
CORPORATE
GOVERNANCE



REPORT

Good corporate governance is an important component of our corporate policy. Charles Vögele Group is committed to transparency and clearly defined responsibilities. It follows the Swiss Code of Best Practice for Corporate Governance, fulfilling all the statutory requirements as well as the applicable rules and standards of the SIX Swiss Exchange.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 Group structure

Charles Vögele Holding AG Freienbach, CH Share capital, CHF 30 800 000		
Charles Vögele Mode AG Freienbach, CH Share capital, CHF 20 000 000	Charles Vögele (Netherlands) B.V. Utrecht, NL Partnership capital, EUR 1 000 200	Charles Vögele Trading AG Freienbach, CH Share capital, CHF 10 000 000
Charles Vögele Deutschland GmbH Sigmaringen, D Partnership capital, EUR 15 340 000	Charles Vögele (Belgium) N.V. Turnhout, B Share capital, EUR 10 063 906	Charles Vögele Import GmbH Lehrte, D Partnership capital, EUR 25 000
Charles Vögele (Austria) AG Kalsdorf, A Share capital, EUR 1 453 457	Charles Voegele Polska Sp. z o.o. Warsaw, PL Partnership capital, PLN 4 000 000	Prodress AG Freienbach, CH Share capital, CHF 100 000
Charles Voegele trgovina s tekstilom d.o.o. Ljubljana, SI Share capital, EUR 667 668	Charles Vögele Hungária Kereskedelmi Kft., Budapest, HU Partnership capital, HUF 240 000 000	Cosmos Mode AG, Pfaeffikon Freienbach, CH Share capital, CHF 100 000
	Charles Voegele Ceská s.r.o. Prague, CZ Partnership capital, CZK 30 000 000	Charles Voegele Fashion (HK) Ltd. Hong Kong, HK Share capital, HKD 100 000

— Holding company
 — Sales organisation
 - - Service organisation
 As at 31 December 2009

Information on listing and stock market capitalisation as of 31 December 2009 can be found on page 26 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 group companies. Charles Vögele Trading AG is responsible for all group-wide services such as purchasing, IT, communications, accounts, financial control, legal services and risk management.

Charles Vögele Import GmbH is responsible for operational functions (storage logistics and quality control) at the distribution centre in Lehrte (D). Prodress AG is the internal advertising agency working exclusively for the Charles Vögele Group. Cosmos Mode AG owns the trademarks and administers the respective licenses. Charles Voegele Fashion (HK) Ltd. is the Charles Vögele Group's sourcing office in Asia. It coordinates the activities of the group's own sourcing offices in China, India and Bangladesh; it administers and monitors the local suppliers.

Segment reporting is on page 29, section 5 of the Financial Report, and the overview of all consolidated companies is on page 59 section 42 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 67 of the Financial Report.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 CAPITAL STRUCTURE

2.1 Share capital

As of 31 December 2009, the share capital of Charles Vögele Holding AG amounted to CHF 30 800 000 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 3.50 each.

As of 31 December 2009, the Charles Vögele Group held 434 907 of its own shares (as of 31 December 2008: 417 641 shares), which are earmarked to meet 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 67 section 8 of the Financial Report.

2.2 Authorised and conditional capital

Charles Vögele Holding AG's articles of association include a provision authorising the Board of Directors to increase the company's share capital by a maximum of CHF 924 000, excluding shareholders' subscription rights, through the issue of 264 000 shares with a par value of CHF 3.50 each. This authorisation lasts for an indefinite period of time. These shares are to be used exclusively for management share option plan participants (please also refer to note 35.1 “Management share option plan” in the notes to the consolidated financial statements on page 48 of the Financial Report).

2.3 Changes in capital

A condensed overview of changes to the company's capital during the financial years 2007–2009 can be found on page 9 of the Financial Report.

2.4 Shares and participation certificates

As of 31 December 2009, the share capital of Charles Vögele Holding AG amounted to 8 800 000 fully paid-up bearer shares (securities number: 693 777/ISIN code: CH000 693 777) with a par value of CHF 3.50 each. 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 receive dividends and to vote at the 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 35.1, page 48 of the Financial Report).



