
Sponsoring directive

1st May 2016

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1. Purpose

The purpose of this directive is to provide information about the Sponsoring rules from a Compliance point of view to AFG employees and to show how Sponsoring is different to other kinds of monetary rewards. The attached checklist is part of the Sponsoring directive.

For the sake of clarity, only the masculine form has been used in certain cases in the text below. This of course also implies the feminine form.

2. Scope of application

The Sponsoring directive shall apply to all employees of AFG Arbonia-Forster-Holding AG group companies (hereinafter "AFG"). This directive also applies to the AFG Arbonia-Forster-Holding AG members of the Board of Directors with regard to paragraph 6 lit. f).

3. Code of conduct

This directive is based on the AFG Code of Conduct and the associated Group directives (in particular, "Gift directive" and "Kick-back payments directive") and selectively supplement these documents in the area of Sponsoring.

4. Definitions

4.1 General information

In everyday business, various types of payments or contributions occur, which AFG provides its business partners, service providers, customers etc. The most important terms are defined below for correctly assigning the different types of payments and donations. It is the respective business leaders' responsibility to take into account the distinctions in the approval process.

4.2 Sponsoring

Sponsoring means the planning, organisation, implementation and control of all activities associated with providing money, material resources, services or know-how by AFG for promoting people and / or organisations in the fields of sport, culture, social affairs, environment and media to achieve corporate communication targets (e.g. publicity promotion and / or image improvement). AFG can affix its logo and products to posters, websites, banners, player-jerseys, pitch bordering etc. or let its sponsorship activities be mentioned as part of sound and image media in return for the sponsoring. The mentioned activity is sponsorship if it meets these requirements, regardless of how the contractual relationship between AFG and the athlete, club, organiser etc. is called.¹

4.3 Advertisement

Advertising is the specific mentioning of a company, a brand or a product in a document, on a sound and / or image media, without a visible connection between AFG and the advertising agency outside the advertising contract or the company carrying out the advertising order. Adverts in specialist literature and newspapers, prospectuses, sales events² with specialist partners, suppliers, distributors and agents as well as participation in trade fairs are characterised as advertising. The conclusion of advertising contracts is subject to the usual provisions on procurement of services.

¹ For example, all "promotional activities" related to athletes or sports events are to be regarded as sponsorship.

² Subject to the applicable regulations for invitations according to the Gift directive.

4.4 Kick-back Payments

Kick-back payments are reimbursements from AFG to their customers based on the achievement of certain previously agreed revenue targets. A revenue-generating business always precedes a kick-back payment. Such refunds are subject to the Kick-Back payments directive.

4.5 Gifts and donations

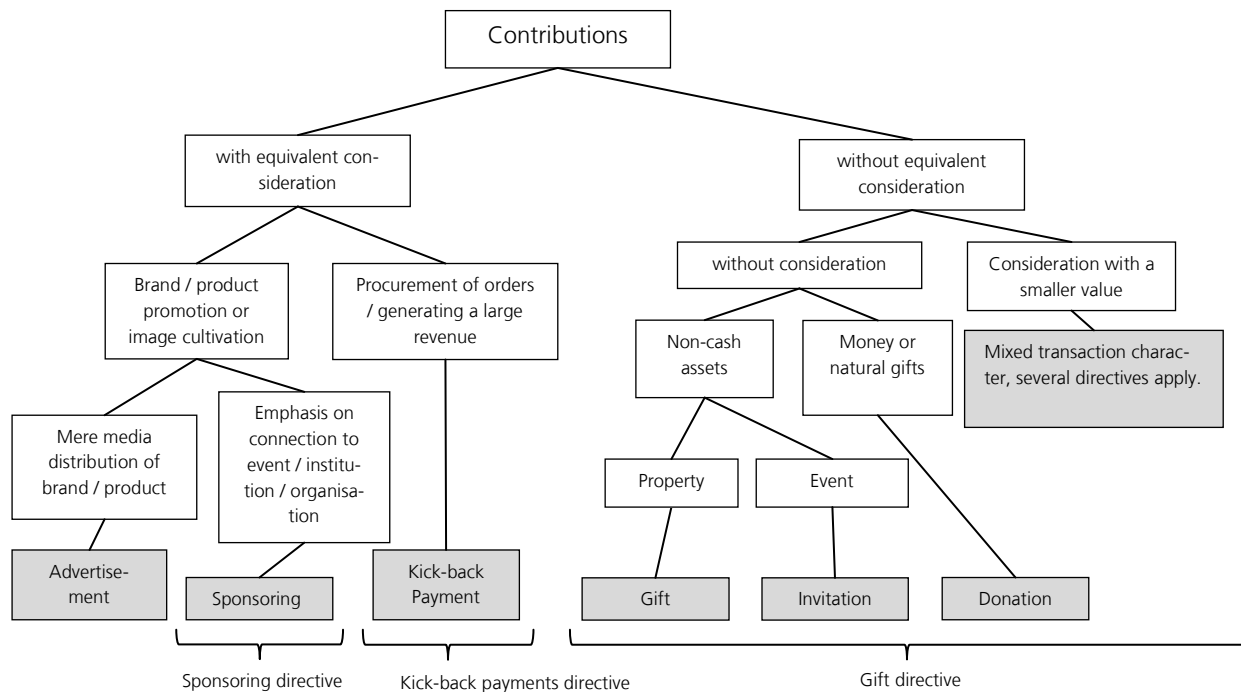
Gifts are voluntary material asset contributions or other benefits without consideration. A transaction is regarded as a mixed gift if a possible consideration is disproportionate to the contribution. Gifts are subject to the Gift directive.

