

## CORPORATE GOVERNANCE

# CLEAR, BINDING AND TRANSPARENT

Good corporate governance is an important component of our company policy. Charles Vögele Group is committed to transparency and a clear definition of 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 As at 31 December 2012

#### HOLDING

##### Charles Vögele Holding AG

Freienbach SZ, CH, Share capital, CHF 26 400 000

#### SALES ORGANIZATION

##### Charles Vögele Mode AG

Freienbach SZ, CH  
Share capital, CHF 20 000 000

##### Charles Vögele Deutschland GmbH

Sigmaringen, DE  
Partnership capital, EUR 15 340 000

##### Charles Vögele (Austria) GmbH

Kalsdorf, AT  
Partnership capital, EUR 1 453 457

##### Charles Voegele trgovina s tekstilom d.o.o.

Ljubljana, SI  
Partnership capital, EUR 667 668

##### Charles Vögele (Belgium) N.V.

Erembodegem (Aalst), BE  
Share capital, EUR 10 063 906

##### Charles Vögele (Netherlands) B.V.

Utrecht, NL  
Partnership capital, EUR 1 000 200

##### Charles Voegele Polska Sp. z o.o.

Warschau, PL  
Partnership capital, PLN 4 000 000

##### Charles Vögele Hungária Kereskedelmi Kft.

Budapest, HU  
Partnership capital, HUF 240 000 000

##### Charles Voegele Česká s.r.o.

Prag, CZ  
Partnership capital, CZK 30 000 000

#### SERVICE ORGANIZATION

##### Charles Vögele Trading AG

Freienbach SZ, CH  
Share capital, CHF 10 000 000

##### Cosmos Mode AG, Pfäffikon

Freienbach SZ, CH  
Share capital, CHF 100 000

##### Charles Vögele Import GmbH

Lehrte, DE  
Partnership capital, EUR 25 000

##### Charles Voegele Fashion (HK) Ltd.

Hong Kong, HK  
Share capital, HKD 100 000

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, including purchasing, IT, marketing and communications, accounts, financial control, insurance, legal services, compliance and risk management.

Comos Mode AG, Pfäffikon, is the owner of all the Group's brands and domain names.

Charles Vögele Import GmbH handles operational functions associated with customs clearance and storage logistics.

Charles Vögele Fashion (HK) Ltd. is Charles Vögele Group's sourcing office in China. It coordinates the activities of the Group's own sourcing offices in China, India and Bangladesh.

### 1.2 Significant shareholders

Charles Vögele provides information about significant shareholders where disclosures are made during the year under review pursuant to art. 20 of the Federal Act on Stock Exchanges and Securities Trading. The duty to disclose shareholdings arises when people, entities or groups reach, exceed or fall below the thresholds of 3, 5, 10, 15, 20, 25, 33 $\frac{1}{3}$ , 50 or 66 $\frac{2}{3}$  percent of voting rights in Charles Vögele Holding AG. For disclosures made in 2012 see note 9 of the Financial Report.

There are no shareholder agreements.

### 1.3 Cross shareholdings

There are no cross shareholdings between Charles Vögele Holding AG and other joint stock corporations.

## 2 Capital Structure

### 2.1 Share capital

As at 31 December 2012, the share capital of Charles Vögele Holding AG amounted to CHF 26 400 000 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 3.00 each.

As at 31 December 2012, Charles Vögele Holding AG held 390 502 of its own shares (31 December 2011: 395 409), which are earmarked to meet the obligations of the existing management share option plan. For detailed information on purchases and sales of shares and on the relevant opening and closing totals see note 8 of the Financial Report.

### 2.2 Conditional capital

The Board of Directors is authorized to increase the company's share capital by a maximum of CHF 792 000, excluding shareholders' subscription rights, through the issue of 264 000 shares with a par value of CHF 3.00 each (conditional capital, art. 5 of the Articles of Association). These shares are to be used exclusively for people entitled to participate in the management share option plan (see note 34.1 of the Financial Report). The complete latest edition of Charles Vögele Holding AG's articles of association can be viewed on the Company's website at [www.charles-voegele.com](http://www.charles-voegele.com) at any time.

