

Media release

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SWX Swiss Exchange issues reprimand against Sources Minérales Henniez SA

The SWX Swiss Exchange has issued a reprimand with related publication against Sources Minérales Henniez SA, Henniez, for violation of the provisions of the Corporate Governance Directive. The SWX reprimand relates to the company's 2005 annual report, which lacked or provided incomplete information on share ownership, the nationality or as the case may be the professional background of members of the board of directors and senior management, compensation paid to governing members of corporate bodies, as well as the supervisory and control instruments pertaining to the audit.

The corporate governance section of the 2005 annual report of Sources Minérales Henniez SA (Henniez) was not drawn up in full compliance with the Corporate Governance Directive (DCG).

- Henniez's 2005 corporate governance report included no information on the shareholdings of members of senior management, whereas the DCG prescribes that disclosure must be made of all shares owned on one hand by executive members of the board of directors and members of the senior management and, on the other hand, also those held by non-executive board members. The company failed to comply with this rule.
- With regard to the nationality of members of the board of directors and the senior management, Henniez provided information on just one person. Pursuant to DCG, the corporate governance report must disclose the nationality of each member of the board and the senior management.
- In respect of the information required on the professional background of members of the board of directors and senior management, the Directive stipulates that the key aspects of each member's previous career and current professional role must be disclosed. Aspects of the career to date include professional (management) positions and responsibilities over ca. the last ten years that are relevant to the member's current professional role and industry. In its corporate governance report, Henniez provided this type of information for only several members of the board and senior management. Those few disclosures do not correspond to the requirements of DCG.
- As to the compensation paid to acting members of governing bodies, Henniez's corporate governance report included no remarks on the compensation paid to members of senior management. Among the information to be disclosed is the sum of all compensation paid to the members of the board of directors and senior management as well as to the non-executive members of the board. Henniez published that information in the notes to its consolidated financial statements. If the information prescribed by the DCG is not disclosed in the corporate governance section but instead in some other portion of the annual report, there must at least be a reference to where that information can be found in the annual report. No such reference was included in the corporate governance report of Henniez.

- Under the DCG, Henniez was required to disclose the supervisory and control instruments available to the board of directors for assessing the external audit. In this regard, the company merely stated that the board of directors is responsible for supervising the external audit. However, within the context of the supervisory and control instruments, it is understood that at minimum there must be information provided with regard to the external auditors' reporting to the board of directors or to the number of board meetings at which representatives of the external auditors were present. The company failed to disclose this information.

Due to the multiple violations of DCG and hence the Listing Rules, the Executive Committee of the Admission Board of the SWX Swiss Exchange has issued a reprimand with related publication against Henniez.

Periodic reporting in compliance with applicable directives forms an integral part of the information that contributes to transparent trading in accordance with the provisions of the Stock Exchange Act and the Listing Rules. One of the tasks of the SWX Swiss Exchange 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

Previous sanctions imposed by SWX Swiss Exchange for irregularities in the area of corporate governance are available at:
http://www.swx.com/admission/being_public/sanctions/corporate_en.html

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