From left to right:
Prof. Dr. Peter Littmann
Alain Caparros
Hans Ziegler
Jan C. Berger



3 BOARD OF DIRECTORS

3.1 Members of the Board of Directors

Alain Caparros, 1956, French

Chairman since 1 April 2009,

term of office 2009-2010, first elected in 2007

Business economist. CEO of REWE Group since 2006. From 1991 Vice Chairman of Yves Rocher in Paris; from 1994 to 1999 Managing Director of Aldi France. 1999 CEO of ALDIS ASP in France and simultaneously Member of the Executive Board of BON APPETIT Group Switzerland from 2001. From 2003, CEO of the BON APPETIT Group Switzerland, which was subsequently taken over by REWE.

Hans Ziegler, 1952, Swiss

Vice Chairman since 1 April 2009,

term of office 2008-2010, first elected in 2008

Business economist. Independent management consultant since 1997 with international mandates in crisis management, restructurings and repositionings; Delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG. 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 Inter-discount). From 2000 to 2005 CFO and Member of the Board of Directors of the Pragmatica Group. In 2003 CEO of the Erb Group.

Jan C. Berger, 1946, Dutch

Term of office 2008-2010, first elected in 2008

Studied marketing and science and attended various management courses at Babson College, Harvard and Nyenrode Business School. Independent retail consultant since 2006, and member of the boards of directors of several retail, educational and cultural organisations. From 1996 to 2006, CEO of the leading Dutch department store De Bijenkorf; this 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 organisation that concentrates on the visual presentation of goods in the retail industry.

Prof. Dr. Peter Littmann, 1947, German

Term of office 2007-2010, first elected in 2006

Studied business administration and business engineering. 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 Nyenrode 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.

Changes to the Board of Directors during the year under review:

Bernd H. J. Bothe, Dr. Felix R. Ehrat, Daniel Sauter and Carlo Vögele did not make themselves available for re-election at the Annual Shareholders' Meeting on 1 April 2009, so the size of the Board was reduced to the four above-mentioned Board Members. Alain Caparros has been Chairman since 1 April 2009.

None of the Members of the Board of Directors, except for Bernd H. J. Bothe, worked in any executive functions within the Group during the year under review or in the previous three years. 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 the Additional fees and remuneration section of note 39 Related party transactions in the notes to the consolidated financial statements on page 54 and 55 of the Financial Report.

BOARD OF DIRECTORS

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 clothing retail business or other industries. The Members of the Board of Directors are not involved in any other substantial activities or interests.

Alain Caparros

No other Board positions in listed companies or clothing retail companies.

Hans Ziegler

Chairman of the Board of Directors of Swisslog Holding AG and of Schlatter Holding AG. Delegate of the Board of Directors and CEO of OC Oerlikon Corporation 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.

Prof. Dr. Peter Littmann

Member of the Board of Directors of Rodenstock GmbH, Rabenhorst KG, Schleich AG, Ruckstuhl AG and Marc'O Polo 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 holding official functions and political offices, none of which, however, are of material 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. Its members are elected singly by the Shareholders' Meeting for a term of office of one year, a "year in office" being defined as the period between two Annual Shareholders' Meetings. Reelection 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, neither of whom has to be a Member of the Board of Directors or a shareholder (details of initial appointment and term of office are included in section 3.1 Members of the Board of Directors on page 33).

3.4 Internal organisational structure

The Board of Directors passes resolutions on all matters affecting the company that the law, the articles of association or the organisational regulations do not assign to the responsibility of another corporate body. 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 organisational 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 authorised 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 organisational regulations, the Board of Directors meets as often as business requires, but at least four times in each financial year. Nine meetings, one of which was a two-day strategy meeting, and two telephone conferences were held during the year under review. Each meeting lasts for about a day. Members of Group Management are always present at the meetings; department heads and other employees or third parties attend as required.

The Board of Directors has had a permanent secretariat since 2004. In October 2009 the Board of Directors appointed the head of the newly created internal legal department as the Secretary to the Board. She takes the minutes of all full Board and committee meetings and advises the Board on legal issues, but she is not a Member of the Board.

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 full Board.

Board of Directors' committees

The Board of Directors of Charles Vögele Holding AG generally takes all of its decisions collectively. Since the Board was reduced to four members on 1 April 2009, the Members of the Board form the committees described below as a body. The committees' business is dealt with directly as part of the full Board meetings. The chairmen of each committee prepare the topics to be discussed in advance with Group Management and other internal specialists, present their recommendations to the Board of Directors as a whole for decision, and then are responsible for implementing these decisions and monitoring the resulting actions.

