
Compliance Plan for AFG Arbonia-Forster-Holding AG

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1. Introduction

Good corporate governance is very important to AFG Arbonia-Forster-Holding AG (hereinafter referred to as "AFG"). Compliance, i.e. responsible and transparent governance with integrity, is a part of good corporate governance. AFG is therefore committed to keeping its business conduct within the bounds of laws, international standards and internal rules of conduct, in particular the Code of Conduct. AFG requires such conduct from its employees. The risk of non-compliant conduct and the associated compliance risks can be reduced or prevented via an effective, efficient compliance system. This compliance plan (hereinafter referred to as the "AFG Compliance Plan") was drawn up to serve this purpose, and to help ensure that the conduct of the employees of AFG is morally, ethically and legally impeccable.

2. Responsibilities and duties

2.1 Board of Directors

In accordance with its function as the highest governing and supervisory body, the non-transferable and inalienable duties of the Board of Directors within the meaning of Art. 716a para. 1 no. 5 Swiss Code of Obligations (OR) include ensuring compliance of the company with laws, international standards and internal rules of conduct. For this purpose, the Board of Directors issues the Code of Conduct, which lays out the principles of conduct with integrity and in compliance with the law and serves as a moral point of reference for AFG. The Board of Directors is likewise puts in place a whistleblower directive which contributes to raising the likelihood of discovering prohibited conduct.

For performing its top-level supervision, the Board of Directors shall take into account the compliance report drawn up by the Head of Legal & Compliance annually (hereinafter referred to as the "Compliance Report"). This report provides information about the number, type and effectiveness of training sessions, communication activities and quizzes (Section 3.2) conducted during the reporting year, shows measures planned for the coming year and contains a general estimate of the compliance risk. In addition, the Compliance Report provides information about the whistleblower messages received during the reporting year and how they were handled as well as about any measures ordered to prevent additional similar cases. An appendix to be written by the Head of Internal Audit is then a part of the Compliance Report, which contains the results of the audits (Section 3.3) and an estimate of the degree of compliance with laws and international standards, the Code of Conduct and the directives. Any recommendations of the Head of Internal Audit with regard to measures to be taken are also included in the subject matter of this appendix. Serious compliance breaches and the potential associated reputational risks shall be notified to the Board of Directors immediately by the Chairman of the Audit Committee, the CEO and the Head of Internal Audit.

By adopting the three-pronged AFG Compliance Plan (Section 3), the Board of Directors lays out the essentials of AFG's compliance organization. The implementation of the AFG Compliance Plan as well as the associated issuance of additional directives (hereinafter referred to as the "Directives") is delegated by the Board of Directors to the CEO. Directives issued or amended by the CEO shall be brought to the attention of the Board of Directors. The Board of Directors shall have sole decision-making power with regard to issuing and amending the Code of Conduct and the Whistleblower Directive.

2.2 Audit Committee

The Head of Legal & Compliance writes the annual Compliance Report for the Audit Committee (Section 2.1). The Audit Committee checks whether the measures taken or planned for preventing compliance risks are appropriate and effective and analyses the risk estimate. It then takes into account in the appendix the audit results ascertained by the Head of Internal Audit and their estimate with regard to the degree of compliance with

laws and international standards, the Code of Conduct and the Directives (Section 3.3). The Audit Committee may order additional measures to ensure compliance. The Audit Committee approves the Compliance Report and brings it to the attention of the Board of Directors. In the event of serious compliance breaches, the Chairman of the Audit Committee shall be informed immediately by the CEO, the Head of Legal & Compliance and the Head of Internal Audit.

2.3 Chief Executive Officer of Group Management (CEO)

The CEO is responsible for overseeing timely, efficient and adequate implementation of the AFG Compliance Plan and issuing directives, provided that this does not fall under the area of responsibility of the Board of Directors (Section 2.1).

The CEO regularly discusses compliance risks, the implementation status of planned measures and their effectiveness and appropriateness with the Head of Legal & Compliance. Where necessary, the CEO orders that additional measures be taken. The CEO informs the Board of Directors, the Chairman of the Audit Committee, the CFO and the Head of Internal Audit immediately of serious compliance breaches and the potential associated compliance risks.

2.4 Group Management

Group Management is committed to compliance with laws, international standards and internal rules of conduct. In particular, Group Management recognizes that setting an exemplary example of the Code of Conduct is a fundamental condition for compliance-oriented management with integrity. Group Management supports the BU heads and managing directors in implementing the AFG Compliance Plan. Group Management is entitled to express its opinion with regard to the directives issued by the CEO.