### 2.3 Changes in capital

See balance sheet and note 7 of notes to the financial statements of the Charles Vögele Holding AG.

### 2.4 Shares and participation certificates

As of 31 December 2012, the share capital of Charles Vögele Holding AG amounted to 8 800 000 fully paid-up bearer shares with a par value of CHF 3.00 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 Annual Shareholders' Meeting. There are no participation certificates.

### 2.5 Dividend-right certificates

There are no dividend-right 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 (see note 34.1 of the Financial Report).

### 3 Board of Directors

#### 3.1 Members of the Board of Directors

**Hans Ziegler**, 1952, Swiss

Chairman since 13 September 2011,  
Term of office 2008 – 2013, first elected 2008

Business economist. Since 1997 independent management consultant with international mandates in crisis management, restructurings and repositionings. From August 2009 to May 2010 Delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG. 2000 to 2005 CFO of the Pragmatica Group. In 2003 CEO of the Erb Group. 1991 to 1995 Head of group finance, IT and group development at the Globus Group, and 1988 to 1991 CFO and CIO at the Usego-Waro Group.

**Max E. Katz**, 1955, Swiss

Vice Chairman since 4 April 2012,  
Term of office 2012 – 2013, first elected 2012

Business graduate. Max E. Katz worked most recently as Chief Financial Officer and Member of Group Management at Kuoni Travel Holding Ltd. in Zurich from 1995 until the end of 2010. In 2008 he also served as CEO on an interim basis. He graduated from the University of Applied Sciences in Business Administration in Zurich. He started his career as a financial expert in 1981, working as Regional Controller for Jacobs Suchard AG in Zurich. From 1987 to 1991 he was Director of Finance & IT and a Member of the Executive Board of Effems AG (Mars Inc.) in Zug. From 1991 to 1995 he was Director of Finance & IT and a Member of the Executive Board of Hürlimann Holding AG in Zurich.

**Dr Ulla Ertelt**, 1954, German

Term of office 2012 – 2013, first elected 2012

Economics graduate. Since 1994, sole Managing Director of HML Modemarketing, a market research company in Germany that regularly collects data on the German fashion and lifestyle market. Ulla Ertelt studied economics at the Ludwig Maximilian University in Munich, the Justus-Liebig University in Giessen and the Sorbonne in Paris. She also completed her training as a fashion designer in Paris, working with Karl Lagerfeld at Chloé as part of the course. She has chaired the Deutsches Mode Institut (German Institute of Fashion)

since 2005. She has acted as consultant to clients in all sectors of the lifestyle, textiles and clothing industry and along the whole clothing supply chain.

**Prof. Dr Matthias Freise**, 1965, German

Term of office 2012 – 2013, first elected in 2012

Industrial engineering graduate, doctorate in economics and social sciences (Dr. rer. pol.). Professor of Fashion Procurement and Retail Buying at Reutlingen University, Germany, since 2011. Matthias Freise was Vice President Group Sourcing at Charles Vögele from 2009 to 2011. Before that he worked from 1991 to 2009 in various roles at Hugo Boss. His final position at Hugo Boss was Director Operations Leisure Wear. In this role he was responsible for all operations connected to leisurewear products, from technical product development and procurement to production and delivery to customers. He was heavily involved in many strategic initiatives designed to take the Company forward.

