

## Media release

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27.8.2007

### **SWX Swiss Exchange issues reprimand against UMS Schweizerische Metallwerke Holding AG**

**The SWX Swiss Exchange has determined that UMS Schweizerische Metallwerke Holding AG, Dornach, has violated the provisions of the Listing Rules and the Corporate Governance Directive. The company provided false information in its 2005 Corporate Governance report with regard to the highest total compensation paid, as well as described incompletely the tasks and areas of responsibility of the Audit Committee. In addition, it failed to disclose the minimum amount of information concerning the supervisory and control instruments pertaining to the external audit. The Executive Committee of the Admission Board of SWX has therefore issued a reprimand with related publication against UMS Schweizerische Metallwerke Holding AG. The company lodged an appeal of this decision with the Disciplinary Commission of SWX, which in turn dismissed the appeal and affirmed the decision of the Executive Committee.**

The 2005 Corporate Governance report of UMS Schweizerische Metallwerke Holding AG (UMS) was not drawn up in full compliance with the Listing Rules and the Corporate Governance Directive (DCG):

- Issuers are obligated to disclose separately the total compensation of the member of the board who received the highest total sum of overall compensations. In its 2005 corporate governance report, UMS indicated the amount of CHF 62,500 as being the highest total compensation paid to a member of the board of directors. The highest total compensation correctly amounted to CHF 549,319.
- Listed companies must disclose the composition of all board committees, as well as the tasks and areas of responsibility of those committees. The company's 2005 Corporate Governance report indicated that the Audit Committee is a committee of the board of directors. As to the tasks and areas of responsibility of that committee, UMS stated merely that the Audit Committee works in close collaboration with the external auditors. However, as evidenced by its Audit Committee Rules, the company has a highly detailed and comprehensive set of rules that govern the tasks and areas of responsibility of the committee, a fact that was not disclosed in the company's 2005 corporate governance report.
- The company must disclose the supervisory and control instruments that the board of directors has at its disposal to assess the external audit. Included in that requirement is at least the disclosure of information on how the external auditors report to the board of directors, or on the number of meetings of the audit committee in which representatives of the external auditors participated. Accordingly, as a minimum requirement, UMS should have disclosed how the external auditors report to the board of directors, as well as the fact that the Audit Committee held six meetings with the external auditors. The information associated with these minimum requirements must be clearly and explicitly presented in the Corporate Governance report.

Due to these violations of the provisions of DCG and the Listing Rules, the Executive Committee of the Admission Board issued a reprimand with related publication against UMS. The company's appeal of that decision was dismissed by the Disciplinary Commission of SWX and the decision of the Executive Committee was affirmed.

Periodic reporting in compliance with applicable Directives forms an integral part of the information that contributes to a properly functioning market in accordance with the provisions of the Stock Exchange Act and the Listing Rules. One of the tasks of SWX is to enforce the transparency provisions that apply to issuers.

Information on the corporate governance regulations is available at:

[http://www.swx.com/admission/being\\_public/governance\\_en.html](http://www.swx.com/admission/being_public/governance_en.html)

Previous sanctions imposed by SWX in the area of corporate governance are available at:

[http://www.swx.com/admission/being\\_public/sanctions/corporate\\_en.html](http://www.swx.com/admission/being_public/sanctions/corporate_en.html)

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