Donations are important measures in assuming responsibility as part of society that go beyond corporate areas, and at the same time, focusing increasing attention on one's own company. Donations are cash payments or natural contributions without expected contribution to a natural or legal person. Donations are to be treated analogously to the Gift directive.

4.6 Invitations

Invitations are the assumption of costs for food, accommodation, transport and event visit. Invitations are subject to the Gift directive.

4.7 Differentiation



5. Sponsoring regulations

- a) When sponsoring, no unlawful or otherwise dubious objectives may be pursued.
- b) Consideration must be proportionate to the service rendered.
- c) Sponsoring may not be connected to an order placed with or promised to AFG. Any sponsoring enquiries from customers or third parties, which represent the interests of AFG clients, should be rejected. This also applies to sponsorship requests from persons who are close to the aforementioned persons.
- d) Sponsoring must always be transparent and documented in writing. The attached checklist is to be completed, to be signed and to be archived for every sponsoring transaction.
- e) Payments may not be made to private accounts and cash payments are prohibited.
- f) Sponsoring may cause no dependency for the sponsoring recipient.
- g) Officials or persons with public functions or persons close to them are not permitted to receive sponsoring amounts; this also applies to political events or purposes. In exceptional cases, the Group Management may approve such sponsorship [see paragraph 6 lit. e)].

6. Authorisation procedures^{3,4}

- a) Sponsoring up to CHF 1,000 or EUR 1,000 may be granted by the Managing Director / Head of BU.
- b) Sponsoring between CHF 1,000 and CHF 5,000 or between EUR 1,000 and EUR 5,000 is to be approved by the division head.
- c) Sponsoring by AFG Services AG and AFG Management AG is granted by the CEO for up to CHF 5,000 or EUR 5,000.
- d) Sponsoring from CHF 5,000 or EUR 5,000 is to be approved by Group Management.
- e) In exceptional cases, the Group Management can grant sponsoring for a public official, a person with public functions or persons close to them, as well as for political events or purposes.
- f) Sponsoring requests from AFG Arbonia-Foster-Holding AG members of the Board of Directors are to be approved by the full Board of Directors. The Chairman of the Board of Directors and the Company Secretary are to be informed about such sponsoring requests.

³ In the case of perennial sponsorship engagements, the maximum amounts mentioned in paragraph 6 lit. a) - d) refer to the sponsorship engagement per calendar year. Example: the division head is responsible for granting, if the sponsorship request to be granted refers to a three-year engagement amounting to a total of CHF 9'000.

⁴ The CHF amounts mentioned in paragraph 6 lit. a) - d) are basis for the equivalent calculation in other currencies. No conversion is performed for the EUR.

7. Control

Internal audit shall check compliance with the provisions of this directive.

8. Information

Information in connection with this directive shall be obtained from the Head of Legal & Compliance.

9. Effective date

This directive comes into force as of 1st May 2016.

Arbon, 29th April 2016

AFG Arbonia-Forster-Holding AG

Alexander von Witzleben
Chairman of the Board of Directors /
Interim CEO

Andrea Wickart
Head of Legal & Compliance / Company Secretary

Annex: Checklist „Sponsoring“

Checklist “Sponsoring”

The facts on which the proposed sponsorship is based are made transparent by completing this checklist. The completed checklist allows the internal approval authority (see directive, paragraph 6) to determine whether the sponsoring regulations (see directive, paragraph 5) are complied with.

