

## Commitment to sustainable development

**As a pillar of the Swiss financial market infrastructure, SIX Group regards sustainability as one of its overriding priorities. Only through sustainable corporate development can the long-term competitiveness of the infrastructure and the financial center's independence be guaranteed. Consequently, sustainable corporate development must not limit itself to SIX Group's financial management, but must allow for other aspects as well.**

At SIX Group, sustainability is regarded as responsible company management geared towards the long term, taking clients, owners, employees, community and the environment into equal consideration. SIX Group's inception gave rise to the opportunity to incorporate aspects of sustainability into the reporting process. The guidelines of the Global Reporting Initiative (GRI) serve as an orientation guide. The GRI is a non-profit society which works together with different organizations under public and private law towards achieving the highest possible degree of transparency and commensurability in sustainability reporting.

In practice, SIX Group focuses primarily on four aspects of sustainability:

- Consistent risk management
- Responsible operation of the financial market infrastructure
- Social and cultural commitment
- Environmental responsibility

The GRI guidelines also cover dealings with employees. SIX Group's employees are one of its greatest assets: Without their many years of experience and high level of expertise, the Group would not be able to meet the demands of the financial market infrastructure. Therefore, an entire section of this annual report (see page 34) is devoted to employees.

### More responsible handling of risks

By being aware of risks and dealing with them sensibly, SIX Groups lays the foundation for long-term partnerships with clients and market participants, the Swiss National Bank (SNB), the financial regulators and employees. Accordingly, risk management is an integral part of leadership at all levels of the organization. The merger of SWX Group, SIS Group and Telekurs Group into SIX Group has resulted in a new risk profile that necessitates worldwide consideration in all business fields.

Operational risks are given particular attention: Providing a high-performance infrastructure and services that enable customers to carry out their business processes safely and efficiently is central to SIX Group's mission. The stability and integrity of systems and processes is guaranteed by comprehensive risk prevention and controlling measures. In emergencies or crises, seamless business operations are maintained by the Business Continuity Management Organization, which is closely coordinated with the Business Continuity Planning of the Swiss financial center.

SIX Group's competitive strength is built to no small degree on the successful implementation of development projects. Comprehensive project reporting ensures near real-time monitoring of the project's progress and helps to minimize risk during implementation.

In the business fields Securities Trading, Securities Services and Payment Transactions as well as for own investments, SIX Group controls and monitors financial market risks in real time with the help of limits. The company implements multilevel, fully developed risk management techniques particularly in clearing and settlement.

Years of reliable operation by its companies have earned SIX Group an excellent reputation thanks to its system security and a credible and transparent public image. Still, reputation risk can never be ruled out entirely. It is for this reason that the entire company is working to counteract any potential damage to its reputation.

The risk situation gives rise to extensive risk management tasks, which involve high commitment at all levels of corporate structure. From these necessities, SIX Group has developed a risk management concept that is geared to the internationally recognized standards while simultaneously taking the needs and distinctive features of the Group into account. SIX Group's risk policy stipulates the main principles and philosophy in association with risk. It precisely defines organization, structures, competencies and responsibilities and provides the basis for dealing with different kinds of risk as well as outlining the readiness to assume risk.

SIX Group makes a clear difference between risk responsibility, risk management and risk control. The Board of Directors carries the responsibility for the Group's risk. It is responsible for the setup and maintenance of suitable internal measures for controlling the risk situation. This task is carried out by the Board of Directors' Risk Committee. The Board of Directors authorizes the risk policy and delegates risk management tasks.

Responsibility for risk management lies with the members of the Group Executive Board (GExB). Within the individual business fields, specialized departments are dedicated to ensuring that the specific requirements of risk management are met. At Group level, the business fields are supported by the specialist units Corporate Development (for strategic risk), the Corporate Security Officer (for security risks), the Compliance Officer as well as the Finance & Risk division.

SIX Group's risk controlling takes place independently of line responsibility. It is carried out by the Chief Risk Officer (CRO), who is also responsible for the methods employed. The Group's risk situation is periodically reported to the GExB and the Board of Directors' Risk Committee.

Risk management and controlling are monitored by the internal and external auditors.

#### **Responsibility for the financial market infrastructure**

The founding of SIX Group is, amongst other things, the expression of the owners' desire to keep the financial market infrastructure within the users' control and, in the long term, to preserve autonomy. This intention is confirmed by the shareholders agreement which remains in effect for 20 years. The long-term and sustainable development of the company is of central importance for the shareholders.

SIX Group maintains numerous systems that are essential to the financial center's operational capacities. The main focus is on maintaining smooth and uninterrupted operations. System design, competences and operations are deliberately geared towards this goal. The definition of security standards follows the same principle. Overall, operational security has priority over efficiency.