**Dirk Lessing**, 1963, German

Term of office 2012 – 2013, first elected 2012

Graduate in business administration. Since September 2012 Deputy Managing Director and Chief Marketing Officer of Kaiser+Kraft EUROPA GmbH of Stuttgart, market leader for office, workshop and warehouse equipment. Previously, from 2006 to 2012, he was Managing Director of SSI Schäfer Shop GmbH in Betzdorf/Sieg, Germany, one of Europe's leading distributors of office and business equipment. His main focus was the restructuring and strategic reorientation of the Schäfer Shop mail order group. From 2003 to 2006 he worked in France as Managing Director of Neckermann France S.A.S. where he was responsible for restructuring and repositioning the company. His career also included a period as Head of Corporate Planning at Neckermann Versand AG (1994 to 1998) and various senior management roles at Karstadt Quelle AG.

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

Alain Caparros, Jan C. Berger and Professor Peter Littmann did not stand for re-election at the 2012 Annual Shareholders' Meeting. Dr Ulla Ertelt, Prof. Dr Matthias Freise, Max E. Katz and Dirk Lessing were elected at the 2012 AGM.

**Board of Directors and Group Management**



F.l.t.r. Hans Ziegler (Chairman of the Board of Directors), Max E. Katz, Dr Ulla Ertelt, Prof. Dr Matthias Freise, Markus Voegeli (Chief Executive Officer, ad interim) and Dirk Lessing

None of the members of the Board of Directors, except for Hans Ziegler (helping Group Management assess strategic options) and Prof. Dr Matthias Freise (supporting Group Management on procurement matters), worked in any executive functions within the Group during the year under review or in the previous three years. Neither are there any material business links between any Board member and Charles Vögele Holding AG or Group companies.

### 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. The Company believes that the activities of the present members of the Board of Directors are basically only significant if they relate to work on management or supervisory bodies of listed Swiss or foreign companies, or unlisted and major Swiss or foreign retail companies or institutions. Otherwise, the members of the Board of Directors are not involved in any other substantial activities or interests.

#### Hans Ziegler

Chairman of the Board of Directors of Swisslog Holding AG since 2004; since 2008 member of the Board of Directors and from August 2009 to May 2010 Delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG.

#### Max E. Katz

Member of the Board of Directors of VP Bank, Vaduz/Liechtenstein, since April 2012. Chairman of the Swiss Travel Agents Association, Zurich, since November 2012.

### 3.3 Elections and terms of office

The Board of Directors of Charles Vögele Holding AG comprised four members up to the 2012 AGM, and five members thereafter. The members are elected singly 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, neither of whom has to be a member of the Board of Directors or a shareholder.

### 3.4 Internal organisation

The Board of Directors meets as often as is required by the Company's activities, but at least four times a year. Seven scheduled meetings, one of which was a two-day strategy meeting, and regular telephone conferences were held during 2012. All members of the Board attended all meetings with the exception of Alain Caparros (February meeting) and Dr Ulla Ertelt (August meeting/phoned in for part of the meeting). Depending on the agenda, the scheduled meetings lasted between four and nine hours. Members of Group Management and the Board secretary are always present at the Board meetings and telephone conferences; other employees or third parties are brought in as required.

#### 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. He ensures that efficient processes are in place for preparing meetings, consulting, passing resolutions and implementing resolutions. He is also responsible for convening, conducting and documenting Board meetings, and sets the agenda and sequence of the meetings. The Chairman, working with the Company's other management bodies, ensures that the Board of Directors has all the information it requires to take decisions about all matters relating to the Company and to perform its role as the ultimate supervisory body. He monitors implementation of the Board's resolutions and is in regular contact with 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 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 elects the Chairs of its standing committees from among its members. The members of the Board of Directors as a whole form the committees and their meetings are usually held within the regular meetings of the Board of Directors. Each committee Chair is responsible for preparing, documenting and conducting his committee meetings. He independently conducts work sessions as necessary, bringing in internal specialists or, with the Chairman's prior consent, external specialists. Committee Chairs have no independent decision making powers and must report to the Board as a whole.

