Members of the Board of Directors, Group Management and the second level of management subscribed to options under the existing management share options plan during the year under review. Detailed information is given in note 38 Related Party Transactions in the Notes to the Consolidated Financial Statements on page 44 of the Financial Statement.

Persons who left the Board of Directors or Group Management during the year under review received no payments or benefits in connection with their departure.

Further information is also available in the Personnel and Compensation Committee part of section 3.4 Internal Organization on page 61.

6 Shareholders' Rights

6.1 Voting rights: restrictions and representation

The company's articles of association contain no restrictions on voting rights and comply with the law with regard to proxy voting.

6.2 Statutory quorums

The Annual Shareholders' Meeting passes resolutions and conducts votes, unless mandatory statutory regulations or the provisions of the articles of association dictate otherwise, by an absolute majority of the shareholders' votes legally represented and validly cast, excluding spoilt votes and regardless of the number of shareholders present and the number of votes they represent. Each share entitles the holder to one vote at the Annual Shareholders' Meeting.

6.3 Calling the Annual Shareholders' Meeting

The Annual Shareholders' Meeting takes place no later than six months after the end of each company financial year. It is called by the Board of Directors. Shareholders are called to the meeting by an invitation published in the daily and financial media and are requested to submit any items they may wish to propose for the agenda.

6.4 Agenda items

Shareholders who represent at least 0.5% of the share capital can make a request no later than 45 days prior to the day of the meeting for items to be added to the agenda. The request has to be made in writing and state the motion that is to be put to the vote. One or more shareholders who between them represent at least 10% of the share capital can call an Extraordinary Shareholders' Meeting between annual meetings.

6.5 Entries in the share register

The share capital of Charles Vögele Holding AG consists exclusively of bearer shares, and accordingly no share register is maintained.

7 Changes in control and defensive measures

There are no provisions (such as opting-out or opting-up clauses), either in the articles of association or in contracts of employment, or in any other agreements or plans that relate to changes in control of the company or defensive measures to prevent such a change.

8 Auditors

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

The auditor for the Charles Vögele Group and Charles Vögele Holding AG is PricewaterhouseCoopers AG (PwC). It was confirmed as statutory and Group auditor for one year at the Annual Shareholders' Meeting of April 16, 2008. Since April 29, 2003, the mandate to audit the Charles Vögele Group and Charles Vögele Holding AG has been managed by Matthias von Moos, partner at PwC, Zug. Arthur Andersen AG was the auditor for the Charles Vögele Group and Charles Vögele Holding AG from 1999 to 2003.

8.2 Audit fee

The Group auditor of Charles Vögele Holding AG is paid a fee totalling CHF 669 000 for carrying out the audit mandate in the business year 2008 plus CHF 204 000 for additional audit-related services. The audit contract is for one year, and the appointment of Charles Vögele Holding AG's auditor and Group auditor must be decided by the Annual Shareholders' Meeting.

8.3 Additional fees

The Group auditor is paid a fee of CHF 1 63 000 for tax consultancy services.

8.4 Supervisory and control instruments for the auditors

The external auditor carries out the statutory audit of Charles Vögele Holding AG and the Group's individual companies, and also audits the Group's consolidated accounts under IFRS. The external auditor does all this through an interdisciplinary team with international IFRS expertise and knowledge of the retail sector. Audit results for the individual companies and the Group are discussed twice a year with Group Management and the managements of the individual companies, as well as with the Audit Committee. A comprehensive report in accordance with art. 728b, para. 1 of the Swiss Code of Obligations for Charles Vögele Holding AG and for the Group is submitted to the Board of Directors. This contains the main points from the reports to the Audit Committee and Group Management. In addition, recommendations are made to the Shareholders' Meeting to adopt the annual financial statements and the Group financial statements.

In addition to the audit of annual and half-year accounts, the external auditor analyzes the strategic audit plan and examines internal processes. The results of these reviews are distributed in the form of a management letter to the Audit Committee and Group Management; the results are also discussed at a meeting with the Audit Committee. Where necessary, the external auditor may make recommendations or propose possible new audit requirements on the basis of these reviews.

Three meetings are held each year between the external auditor and the Audit Committee. The CEO and CFO also attend. According to the statutory provisions, the external audit company's lead auditor must be rotated every seven years. All of the work done by the external auditor is assessed and examined by the Audit Committee on an ongoing basis.

9 Information Policy

The Charles Vögele Group pursues a transparent and open communications policy and is committed to a policy of ad hoc publicity. Shareholders are regularly and continually kept informed by the following means:

- Annual Report and Accounts in German and English: these are published in accordance with statutory provisions no later than 20 days prior to the Annual Shareholders' Meeting, and are held at the company's registered offices.

- Half-Year Report and Accounts in German and English: these are usually published in August each year.
- Annual Report media and analysts' conference: this accompanies the presentation of the annual results, usually in March; there is also a conference on the interim results in August.
- Ad hoc media releases as necessary.
- The media releases are published on the Internet at www.charles-voegele.com under the "Media Lounge" link.

Detailed information on the company is always available to shareholders and other interested members of the public at our website: www.charles-voegele.com.

An overview of contact addresses and the relevant timetable for shareholder information can be found on page 71 of this Activity Report, as well as at our website: www.charles-voegele.com, under the Investor Relations or Contact links respectively.

10 Significant events since December 31, 2008

No significant events after December 31, 2008, occurred.