

Sustainable corporate governance

SIX Group places great emphasis on ensuring its processes are as efficient as possible, enabling it to clearly focus on long-term success rather than short-term gains. Such a strategy is key to the company's role as a stable, important pillar of the Swiss financial center, which serves an ever-increasing global client base. By carefully dealing with all stakeholders and managing natural resources in a conscientious manner, SIX Group is able to make a key contribution in this regard.

SIX Group's sustainable corporate governance policy is based on the provision of clear codes of conduct, the creation of efficient processes geared to the long term and clear communication. To ensure that these issues are reported on transparently, the Group has implemented the Global Reporting Initiative's (GRI) sustainability reporting guidelines for the first time. Under these guidelines, a company must disclose certain items of "profile information" concerning the company, its governance and its reporting processes. The guidelines also specify a set of performance indicators related to economic sustainability, employees, social aspects, human rights, product responsibility and the environment. Under the GRI, a "materiality test" to measure the potential performance indicators was carried out as part of this Annual Report. The points identified as being material for both external stakeholders and SIX Group itself were divided into the following groups, each of which are addressed below: personnel management, financial center and clients, social and ethical aspects, and environment.

Sustainable personnel management

SIX Group has positioned itself as an attractive employer with an international outlook. It has the necessary structures in place for employees to be able to make an optimal contribution to the company's competitive success. Staff are provided with a modern and socially well-integrated working environment that offers a wide range of opportunities. At SIX Group, sustainable personnel management means managing staff in accordance with

the company's corporate values and management principles, recognizing and promoting individual capabilities, and developing a performance culture that is based on success and innovation.

As at the end of 2010, the company employed 3,781.4 employees on a full-time equivalent basis, of which 2,498.3 were based in Switzerland. Personnel expenses amounted to CHF 579.6 million. During the year under review, the fluctuation rate was 12.1% (2009: 9.3%). This increase was a result of the revival of the job market.

Conditions of employment

SIX Group offers attractive working conditions, performance-related remuneration in line with market rates, good insurance coverage, a modern hierarchy model and functional title system, as well as a wide range of fringe benefits. While these benefits are the same across Switzerland, foreign companies' conditions of employment are in line with local practices and may differ in parts.

The companies in the Payment Transactions business field in Luxembourg (258 employees) and Austria (100 employees) each have a works council. Staff at SIX Telekurs, which is represented in 23 countries, have collective employment agreements at the branches in Germany, Sweden, France, Spain, England and Italy.

SIX Group makes every effort to offer all of its employees the same opportunities for development and promotion, ensuring that nobody is discriminated against on the basis of their background, gender, nationality, physical abilities, sexual orientation or religion. Staff working at SIX Group can be sure that their personal integrity will be respected and protected at all times. SIX Group does not tolerate any form of discrimination, sexual harassment or bullying in the workplace. If, at any time, employees feel discriminated against, they are encouraged to report this to the internal unit responsible, which normally comprises representatives from both Legal & Compliance and Human Resources. If this inter-

nal unit cannot resolve the case, it can be escalated to an external unit with the relevant specialist knowledge. In addition, employees can contact the Compliance Helpline at any time via e-mail.

Important results of staff survey

In April 2010, Human Resources carried out a Group-wide staff survey. Given the 71% response rate, the results provided a broad and representative view of the Group. Issues requiring action were identified in three key areas, which the Group Executive Board addressed immediately: the understanding of the Group's strategy and goals, the level of trust in the Group Executive Board and the personal development opportunities for staff. Most employees who completed the survey rated their immediate working environment as good, while 92% are prepared to show an above-average level of commitment for the company to be successful.

Personnel development

In 2009, SIX Group launched a sustainable personnel development project in Switzerland. A number of information events, workshops and training sessions were held, at which approximately 3,000 members of staff were given instructions on the topic of personnel development. The Performance Management process was further developed, SIX Group's competency model integrated and greater priority given to development planning. In addition, a succession planning tool was also rolled out and a program was launched for high-potential employees.

Professional training and development

SIX Group invests in its employees and their skills and there is a high employee take-up rate for the wide range of courses and seminars offered. Of 698 participants attending internally provided seminars, 22.1% received training in methodical competencies, 15% in social skills, 17.8% in specialist areas, 22.9% in management skills and 22.2% in foreign languages.

Sustainability is one of SIX Group's main goals

SIX Group's role in ensuring the operation and long-term stability of the Swiss financial center is of key importance to Switzerland's economy. The main focus is on efficiency. SIX Group achieves this not only by implementing operational measures in its daily business but also by following a long-term-oriented management approach, which helps the company consistently focus on activities that add value for the various stakeholder groups – for the owners and direct clients; for investors and users of electronic payment methods as indirect clients; and for employees.