### **Audit Committee**

Max E. Katz (Chair since April 2012)  
Hans Ziegler (Chair April 2009 – April 2012, since then member)

The Audit Committee helps the Board of Directors supervise the accounting and financial reporting systems, and monitor compliance with the law by Charles Vögele Holding AG and by the Group Companies that it directly or indirectly controls. The committee supervises internal and external auditing procedures, and monitors adherence to statutory rules and regulations. The Audit Committee monitors the content and formal correctness of external communications on all financial matters and receives a quarterly report about current legal disputes. Working meetings of the Chair of the Audit Committee, the CFO and the heads of Group Finance, Controlling, Legal, Compliance and Internal Audit are held at regular intervals with all present, as well as in the form of bilateral discussions about specific topics (e. g. Internal Audit). The auditors, other members of Group Management and other department heads are invited by the Chair of the Audit Committee as required. Four working meetings took place in 2012.

### **Nomination and Compensation Committee**

Hans Ziegler (Chair since April 2012)  
Prof. Dr. Peter Littmann (Chair April 2009 – April 2012)  
Dirk Lessing (member since April 2012)

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 other 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. No separate committee meetings were held in 2012. The subjects covered by the Nomination and Compensation Committee were discussed and decided on by the full Board.

### **Strategy Committee**

Jan C. Berger (Chair April 2009 – April 2013)

The Strategy Committee periodically reviews Charles Vögele Group's strategy and the implementation by Group Management of the Board of Directors' strategic guidelines. The Strategy Committee was disbanded in April 2012. Since then, strategic matters have once again been handled directly by the full Board.

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

The Board of Directors delegates the management and representation of the Company entirely to Group Management to the extent allowed by the law and the Articles of Association and excluding the tasks which art. 716a SCO reserves exclusively for the Board of Directors. Matters outside the normal course of business, and especially the following if they exceed the threshold sums (in brackets), must be submitted by Group Management to the Board of Directors for approval:

- changes in the Company's strategic direction, including changes to the Vögele Group's corporate identity;
- entry into or exit from major markets, areas of activity or locations;
- medium-term planning, annual budget, investment plan;
- founding, acquiring, encumbering, merging, selling, winding up and shutting down companies or parts of companies, and/or acquiring and selling stakes in companies (acquisition value >CHF 500 000);
- acquiring, mortgaging or selling land and similar property rights, as well as the associated compulsory transactions (outside budget: >CHF 1 million; within budget >CHF 2 million);
- acquisition of fixed assets and/or other capital expenditure (outside budget: >CHF 1 million; within budget >CHF 2 million);
- taking on, extending and amending long-term debt obligations (outside budget: >CHF 1 million a year; within budget >CHF 2 million a year);
- concluding, terminating or amending agreements with major shareholders (>10% shareholding), members of Group Management or the Board of Directors or their dependents, relatives or in-laws. Approval is also required for agreements with legal entities or other associations of individuals in which the above-mentioned people have shares or financial interests; selection, hiring, and dismissal of, as well as salary arrangements for and termination agreements with, employees (gross salary >CHF 500 000), and agreements with employees that deviate substantially from Vögele's Human Resources guidelines.

- taking on long-term credit facilities and loans (incl. mortgages) or issuing bonds (>CHF 10 million each);
- guarantees, letters of comfort, collateral, deeds of release and indemnities (>CHF 500 000 each) of any type for other companies or other legal entities and private individuals (apart from Group companies);
- granting credit facilities and loans to parties outside the Group (>CHF 500 000 each);
- conducting court cases, concluding settlements or waiving Company claims (disputed amount >CHF 1 million).

### 3.6 Information from and control over Group Management

The Board of Directors receives a detailed 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 organizations. 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 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 2 million must be approved by the Board of Directors on an individual basis before they are made definitively.

Group Internal Audit reports to the CFO in organizational terms, but has a direct functional link to the Audit Committee. Internal Audits reports are always discussed by the Chair of the Audit Committee and the Head of Internal Audit and then forwarded to the full Board of Directors for information and any decisions required. Group Management and the Internal Auditors periodically submit a report to the Audit Committee about the implementation of measures decided.