The committees are made up as follows and fulfil the following tasks stipulated in the organisational regulations:

– Audit Committee

Hans Ziegler (Chairman since 1 April 2009)

The Audit Committee helps the Board of Directors supervise the accounting and financial reporting systems, and monitor compliance with the law by the company and by the Group companies that it directly or indirectly controls. The committee 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 and department heads, are invited as required. In 2009 one half-day meeting and several work sessions were held.

BOARD OF DIRECTORS

- Nomination and Compensation Committee
Prof. Dr. Peter Littmann (Chairman since 1 April 2009)

The Nomination 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. It formulates management share option plans for the Board of Directors, Group Management and senior managers, 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 2009, there were no separate committee meetings. The topics dealt with by the Nomination and Compensation Committee were discussed at the full Board meetings.

- Strategy Committee
Jan C. Berger (Chairman since 1 April 2009)

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. During 2009, there were three half-day meetings and one two-day meeting with the whole Board.

3.5 Allocation of responsibilities to the Board of Directors and Group Management

The allocation of responsibilities to the Board of Directors and Group Management is defined in the organisational regulations of Charles Vögele Holding AG, which were completely revised as at 26 October 2009. The Board of Directors delegates the management and representation of the company entirely to Group Management under the leadership of the CEO, unless stipulated otherwise by the law, the articles of association or the organisational regulations.

In essence, the responsibilities and powers reserved for the Board of Directors by the internal organisational 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 organisation 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 Nomination 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 if they are outside normal business operations or exceed the thresholds shown in the Competence Regulations. This mainly refers to

the following types of business: changes in the company's strategic direction; entry into new markets, areas of activity or fundamentally important locations, and withdrawal from existing ones; medium-term planning, annual budgets and investment planning; purchase and sale of subsidiaries and divisions; property transactions; agreement, extension and alteration of long-term borrowings; acquisition of non-current assets and/or other capital spending outside the approved budget; agreeing, cancelling or amending contracts with major shareholders or related persons; selecting, appointing, setting salaries for, dismissing and making termination agreements with employees, and making agreements with employees that differ significantly from the internal guidelines; taking on long-term credit, loans (incl. mortgages) or issuing bonds; guarantee commitments, letters of comfort, security, indemnifications and assumptions of liability of any sort for other companies or other legal entities and natural persons (apart from group companies); granting credits or loans to third parties outside the group; conducting court actions, concluding settlements or waiving company claims.

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 for the individual sales organisations. The CEO informs the Chairman of the Board of Directors regularly in person about the current state of business and other key matters. At each Board meeting, Group Management informs the full 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 com-

pared 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 2 million must be approved by the Board of Directors on an individual basis before they are made definitively. Any two Members of the Board of Directors and Group Management have collective signature power.

Group Internal Audit reports to the CFO in organisational 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.

From left to right:
Markus Voegeli, CFO
André Maeder, CEO
Werner Lange, CPO



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 (CEO - from 18 August 2008 to 15 February 2009 Bernd H. J. Bothe; from 16 February 2009 André Maeder), the Chief Financial Officer (CFO - until 30 June 2009 Dr. Felix Thöni; from 1 October 2009 Markus Voegeli), as well as the Chief Operating Officer (COO - Dr. Dirk Seifert) and the Chief Purchasing Officer (CPO - Werner Lange). The CEO heads Group Management with authority to issue directives.

4.1 Members of Group Management

André Maeder

1959, Chief Executive Officer (CEO) since 16 February 2009, Swiss. Degree in retail business management. Member of the Group Executive Board of Hugo Boss from 2004 to 2009. Deputy CEO of S. Oliver Group 2002/2003; from 1995 to 2002, COO of Harrods. Worked for Charles Vögele from 1989 to 1995 in various functions including head of purchasing.

Markus Voegeli

1961, Chief Financial Officer (CFO) since 1 October 2009, Swiss. Degree in economics. Before working as a freelance financial consultant from 2004 to 2008, he was CFO of the listed Valora Group, and from 2000 until 2004 he was CFO and then CEO of the start-up company Mediservice AG. Prior to this he worked for various Swissair group companies for 13 years including CFO of Nuance Global Traders in Australia and Asia.

Dr. Dirk Seifert

1970, Chief Marketing & Sales Officer since 1 January 2008, Chief Operating Officer (COO) from 1 March 2009, German Doctorate in economics. From mid-2005 until the end of 2007 Managing Director of Quelle GmbH and before that Global Chief Operating Officer of Esprit.