The main challenges faced by the Group include an increasingly strict regulatory environment, the ongoing internationalization of the markets, increased competition, continual efficiency gains and price pressures in the financial sector. Implementing a long-term, sustainable corporate governance approach will put SIX Group in an optimal position to continue performing well in a competitive environment in the years to come.

Other measures taken by SIX Group in 2010 relating to sustainable corporate governance included the introduction of a Code of Conduct and a Code of Compliance, as well as a Group-wide employee survey. Going forward, the company will continue to prioritize the area of corporate responsibility, making further improvements in the areas of customer service, employee working conditions and environmental monitoring.

Dr. Urs Rügsegger
CEO, SIX Group

SIX Group also operates a youth development scheme to promote young talent: a Group-wide apprenticeship scheme is in place to provide professional and practical vocational training schemes to 17 commercial and 21 IT apprentices. After completing their apprenticeships, the majority are offered a position within SIX Group.

Corporate culture and work/life balance

To help its employees maintain a healthy work/life balance and to help prevent any health problems among staff, SIX Group offers a wide range of sport and leisure activities in addition to an individual advisory service. In providing a sport and leisure club, SIX Group has always made joint sporting and leisure activities part of its corporate culture, a policy that has proved very successful. The 16 sport and leisure sections as well as the event section provide staff with interesting, educational and entertaining activities. SIX Group helps its employees to achieve a sound work/life balance by endorsing family-friendly terms of employment and flexible time-keeping models which can accommodate tele- and home-working, job sharing and annualized working time. For the first time in 2010, a service was offered to all Group companies to provide professional psychosocial support to staff; during the year 3.4% of SIX Group employees in Switzerland consulted the service. Twelve short and 72 longer sessions (the latter involved one third women, two thirds men) were held in strict confidentiality and addressed the following issues: personal/family (36%), health (18%), professional (29%), financial (14%) and technical (3%).

Communication

SIX Group usually issues internal and external communications at the same time. The new Intranet platform has been a useful tool in providing employees throughout the Group with information, dialog and working tools and will continue to be developed. The employee magazine "connect", which is published six times a year, is now well established. The divisions, Group companies, branches and corporate services regularly hold internal staff events, while the companies abroad base their information policies on local practice and the

provisions stipulated by trade unions with respect to operational changes.

Serving the financial center and its clients

One of the most important things for any financial center is that it functions smoothly. As the operator of the financial market infrastructure, SIX Group plays a key role in this respect. The Group is a systemically relevant entity, not only for the financial sector but for all industries that either directly or indirectly rely on the financial market infrastructure.

Operational security and risk management

SIX Group has a number of key systems in place to guarantee the smooth and uninterrupted functional operation of the financial center; system architecture, competencies, processes and security standards are all geared to this end. In so doing, SIX Group provides cost-effective services of high quality and adds value for its national and international customers. SIX Group as a self-regulated company is responsible for admission to and monitoring of trading on behalf of the stock exchanges (see page 42). It carefully deals with and manages risks in all of its business fields; this is a key part of its management approach throughout all levels of the organization and is in line with its precautionary approach. For details, please refer to the Financial Report published on the Internet at www.six-group.com/about_sixgroup/publications.

SIX Group also helps its clients to carefully manage their risks, with SIX Telekurs having worked together with the Zurich-based company RepRisk AG since autumn 2010. In addition, its Telekurs iD display product now offers data on environmental and social risks, which provides a valuable insight into a company's risk profile.

Dialog with clients and stakeholder groups

In focusing on its clients, SIX Group maintains a high-quality dialog with all of its stakeholder groups. A selection of just some of the client-related measures implemented in 2010 is outlined below.

Staff structure 2010 (2009)