2.5 Divisional managers

The divisional managers support the BU heads and managing directors in implementing the AFG Compliance Plan.

2.6 BU heads/managing directors/Head of International Markets & Sales

The BU heads, managing directors and the Head of International Markets & Sales (for the hubs) are responsible for training and compliance with the Code of Conduct and the Directives in their respective business units (Section 3.2.1). Training may be conducted within the scope of the meetings, time-outs etc. regularly held in the individual BUs/companies/hubs. The members of the management of BUs and group companies as well as the Head of International Markets & Sales will receive extensive training by the Head of Legal & Compliance and corresponding training material for further reproduction and use will be provided to them. The members of the aforementioned bodies shall ensure that an exemplary example of the Code of Conduct is set on the level of the management of BUs, companies and hubs and that it, along with the Directives, is complied with in their respective business units.

The BU heads, managing directors and the Head of International Markets & Sales may appoint a compliance officer for their unit which is on at least management level 3. In the event that such a compliance officer has been notified to the Head of Legal & Compliance, he/she must participate in the training sessions organized by the Head of Legal & Compliance and pass on the knowledge accordingly.

2.7 Head of Legal & Compliance

The Head of Legal & Compliance is responsible for timely, efficient and adequate implementation of the AFG Compliance Plan as well as all compliance measures derived from it. He/she prepares new directives/amendments to directives for the CEO and issues recommendations for potential additional measures to be ordered. Translating directives and uploading the compliance rules in the compliance manual on the Intranet

likewise fall under the area of responsibility of the Head of Legal & Compliance. He/she also ensures that the rules contained in the compliance manual always correspond to the latest legislation, case law and international standards.

Furthermore, the Head of Legal & Compliance is responsible for the employees of the management of BUs and group companies as well as the employees of AFG Management AG being familiar with and understanding the Code of Conduct and the Directives. The Head of Legal & Compliance conducts regular training sessions and quizzes for this purpose and provides corresponding training material for further reproduction and use to the members of the aforementioned bodies and the Head of International Markets & Sales.

The Head of Legal & Compliance prepares the Compliance Report annually for the Audit Committee (Section 2.1). In the event of extraordinary events, in particular serious compliance breaches and imminent reputational risks, the Head of Legal & Compliance informs the Chairman of the Audit Committee, the CEO, the CFO and the Head of Internal Audit immediately. Otherwise, the Head of Legal & Compliance is always available to answer compliance questions from employees.

The Head of Legal & Compliance is free to bring in lawyers from the legal team to fulfil his/her duties.

2.8 Head of Internal Audit

The Head of Internal Audit is responsible for checking for compliance with laws and international standards, the Code of Conduct and the Directives (Section 3.3). The audit is performed using the Internal Control System (ICS) as a basis. The Head of Internal Audit reports once a year to the Audit Committee in the appendix to the Compliance Report (Section 2.1) on the audit results and quantifies the degree of compliance with laws and international standards, the Code of Conduct and the Directives. Where applicable, the Head of Internal Audit issues recommendations for measures to be taken. In the event of serious compliance breaches or imminent reputational risks, the Head of Internal Audit informs the Board of Directors, the Chairman of the Audit Committee, the CEO, the CFO and the Head of Legal & Compliance immediately.

3. The three prongs of the AFG Compliance Plan

The AFG Compliance Plan is based on three prongs: 1) Compliance Manual, 2) Training, Communication and Quizzing, and 3) Auditing. Only when these three prongs work together flawlessly can the best possible compliance with laws and international standards, the Code of Conduct and the Directives on the part of AFG employees on all levels be ensured.

3.1 1st Prong: Compliance Manual

The Code of Conduct and the Directives will be saved centrally on the AFG Intranet and can be accessed at any time. The entire set of compliance rules saved on the Intranet will be designated as the "Compliance Manual".

The Code of Conduct forms the basis for the Compliance Manual, which is given the status of a constitution within AFG, i.e. all business activities must be based on the Code of Conduct. The Code of Conduct is supplemented by directives which specify the details of the rules of conduct. The Compliance Manual is complemented with practical examples and additional links.

The Compliance Manual is always available in at least German and English.