Werner Lange

1959, Chief Purchasing Officer (CPO) since 1 July 2007, German. Degree in retail business management. From 2003 to 2007, purchasing manager at Adler Modemärkte GmbH. Previously manager for purchasing and distribution in the menswear department at Karstadt. From 2000 to 2002, manager of the children and young fashion department at Karstadt.

Changes in Group Management

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

- As Chairman of the Board of Directors, Bernd H. J. Bothe took over the post of CEO on 18 August 2008 ad interim until 15 February 2009.
- André Maeder has been responsible for operational management of the Group as CEO since 16 February 2009.
- Dr. Felix Thöni was CFO from 1 January 2003 until 30 June 2009.
- Markus Voegeli was appointed CFO on 1 October 2009.

4.2 Other activities and interests

The Members of Group Management do not conduct any major additional activities outside their areas of responsibility in corporations, institutions, or foundations organised 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, or hold official posts or political offices.

4.3 Management contracts

There are no management contracts.

5 COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 Remuneration and profit-sharing programmes: content and procedures

The Board of Directors' Nomination and 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.

Members of the Board of Directors have a right of co-determination 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 Nomination 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 incentivise members of these bodies as effectively as possible to secure long-term increases in consolidated after-tax profit.

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. For Members of the Board of Directors the variable portion comprises a fixed percentage of 0.1 % of the after-tax consolidated profit. The variable portion paid to the Members of Group Management is partly defined by a fixed percentage of the after-tax consolidated profit, partly by their own individually agreed targets. The fixed element is paid out to Members of the Board of Directors every quarter, and to Members of Group Management twelve times a year.

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 the timing of this option scheme, allocation criteria and individual parameters such as subscription ratios, underlying values, strike prices, maturities and blocking periods, please see note 35.1 Management share option plan in the notes to the consolidated financial statements on page 48 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 39 Related party transactions in the notes to the consolidated financial statements on page 53 of the financial section.

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

Further information is also available in the "Nomination and Compensation Committee" part of section 3.4 "Internal organisational structure" on page 36.

6 SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 Voting right 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 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 invited to the meeting by an invitation published in due time in the daily and financial media and the Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt).

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, so 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 since April 2003 PricewaterhouseCoopers AG (PwC). It was confirmed as auditor for one year at the Annual Shareholders' Meeting of 1 April 2009. Since 29 April 2003, the mandate to audit Charles Vögele Group and Charles Vögele Holding AG has been managed by Matthias von Moos, partner at PwC, Zug.

8.2 Audit fee

The auditor of Charles Vögele Holding AG is paid a fee totalling CHF 624 000 for carrying out the audit mandate in the business year 2009 plus CHF 105 550 for additional audit-related services. The audit contract is for one year, and the appointment of Charles Vögele Holding AG's auditor must be decided by the Annual Shareholders' Meeting.

8.3 Additional fees

The Group auditor is paid a fee totalling CHF 97 600 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 is prepared for Charles Vögele Holding AG and for the Group in accordance with art. 728b para. 1 of the Swiss Code of Obligations and 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 consolidated financial statements.

In addition to the audit of the annual accounts and the review of the half-year accounts, the external auditor analyses 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.

Each year, the Audit Committee assesses the performance, fees and independence of the auditor and suggests to the Board of Directors which external auditor should be proposed to the Annual Shareholders' Meeting for election. Each year the Audit Committee also assesses the scope of external auditing, the audit plans and the relevant processes and discusses the results of the audit with the external auditors.

There were three meetings between the external auditor and the Audit Committee during the year under review. The CEO attended some of the time and the CFO all of the time. According to the statutory provisions, the external audit company's lead auditor must be rotated at least every seven years.

9 INFORMATION POLICY

The Charles Vögele Group follows a transparent and open communications policy and is bound by the rules on ad hoc publicity. Shareholders are regularly and continually kept informed by the following means:

- Annual report in German and English: this is published in accordance with statutory provisions no later than 20 days prior to the Annual Shareholders' Meeting, and is 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 results media and analysts' conference: this accompanies the presentation of the results, usually in March; there is also a conference on the interim results in August.
- Ad hoc media releases as necessary.
- Publication of media releases on the internet at www.charles-voegele.com under the Media Releases link.

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

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

10 SIGNIFICANT EVENTS SINCE 31 DECEMBER 2009

No significant events occurred after 31 December 2009.