	SIX Manage- ment Ltd	IT & Logistics	Securities Trading	Securities Services	Financial Information	Payment Transactions Multipay	Cards & Payments	Total 2010	Total 2009
Number of employees									
Number of employees in Switzerland (FTE)	177.35	518.30	249.10	459.85	428.85	183.90	480.95	2,498.30	2,381.28
Number of employees abroad (FTE)					860.15		422.90	1,283.05	1,325.75
Number of employees (FTE)	177.35	518.30	249.10	459.85	1,289.00	183.90	903.85	3,781.35	3,707.03
Number of employees in Switzerland (HC)	190	533	266	481	448	190	510	2,618	2,521
Number of employees abroad (HC)					875		435	1,310	1,353
Total number of employees (HC)	190	533	266	481	1,323	190	945	3,928	3,874
Staff structure in Switzerland									
Men (HC)	107	476	195	318	333	104	392	1,925	1,854
Women (HC)	83	57	71	163	115	86	118	693	667
At employee level (HC)	81	369	167	324	267	133	328	1,669	1,577
At management level incl. GExB (HC)	109	164	99	157	181	57	182	949	944
Percentage of women in management (%)	23	5	20	16	14	30	7	15	14
Staff turnover and absences in Switzerland									
Turnover rate (%)	21.1	12.6	17.1	13.1	9.3	10.6	7.9	12.1	9.3
Rate of absences due to illness days/FTE	7.2	6.6	4.6	5.2	4.9	5.9	5.3	5.6	6.95
Rate of absences due to accidents days/FTE	0.2	1.1	0.3	0.6	0.3	0.2	0.9	0.6	0.49
Initial and further training in Switzerland*									
Average cost of initial and further training (in CHF per employee)	349	498	170	426	397	283	211	352	345
Average time for initial and further training (in days per employee)	1.5	2.3	1.9	1.5	1.0	1.2	1.2	1.5	2.92
Commercial and IT trainees								38	34

* The systematic survey initially conducted for the 2009 business year covers only the internal training offered by Human Resources.

SIX Telekurs carried out around 100 client interviews with financial institutions from 23 countries. Overall, its client management received positive feedback. Areas identified as needing improvement included data quality and product functionality. In November, SIX Multipay performed a pilot client survey on client satisfaction together with the LINK research institute, which will be repeated on an annual basis so that comparisons can be drawn. SIX Multipay received a rating of 80 out of 100, which represents a "good" score in terms of client satisfaction.

SIX Group participates in public dialog on the future of the financial center through its membership in various industry associations, e.g. economiesuisse, the Swiss Bankers Association and the World Economic Forum, while the individual Group companies are also members of various sector-specific associations. The "Focus" series of podium discussions continued in 2010, with this year's topic being "Switzerland under international pressure". In holding this annual event, SIX Group offers a neutral platform for a constructive exchange of views on issues related to the financial center.

Added value through lean management

The focus of SIX Group's wide-ranging lean management program is to consistently add value. It aims to increase productivity and quality over the long term.

Activities that add too little value are to be systematically reduced, with the capacity this frees up being used to add value in other areas. Clients will benefit from optimized services; for example, the lean-management measures already introduced have helped streamline the process for connecting stock exchange participants to the trading system, which in future will be cut down to an average of four weeks.

Corporate responsibility and ethical conduct

In 2010, SIX Group introduced a Code of Conduct entitled "Our responsibility", which is based on its corporate values, in addition to a detailed Code of Compliance, which is binding for all employees in Switzerland. This Code of Conduct sets out the principles with respect to taking responsibility for ethical and professional conduct. SIX Group's employees are expected to act as ambassadors for the financial center, to always focus on clients' success, and to maintain a respectful dialog and keep promises made with respect to all internal and external stakeholder groups. SIX Group strives to maintain an open dialog with all its stakeholders, whom it always treats fairly. The Group's relationship with its shareholders, clients, business partners and employees is based on a high sense of mutual responsibility and personal respect. SIX Group and its companies compete in the marketplace based on the quality and efficiency of their services.

As part of the continual risk management process, SIX Group and its subsidiaries monitor and investigate any potential risks on an ongoing basis. There is a clear whistleblower process in place for SIX Group employees to report any potential misconduct in the company. In 2010, all employees joining the company in Switzerland were automatically informed of the SIX Group directives in force.

In the card business, a number of competition law proceedings have been initiated against individual SIX Group companies. SIX Group and its companies did not receive any pecuniary or non-pecuniary penalties. During the year, SIX Group appealed to the Federal Administrative Court against a fine imposed by the Swiss Competition Commission (WEKO) for alleged market abuse.

SIX Group has always attached the utmost priority to safeguarding client data. The Group's internal data protection officer must maintain communication with the Federal Data Protection and Information Commissioner (FDPIC). When joining the company, SIX Group employees must sign a confidentiality declaration, under which they are strictly forbidden from disclosing any business-related information. During the year under review, there were no breaches of client data protection rights identified at SIX Group or its subsidiaries.

In recognizing its social responsibility, SIX Group offers support for a number of specific activities, which are not aligned with any of the Swiss political parties. No donations are made to political parties or individual politicians. Of the projects implemented last year, only a few can be mentioned here due to constraints on space.