1. What is the sponsoring objective?

In no case may sponsoring be connected to an order placed with or promised to AFG. Any sponsoring enquiries from customers or third parties, which represent the interests of AFG clients, should be rejected. This also applies to sponsorship requests from persons who are close to the aforementioned persons (see directive, paragraph 5 lit. c).

2. Is a one-time or recurring payment connected to the sponsoring?

One-time payment:

Currency/ Amount: _____

Recurring payment:

Currency/ Amount: _____ per month/ quarter/ year (Delete as applicable), for

the period until: _____

In case of a multi-year sponsoring engagement, the amount to be paid per calendar year is decisive for the issuing authority (see directive, Paragraph 6, footnote 3).

Checklist “Sponsoring”

3. Is the sponsoring value equivalent to the consideration value?

- Yes. As full consideration for sponsoring AFG receives:

- No. As consideration AFG only receives:

Consideration must be proportionate to the service rendered [see directive, paragraph 5 lit. b)]. If the sponsoring value is higher than the consideration value, the amount exceeding the sponsoring value has to be justified. Additionally the Gift directive has to be considered if the exceeding amount is a gift (see directive, paragraph 4.7).

4. Is the sponsorship agreed as part of a written contract?

- Yes. The contract is enclosed to the provided checklist.
- No. the following documents are available and are enclosed to the provided checklist:

Sponsoring must be transparent and documented in writing [see directive, paragraph 5 lit. d)]. A copy of the sponsoring contract and related documents shall be kept together with this checklist.

Checklist “Sponsoring”

5. Who contacted AFG for sponsoring?

- External third party
First name/ Surname:

Company/ Headquarters:

- AFG Marketing department

- AFG Employee (not associated with the AFG Marketing department):

First name/ Surname:

Employee function:

Reason for sponsoring request:

- AFG Arbonia-Forster-Holding AG Board of Directors:

First name/ Surname:

Sponsoring must be transparent and documented in writing [see directive, paragraph 5 lit. d)]. The documentation has to include information about the person who requested the sponsoring. Sponsoring requests from the AFG Arbonia-Forster-Holding AG members of the Board of Directors require a decision from the full Board of Directors. The Chairman of the Board of Directors and the Company Secretary are to be informed about such sponsoring requests [see directive, paragraph 6 lit. f)].

Checklist “Sponsoring”

6. Does the sponsoring correspond to the internal sponsoring / marketing strategy?

Yes

No. State reason, why the sponsorship should be approved anyway:

If the sponsoring request does not correspond with the internal sponsoring/ marketing strategy, it is to justify why an exception should be made in terms of sponsoring.

7. Is there another sponsoring purpose in addition to the implementation of a marketing strategy?

No

Yes, namely:

In no case may sponsoring be connected to an order placed with or promised to AFG. Any sponsoring enquiries from customers or third parties, which represent the interests of AFG clients should be rejected. This also applies to sponsorship requests from persons who are close to the aforementioned persons (see directive, paragraph 5 lit. c)].

Checklist “Sponsoring”

8. It is the sponsoring recipient a public official or a person with a public function or is the sponsoring recipient close to such persons? Or shall the sponsoring support a political event or purpose?

- The sponsoring recipient is not a public official or a person with a public function. The sponsoring recipient is not close to such persons. The sponsoring shall not support a political event or purpose.
- The sponsoring recipient is a public official or a person with a public function or the sponsoring recipient is close to such persons.

First name/ Surname of sponsoring recipient

Title/ authority (relationship/ connection for close persons):

State reason, why the sponsorship should be approved:

- The Sponsoring shall not support a public official or a person with a public function but rather a political event or purpose.

State reason, why the sponsorship should be approved:

Sponsoring requests can be granted only in exceptional cases for the benefit of public officials, persons with public functions or persons close to them or for political events or purposes. The Group management is the approvals authority, exclusively and regardless of the amount [see directive, paragraph 6 lit. e)].

Checklist "Sponsoring"

The undersigned confirm that the sponsoring rules (see directive, paragraph 5) and the approval procedure (see directive, paragraph 6) are complied with.

Place/ Date

Internal applicant:
(usually marketing department employee)

(Signature)

(First name/ Surname/ Function)

Place/ Date

Approved by:

(Signature)

(First name/ Surname/ Function)

Accompanying documents:

- _____
- _____
- _____