

# Directive on Information Relating to Corporate Governance

(Corporate Governance Directive, DCG)

Basis	Arts. 1, 3 and 64 LR	
Decision of	17 April 2002	
Entry into force	1 July 2002	
<i>Background</i>	Under the Federal Act on Stock Exchanges and Securities Trading (SESTA), the SWX Swiss Exchange determines what information needs to be published so that investors can evaluate the properties of securities and the quality of issuers. Internationally recognized standards must be taken into account (Art. 8 SESTA). The information to be published includes details on the management and control mechanisms at the highest corporate level of the issuer (corporate governance).	1
<i>Purpose of the directive</i>	The directive is intended to encourage issuers to make certain key information relating to corporate governance available to investors in an appropriate form.	2
<i>Scope</i>	This directive applies to all issuers whose securities are listed on the SWX and whose registered office is in Switzerland. It also applies to issuers whose registered office is not in Switzerland but whose securities are listed on the SWX and not in their own country.	3
<i>Information to be published</i>	The information that is to be published in the annual report is indicated in the annex to this directive.	4
<i>Clarity and importance</i>	The publication of information relating to corporate governance should be limited to what is essential to investors, and the information should be provided in an appropriate and comprehensible form.	5
<i>Place of publication</i>	Information relating to corporate governance must be published in a separate chapter of the annual report. This chapter may refer to other parts of the annual report or other easily accessible sources of information. References to Web pages should include the appropriate search paths (URLs).	6

<i>“Comply or explain”</i>	The information described in section 5 of the annex (“Compensations, shareholdings and loans”) must be disclosed absolutely. A comply-or-explain principle applies in the case of other information: if the issuer decides not to disclose certain information, it must give specific reasons for each instance of non-disclosure.	7
<i>Disclosure deadline</i>	The conditions on the balance sheet date constitute the deciding factor in terms of the information that must be disclosed. Important changes occurring between the balance sheet date and the copy deadline for the annual report should be indicated in an appropriate form.	8
<i>Entry into force</i>	This directive enters into force on 1 July 2002. It applies to all annual reports for financial years beginning on 1 January 2002 or later.	9

ANNEX

## Directive on Information Relating to Corporate Governance

### Scope and extent of the information relating to Corporate Governance

<b>1.</b>	<p><b>Group structure and shareholders</b></p> <p>The following information on the group structure and the shareholders must be disclosed:</p>
1.1	<p><i>Group structure</i></p> <p>1.1.1 Description of the issuer's operational group structure.</p> <p>1.1.2 All listed companies belonging to the issuer's group, including the company names, their domiciles, where they are listed, their market capitalization, the percentage of shares held by group companies and the securities' security or ISIN numbers.</p> <p>1.1.3 The non-listed companies belonging to the issuer's consolidated entities, including the company names, their domiciles, their share capital and the percentage of shares held by group companies.</p>
1.2	<p><i>Significant shareholders</i></p> <p>Significant shareholders and significant groups of shareholders and their shareholdings to the extent that the issuer is aware of them. For issuers domiciled in Switzerland, disclosure must take place in accordance with the information published in the Swiss Commercial Gazette in the year under review under Art. 20 SESTA and the provisions of the Ordinance of the Federal Banking Commission on the Stock Exchanges and Securities Trading. This includes the key elements of shareholders' agreements published in this connection.</p>
1.3	<p><i>Cross-shareholdings</i></p> <p>Cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on both sides.</p>
<b>2.</b>	<p><b>Capital structure</b></p> <p>The following information on the capital structure must be disclosed:</p>
2.1	<p><i>Capital</i></p> <p>The amount of the issuer's ordinary, authorized and conditional capital on the disclosure deadline.</p>

2.2	<p><i>Authorized and conditional capital in particular</i></p> <p>In addition, the following information must be disclosed in connection with the issuer's authorized and conditional capital:</p> <ul style="list-style-type: none"> <li>a) The maximum increase in authorized or conditional capital and the duration of the authorization period to carry out an increase in capital.</li> <li>b) The group of beneficiaries who have the right to subscribe for this additional capital.</li> <li>c) The terms and conditions of the issue or creation of securities corresponding to the additional capital.</li> </ul>
2.3	<p><i>Changes of capital</i></p> <p>A description of the changes of capital that took place within the last three financial years.</p>
2.4	<p><i>Shares and participation certificates</i></p> <p>The number, type and par value of the issuer's shares and participation certificates, including the main features, for example entitlement to dividend payments, voting rights, preferential rights and similar rights, along with an indication of the portion of the ordinary capital which is not paid in.</p>
2.5	<p><i>Bonus certificates</i></p> <p>The number and the main features of the issuer's bonus certificates.</p>
2.6	<p><i>Limitations on transferability and nominee registrations</i></p> <ul style="list-style-type: none"> <li>2.6.1 Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and rules on making exceptions.</li> <li>2.6.2 Reasons for making exceptions in the year under review.</li> <li>2.6.3 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions.</li> <li>2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability.</li> </ul>
2.7	<p><i>Convertible bonds and options</i></p> <p>Outstanding convertible bonds and number of options issued by the issuer or by group companies on securities of the issuer (including employee options, which must be indicated separately), along with an indication of the duration, the conversion conditions or the exercise price, the subscription ratio and the total amount of the share capital concerned.</p>