Internal Audit's tasks continue to include branch audits, control functions relating to stocktaking and training for new branch heads. In addition, it is also responsible for Charles Vögele Group's process controlling.

Group Management and the Management team periodically draw up a risk portfolio showing the top 30 risks faced by the Company. The identified top risks are grouped into the following categories: "strategic", "financial", "operational" and "compliance" and ranked on one hand according to their financial impact on EBITDA (small: < CHF 10 million, medium: CHF 10–20 million, high: >CHF 20 million) and on the other hand on the likelihood of actually occurring (small: < 10%, medium: 10%–40%, large: > 40%). This document 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 by the Board.

## 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 Frank Beeck (Chief Executive Officer from September 2011 to September 2012) and Markus Voegeli (Chief Financial Officer and since 1 October 2012 interim Chief Executive Officer).

### 4.1 Members of Group Management

#### Markus Voegeli

1961, since 1 October 2009 Chief Financial Officer (CFO), Swiss, degree in economics. Before becoming a freelance financial consultant, from 2004 to 2008 he was CFO of listed company 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 a stint as CFO of Nuance Global Traders in Australia and Asia.

#### Changes in Group Management

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

- Since 1 October 2012 Markus Voegeli has taken on the role of interim Chief Executive Officer in addition to his existing role as Chief Financial Officer (CFO).
- Frank Beeck was Chief Executive Officer of Charles Vögele Group from 12 September 2011 to 27 September 2012.

### 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 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, or hold official posts or political offices.

### 4.3 Management contracts

There are no management contracts.



## 5 Management Organizational Structure

CEO			
LEGAL & COMPLIANCE*	COMMUNICATIONS	MARKETING	HUMAN RESOURCES
CPO**	CSO**	CFO	
Product Management DOB/Acc.	Sales	Finance	
Product Management HOB/KIKO	CH	Controlling	
Sourcing	D	Indirect Procurement	
Merchandise Planning	CEE	Information & Communication Technology	
	Benelux	Business Information Center	
		Internal Auditing*	
		Supply Chain Management	

\* Reports additionally to the Board of Directors  
 \*\* since 1 October 2012 managed by the CEO ad interim/CFO  
 ■ staff functions  
 ■ line functions

## 6 Compensation, Shareholdings and Loans

### 6.1 Basic principles

The principles of Charles Vögele's salary policy are defined by the Board of Directors as a whole on the basis of preparations by the Nomination and Compensation Committee. These principles are periodically assessed against international benchmarks. Compensation is based on function, individual performance, training and experience, as well as on the Company's position and the competitive situation on the relevant local labour markets and in specific areas of expertise. Charles Vögele pays competitive industry-benchmarked remuneration in order to attract skilled and motivated employees and retain them for the long term. For management and sales functions, variable elements of compensation tied to personal targets are designed to help the company reach its strategic and financial objectives and to serve as a management tool during implementation of the reorganization. For management functions, two Company growth targets (consolidated gross profit and EBIT) are set within the parameters of a standardized group-wide process, and a personal target is defined between employee and line manager.

At the end of the measurement period, the resulting bonus is calculated on the basis of the past year's results (with 33.3% allocated for each target) and paid out after approval by the Annual Shareholders' Meeting.

The share option plan in place for the Board of Directors, Group Management and Management Team since 2002 provides these senior figures with a direct financial interest in the medium-term performance of Charles Vögele shares and links the interests of managers with those of shareholders. For further details of the options plan's timetable, allocation criteria and individual parameters, please see note 34.1 Management Share Options Plan in the notes to the Group Financial Statements in the Financial Report.

No specialized legal and tax consultants were brought in during the year under review to review the salary policy or the existing remuneration programme.

### 6.2 Decision-making powers

The Board of Directors defines the basic compensation of its members and of Group Management, as well as the variable performance-related component for Group

Management, at its discretion and in accordance with the principles set out under 6.1 above. Payment of variable remuneration to the Group Management is in cash following approval of the annual financial statements by the Annual Shareholders' Meeting. The allocation of options to the Board of Directors, Group Management and the Management Team is decided once a year by the Board of Directors at its discretion.