3.2 2nd Prong: Training, Communication and Quizzing

3.2.1 Training

Flawless functioning of the compliance system requires that AFG employees are familiar with the Code of Conduct and the Directives and are able to apply the rules on a daily basis. This requires compliance training sessions to be held regularly.

The Head of Legal & Compliance trains the employees of the management of the BUs, the members of management of group companies and the Head of International Markets & Sales. The content of this training is the Code of Conduct and the Directives. This training takes place regularly, including at AFG executive events, in particular at the annual management meeting. In addition, training sessions may also be web-based by, for example, having the compliance quiz" (Section 3.2.3) contain a theory section.

It is then the up to the BU heads, managing directors and the Head of International Markets & Sales to train their employees. The training takes place along the management levels, i.e. a superior trains his/her direct subordinates. The BU heads, managing directors and the Head of International Markets & Sales are entitled to delegate their own training duties to one or more compliance officer(s) which are at least management level 3. In the event that such compliance officers have been appointed, they shall also participate in the training sessions organized by the Head of Legal & Compliance and shall pass on their knowledge.

The Head of Legal & Compliance then trains the employees of AFG Management AG. Orientation training sessions take place twice a year for new employees.

In addition, the Head of Legal & Compliance holds advanced, subject-specific training sessions at the individual M&P meetings. The M&P participants are in turn obliged to train their teams.

The training material will be provided to the BU heads, managing directors and the Head of International Markets & Sales for reproduction and use at least in German and English. The training sessions shall take place for all employees that have Internet access. Employees without Internet access will receive a compliance booklet (Section 3.2.2) containing the Code of Conduct and a summary of the most important directives.

3.2.2 Communication

In addition to the training sessions, the employees will be regularly informed on the topic of compliance via various communication activities.

As needed, or as prompted by recent events, the members of Group Management, the BU heads, the managing directors and the Head of Corporate Functions will be informed of newly issued directives, current press reports with a compliance background, findings on special situations of fact etc.

Space will be reserved for the topic of compliance in each AFG Together issue (2x per year),

A compliance booklet will be compiled containing the Code of Conduct, the Whistleblower Directive with the contact data of the internal and external reporting offices as well as a summary of the most important directives. The compliance booklet will be given at least to all employees without Internet access, and it will be made available in the national language at the location of the head office of the respective AFG group company.

3.2.3 Quizzing

The level of knowledge of the employees (with Internet access) about matters of fact relevant to compliance as well as the degree of target achievement of the training sessions held shall be ascertained on a regular basis. What has been learned from that will be incorporated in the Compliance Report to be prepared by the Head of

Legal & Compliance annually (Section 2.1). The quiz will take place in the form of an electronic compliance quiz containing various randomly selected multiple-choice questions about the Code of Conduct and the Directives in the form of practically relevant cases.

3.3 3rd Prong: Auditing

Regular audits are required to be able to determine whether the compliance rules are actually being practised within the scope of business activities. The results of these audits enable risks to be discovered and additional measures to be ordered in due time. The audit is performed by the Head of Internal Audit on the basis of the internal control system (hereinafter referred to as "ICS") (Section 2.8). The key controls of the ICS are defined in such a way that the relevant compliance aspects correspond to the area of responsibility and the activity serving as the basis for the respective position.

Using the ICS, a confirmation cycle of all defined key controls is carried out each year at all AFG group companies, which requests information from the people in the positions with compliance duties to fulfil within the scope of Directives (e.g. holding training sessions, approving gifts etc.) with regard to the activities in their area of responsibility and participation in the defined key control. The Head of Internal Audit is entitled to pursue further clarification at any time.

At least once every three years, the Head of Internal Audit performs an extensive on-site audit at each group company which exceeds a defined materiality. Within the scope of these audits, the Head of Internal Audit seeks confirmation that the compliance duties imposed have been fulfilled via the submission of corresponding documentation.

The Head of Internal Audit informs the Audit Committee once year of the results of the audit and issues recommendations for additional measures to be taken (Section 2.8). In the event of serious compliance breaches or imminent reputational risks, the Head of Internal Audit informs the Board of Directors, the Chairman of the Audit Committee, the CEO, the CFO and the Head of Legal & Compliance immediately.

4. Effective date

The AFG Compliance Plan shall enter into force with immediate effect and shall be implemented immediately.

Arbon, 22 May 2013

AFG Arbonia-Forster-Holding AG

Chairman of the Board of Directors

Rudolf Graf

Secretary of the Board of Directors

Andrea Wickart