The "Wertpapierwelt" museum has been based in Olten since 2003 and houses the world's most significant collection of historical securities. Summer 2010 saw the opening of the museum's seventh exhibition, this year titled "Shop around the clock – The share paves the way to consumer society".

At the "Fondsmesse 2010" financial trade fair, the "FinanzFITamine" training initiative was unveiled; the initiative was developed jointly by SIX Swiss Exchange and a number of independent partner organizations. The series of presentations, which will take place over the coming years, will provide private investors with in-depth financial knowledge.

As in previous years, SIX Telekurs USA organized a Thanksgiving employee food drive. The food that was collected was donated to the local food bank, which provides assistance to people in need.

In 2010, SIX Group provided financial assistance to a study carried out by the University of Zurich's Swiss Banking Institute titled "Equity Ownership in Switzerland". The study, which since 2000 has been carried out every two years, provides information on the proportion of direct and indirect shareholders in Switzerland and paints a detailed picture of how private households invest.

Corporate volunteering

SIX Group also aims to use the knowledge and capabilities it has for the benefit of the public. In 2011, the Group will hold a number of "Social Days", a corporate volunteering program, in Switzerland for the first time. From 2012, this initiative is also to be extended to locations outside Switzerland. As part of these Social Days, employees will be able to work on one of the selected projects, which benefit disadvantaged people or the environment, for example. SIX Group will release employees from work for a day so that they can take part in a project.

Commitment to the environment

As a sustainably managed company, SIX Group attaches great importance to managing its resources carefully and limiting air travel where possible. By systematically collecting key data, the Group is able to observe and continually improve environmental performance. The data collection system, which is geared to SIX Group's

Environmental performance of the Swiss offices 2010 (2009)

	Unit	Zurich Selnau	Zurich West	Olten	Brand- schenkestrasse	Total 2010	Total 2009
Energy consumption							
Energy consumption	in MWh	2,960	–	530	–	3,490	2,716
District heating	in MWh	–	2,965	–	74	3,039	2,619
Electricity	in MWh	7,205	24,654	1,768	375	34,002	33,528
Consumption of paper							
Paper	in kg	16,145	63,571	16,145	5,045	100,906	106,944
Consumption of water							
Municipal water supply	in m ³	15,949	19,277	3,362	784	39,372	39,007
Waste and recycling							
Waste	in tons	37.8	90.1	46.8	4.2	178.9	171.5
Paper recycling ¹	in tons	19.6	86.1	65.8	1.5	172.3	175.0
Glass recycling	in tons	2.1	6.2	0.5	0	8.8	8.7
PET recycling	in 100-l bags	140	948	90	0	1,172.0	1,060.5
Metal recycling	in tons	6.1	13.4	2.4	0	21.9	18.9
Electronic waste	in tons	1.9	34.5	5.4	0	41.8	53.8
Business trips by plane							
Total number of flights of SIX Group, Switzerland						3,446	3,580
Total kilometers of flights of SIX Group, Switzerland						2,612,720	3,692,547

¹ Used paper, cardboard and newspapers

physical processes, has been of great help in this respect. The main focal points are still energy, paper and water consumption as well as waste and recycling at the four locations in Switzerland. Going forward, SIX Group will also begin to examine and account for its CO₂ emissions in an appropriate form.

Careful management of energy resources

In 2010, 51.8% more natural gas was consumed at Zurich Selnau (Stock Exchange building) than in 2009 (1,950 MWh); this was because the gas-fired heat pump was out of operation for three months in 2009 for renovation. The premises in Olten consumed less natural gas, as the buildings were heated by oil while the gas tank was being renovated. In 2010 the Zurich West premises used 13.2% more district heating than in the previous year (2,619 MWh) due to the prolonged periods of cold weather experienced.

SIX Group aims to save energy costs and protect the environment by achieving greater efficiency. As a member of the Zurich Energy Model, it has committed itself to increasing efficiency by 2% each year. Over the past three years, the company has recorded an average increase in the energy efficiency rate of 2.5%, which corresponds to a reduction of 3,095 MWh in total.

Waste disposal and recycling

Waste is carefully separated and disposed of at all Swiss locations or sent for recycling outside the company. General refuse is incinerated, which in turn provides electricity and district heating to the canton's energy system, supplying tens of thousands of households.

Waste paper is shredded and sent for recycling. Reusable PET material is separated and sent to collection depots for recycling. Electrical waste, which IT-reliant companies such as SIX Group produce in great quantities, is sent to a disposal company, which disassembles the equipment into basic parts to be reused. By sorting materials in this specific way, the specialist recycling companies obtain pure-grade secondary raw materials. By carefully separating waste – often by hand – the materials can be safely reused.