### **6.3 Compensation for the Board of Directors**

The members of the Board of Directors are paid a basic annual amount in cash, plus their expenses (lump-sum for the Swiss-based members, reimbursement of actual expenses for the foreign-based members), as well as an allocation of options as part of the existing share option scheme.

A member of the Board may, if the Board as a whole approves, perform additional services for the Company which are compensated at a rate of EUR 3 000/ CHF 3 500 per day. Such additional services were performed during the year under review by Dr Ulla Ertelt and Prof. Dr Matthias Freise (for details of compensation paid to Members of the Board of Directors, see note 38 of the Financial Report, Consolidated Financial Statements).

### **6.4 Compensation for Group Management**

In line with Charles Vögele Group's salary policy, remuneration for members of Group Management consists of a fixed basic salary with a guaranteed bonus, and a variable performance-related portion, as well as benefits in kind and additional benefits (in particular, a Company car). Options are allocated according to the established rules. For details of compensation paid to members of Group Management, see note 38 of the Financial Report, consolidated financial statements. The Chair of the Nomination and Remuneration Committee regularly reviews the remuneration paid to Group Management and recommends adjustments as required to the Board of Directors. The CEO can make requests with regard to the remuneration paid to other members of Group Management. The amount of fixed remuneration that the Board of Directors defines at its discretion for members of Group Management is based on the market value of the position, on the responsibilities and actual scope of activity attached to the function, and on individual performance. The variable component is based on the corporate goals defined each year by the Board of Directors, which serve as reference points for all managers.

### **6.5 Changes in control and defensive measures**

There are no provisions, either in the Articles of Association or in other agreements or plans, concerning any change of control or defence mechanisms to prevent one. In the interests of good corporate governance, employment contracts with members of Group Management do not include unusually long notice periods or termination payments.

### **6.6 Compensation to former members of the Board of Directors or Group Management**

The member of Group Management who left the Company during the year under review received the contractually agreed salary payment, but no severance payment, additional services or benefits. The departing members of the Board of Directors did not receive any severance payments, additional services or benefits.

### **6.7 Loans and credit facilities**

During the year under review, the Company did not grant any collateral, loans, advances or credit facilities to former or current members of the Board of Directors or Group Management, or to related persons.

## 7 Shareholders' Participation Rights

### 7.1 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.

### 7.2 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.

### 7.3 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).

### 7.4 Inclusion of items on the agenda

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.

### 7.5 Entry in the share register

The share capital of Charles Vögele Holding AG consists exclusively of bearer shares, so there is no share register.

## 8 Auditors

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

The auditor for the Charles Vögele Group and Charles Vögele Holding AG has been PricewaterhouseCoopers AG (PwC) since April 2003. It was confirmed as auditor for another year at the Annual Shareholders' Meeting of 4 April 2012. Since 14 April 2010, the audit mandate has been managed by Sandra Böhm, partner at PwC, Zurich.

### 8.2 Auditing fees

The auditor of Charles Vögele Holding AG is paid a fee of CHF 0.6 million (same as in previous year) for the audit and audit-related services. The audit contract is for one year, and Charles Vögele Holding AG's auditor must be chosen by the Annual Shareholders' Meeting.

### 8.3 Additional fees

The Charles Vögele Group's auditor also billed a total of CHF 0.4 million (2011: CHF 0.1 million) for additional 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 individual companies, and also audits Charles Vögele 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 Chair of 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 full Board of Directors. This contains the main points from the audit reports. 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 financial statements the external auditor analyzes the strategic audit plan and examines internal processes. Points arising from these reviews are distributed in the form of a management letter to Group Management and the Chair of the Audit Committee and discussed in a meeting. Where necessary, the external auditor may make recommendations or propose possible new audit requirements on the basis of these reviews. Each year, the Chair of the Audit Committee assesses the performance, fees and independence of the auditor and suggests to the full Board of Directors which external auditor should be proposed to the Annual Shareholders' Meeting for election. Each year the Chair of 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.