Besides operating the infrastructure, SIX Group as a self-regulated company assumes responsibility for the admission to and monitoring of trading on behalf of the stock exchange. Equal treatment of all participants as well as prevention of misuse are imperative. Under FINMA supervision, this role will be assumed by the newly created organizational unit SIX Exchange Regulation, which reports directly to the Chairman of the Board of Directors (cf. Regulatory activities of SIX Group, page 40).

Another important element of sustainable business development is the continuous adjustment of services to the changing needs of the customer. The Swiss Value Chain is a key element of the Swiss financial market infrastructure and remains an innovative future-oriented solution even after some 20 years of operation. It is SIX Group's duty and intention to reinforce the infrastructure's competitive strength by being innovative. This is the only way to ensure the ongoing success of the participants and users. Indeed, supporting customers is an essential element of SIX Group's vision. The Group strives to cultivate open and direct dialogue with its participants and users. This includes, for example, customer participation in commissions or user groups set up to discuss the form in which services are to be provided.

#### **Social commitment**

As financial market infrastructure operator, SIX Group is aware of its social responsibility. The management and Board of Directors want to make a contribution to society and the environment. Of the numerous activities initiated in the report year, only a few can be mentioned here due to constraints on space.

SIX SIS promotes the securities museum "Wertpapierwelt" in Olten, where the most significant collection of historical securities worldwide is on exhibit. The evolution of the public limited company from its inception up to the present day is impressively documented by over 8,000 exhibits. Since 2003, a full-time curator has organized a number of exhibitions revolving around securities, stock exchanges and the world of finance. "Booms and crashes" is the title of the current exhibition, presenting the eventful history of the stock exchanges to visitors since October 2008.

In 2009, a new sponsoring concept for the whole Group will be developed. Sponsorship payments were still made by each company individually in 2008. For instance:

- The nursery at Sonnalde in Olten was provided with premises at low rental cost.
- Donations collected from a number of Christmas activities were presented to various non-profit organizations.
- The education system in Senegal received donations of IT hardware that was no longer in use, but fully functional.

#### **Environmental responsibility**

Environmental concerns are an integral element of sustainable corporate management for SIX Group. The Group has set itself the goal of reducing energy consumption, pollutant emissions and waste levels. A systematic survey of the corresponding data was therefore initiated after the merger. The information already available for the three main locations in Zurich (Selnau, Brandschenke and Hardturm) as well as the buildings in Olten is documented below.

SIX Group is a member of the Zurich energy scheme and has committed to a 2% annual improvement in energy efficiency. A total of 5,270 MWh of energy for heating and cooling were used at the indicated locations in the previous business year. It is worth noting that the premises at Hardturm are heated using only district heating from a waste incineration plant, which accounts for approximately 53% of the total consumption.

Energy 2008<sup>1</sup>

Location <sup>2</sup>	Heating/Cooling in MWh	Remarks
Selnaustrasse	1,723	Gas for heating and cooling
Brandschenkestrasse and Olten	746	Gas for heating
Hardturmstrasse	2,801	District heating
<b>Total heat (SIX Group)</b>	<b>5,270</b>	

Location <sup>2</sup>	Electricity in MWh	Remarks
Selnaustrasse	8,683	2% solar generated, 18% water power, 80% wind energy and biomass
Brandschenkestrasse and Olten	1,550	100% nuclear power
Hardturmstrasse	20,615	0.1% solar generated, 99.9% nuclear power, not-certified water power and refuse incineration
<b>Total electricity (SIX Group)</b>	<b>30,848</b>	

Waste 2008<sup>1</sup>

Location <sup>2</sup>	Paper/Newspapers in tons	General waste in tons
Selnaustrasse	42	56
Brandschenkestrasse and Olten	90	42
Hardturmstrasse	70	106
<b>Total waste (SIX Group)</b>	<b>202</b>	<b>204</b>

<sup>1</sup> These data have been collected for the first time in 2008. Reference values are therefore not available.

<sup>2</sup> In the integration year 2008, the main buildings in Switzerland were evaluated statistically. An evaluation of the principal foreign offices is envisaged in the coming months.

Electricity consumption amounted to 30,848 MWh for the year under review. The premises at Selnaustrasse, which account for almost 30%, sourced all their energy from renewable sources such as solar, hydro, wind or biomass. It is for this reason that SIX Swiss Exchange was awarded the "prix naturemade", a distinction for companies which play an exemplary role by meeting their energy requirements with renewable energies.

All of SIX Group's waste is meticulously separated and dealt with accordingly. For data protection and confidentiality reasons, all paper waste is shredded and recycled. In 2008, a total of 202 tons of used paper and 204 tons of waste materials were produced at the locations mentioned. Pollutant emissions (CO<sub>2</sub>) are restricted to the monthly test of the diesel power generator intended for use in emergencies.