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 in German and English. This is usually published in August each year.
- Media and analysts' conference to present the annual results, usually in March; there is also a conference on the interim results, normally in August.
- Ad-hoc media releases as necessary.
- Publication of detailed information about the Company are found on the corporate homepage under the section investor relations:  
<http://ch.charles-voegele.ch/en/investor-relations/publications/CharlesVoegele.Press/year/2012>
- Subscription service for interested parties is found on the corporate homepage under the section media:  
<http://ch.charles-voegele.ch/en/media/news/subscriptions>

An overview of contact addresses and the relevant dates for shareholder information can be found on the last page of the Financial Report.

## 10 Significant Events since 31 December 2012

For significant events after 31 December 2012 see note 40 of the Financial Report.

# Alexandra Dürler

Sales



Alexandra Dürler, Store manager

“Ideally, I like to be at the front of the store with the customers. That’s the biggest challenge and therefore the most exciting. So that customers want to shop with us in the first place, everything has to be perfectly organized and staged – **like with this windproof jacket.**”



Windproof jacket



# Bringing out the best.

Alexandra Dürler knows all about Charles Vögele, as she completed her apprenticeship here. Today she is a Store manager, and her everyday work involves finding a balance between meeting targets, staff requirements and ideas and the needs of customers. Thanks to the exchange with visuals and sales managers, Alexandra Dürler can work with her team proactively.



Hands out, across the torso of the jacket, then back. Alexandra Dürler is happy. The new boy's jacket has arrived. Evelyne Hengartner stands next to her. The long-standing customer consultant knows every process like the back of her hand. Both women take a last glance at the manual. It demonstrates how the dummy should look. "That's it", Dürler says. Evelyne Hengartner agrees: "Yes, white t-shirt, lime-green shirt, and the blue jacket over the top. Nice." While Hengartner studies the details of the piece, Dürler looks around her store once more. Shortly afterwards Agnes Weiske walks in. She is the Regional visual merchandiser and is responsible for stores displaying their products according to set guidelines. "This out-



Agnes Weiske  
Regional visual merchandiser



Ivan Ongaro  
Regional sales manager

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**"If a colleague has an idea for a better product placement, I'm happy to try it out. We have a lot of freedom."**

Alexandra Dürler, Store manager



Evelyne Hengartner  
Customer consultant

**“Luckily, we have a lot of opportunities to make creative contributions. That’s something that is encouraged, which is why we have a lot of discussions and try out new solutions – only after consulting with management, of course. But they are also happy to receive good ideas.”**

sider’s view is very important for the store manager”, Weiske explains. “Sometimes, we lose the important details in the big picture.”

Along with her visual and aesthetic awareness, Weiske provides the expertise needed to dress every piece in the best possible way. And, to do this, she relies on the feedback from stores: “The store manager knows his or her customers best.” Dürler says: “This is exactly why, every time we have a store check, I explain to Agnes Weiske why I have chosen the presentation of a particular product.” The hard facts are the responsibility of Ivan Ongaro. Regional sales managers monitor the stores allocated to them – along with the store managers. Ongaro: “It always comes down to teamwork. We are just as reliant on them as they are on us. We can only continually improve if we work together.” Dürler and Ongaro then go through the store together and examine everything in detail.



It’s an inspiring exchange between professionals. Later, they analyze the sales and turnover figures. “It’s intensive collaboration”, Dürler says, “but I enjoy it because I can get involved.”



**“Even when we regional sales managers have to implement company guidelines, we remain receptive to local situations. Through close collaboration with store managers, we have the opportunity to dress every store in the best possible way. And that will lead to success.”**

Ivan Ongaro, Regional sales manager