<b>3.</b>	<p><b>Board of directors</b></p> <p>The following information on the issuer's board of directors must be disclosed:</p>
3.1	<p><i>Members of the board of directors</i></p> <p>For each member of the board of directors</p> <ul style="list-style-type: none"> <li>a) Name, nationality, education and professional background.</li> <li>b) Operational management tasks for the issuer or one of the issuer's group companies (executive / non-executive member).</li> <li>c) For each non-executive member of the board of directors: <ul style="list-style-type: none"> <li>– Information on whether he or she was a member of the management of the issuer or one of the issuer's group companies in the three financial years preceding the period under review.</li> <li>– Information on whether he or she has important business connections with the issuer or one of the issuer's group companies.</li> </ul> </li> </ul>
3.2	<p><i>Other activities and functions</i></p> <p>For each member of the board of directors:</p> <ul style="list-style-type: none"> <li>a) Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law.</li> <li>b) Permanent management and consultancy functions for important Swiss and foreign interest groups.</li> <li>c) Official functions and political posts.</li> </ul>
3.3	<p><i>Cross-involvement</i></p> <p>An indication of cross-involvement among the boards of directors of listed companies.</p>
3.4	<p><i>Elections and terms of office</i></p> <ul style="list-style-type: none"> <li>3.4.1 The principles of the election procedure (total renewal or staggered renewal) and limits on the terms of office.</li> <li>3.4.2 The time of the first election and the remaining term of office for each member of the board of directors.</li> </ul>

3.5	<p><i>Internal organizational structure</i></p> <p>3.5.1 Allocation of tasks within the board of directors.</p> <p>3.5.2 Members list, tasks and area of responsibility for each committee of the board of directors.</p> <p>3.5.3 Work methods of the board of directors and its committees.</p>
3.6	<p><i>Definition of areas of responsibility</i></p> <p>Basic principles regarding the definition of the areas of responsibility of the board of directors and the management board.</p>
3.7	<p><i>Information and control instruments vis-à-vis the management board</i></p> <p>The structure of the board of directors' information and control instruments vis-à-vis the issuer's management board such as internal auditing, risk-management systems and management information systems (MISs).</p>
<b>4.</b>	<p><b>Management board</b></p> <p>The following information on the issuer's management board must be disclosed:</p>
4.1	<p><i>Members of the management board</i></p> <p>For each member of the management board:</p> <p>a) Name, nationality and function.</p> <p>b) Education and professional background.</p> <p>c) Tasks previously carried out for the issuer or one of the issuer's group companies, if any.</p>
4.2	<p><i>Other activities and functions</i></p> <p>For each member of the Management Board:</p> <p>a) Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law.</p> <p>b) Permanent management and consultancy functions for important Swiss and foreign interest groups.</p> <p>c) Official functions and political posts.</p>
4.3	<p><i>Management contracts</i></p> <p>Key elements of management contracts between the issuer and companies (or natural persons) not belonging to the group, including the names and domiciles of the companies, the delegated management tasks and the form and extent of compensation for the fulfilment of these tasks.</p>

<b>5.</b>	<p><b>Compensations, shareholdings and loans</b></p> <p>The following information must be disclosed on the compensations for and shareholdings of the members of the issuer's management board and board of directors and on loans granted these members:</p>
5.1	<p><i>Content and method of determining the compensations and of the shareholding programmes</i></p> <p>Basic principles and elements of compensations for and shareholding programmes of acting and former members of the issuer's board of directors and management board and basic principles regarding the responsibility and procedure for determining these compensations and shareholding programmes.</p>
5.2	<p><i>Compensations for acting members of governing bodies</i></p> <p>5.2.1 The total of all compensations such as honorariums, salaries, credits, bonuses and benefits in kind (benefits in kind are to be valued according to the market value at the time they were conferred) that were conferred by the issuer or one of the issuer's group companies during the year under review and directly or indirectly benefited members of the board of directors and/or the management board; this also applies to all the members of governing bodies who gave up their functions during the year under review (i.e. who were no longer members on the disclosure deadline).</p> <p>5.2.2 The amount is to be disclosed in the case of:</p> <p style="margin-left: 20px;">a) The executive members of the board of directors and the management board in toto;</p> <p style="margin-left: 20px;">b) The non-executive members of the board of directors in toto.</p> <p>5.2.3 Additional severance payments to the persons mentioned above who gave up their functions in a governing body during the year under review are to be disclosed separately.</p>
5.3	<p><i>Compensations for former members of governing bodies</i></p> <p>5.3.1 The total of all compensations such as honorariums, salaries, credits, bonuses and benefits in kind (benefits in kind are to be valued according to the market value at the time they were conferred) that were conferred by the issuer or one of the issuer's group companies during the year under review and directly or indirectly benefited members of the board of directors and/or the management board who gave up their functions during the year under review.</p>

	<p>5.3.2 The amount is to be disclosed in the case of:</p> <ul style="list-style-type: none"> <li>a) Former executive members of the board of directors and the management board in toto;</li> <li>b) Former non-executive members of the board of directors in toto.</li> </ul> <p>In each case, the number of beneficiaries must be indicated.</p>
5.4	<p><i>Share allotment in the year under review</i></p> <p>The number of shares of the issuer that were allotted to the following parties in the year under review:</p> <ul style="list-style-type: none"> <li>a) The executive members of the board of directors, the members of the management board and parties closely linked<sup>1</sup> to such persons, in toto;</li> <li>b) The non-executive members of the board of directors and parties closely linked<sup>1</sup> to such persons, in toto.</li> </ul>
5.5	<p><i>Share ownership</i></p> <p>The number of shares of the issuer that were held by the following parties at the time of the disclosure deadline:</p> <ul style="list-style-type: none"> <li>a) The executive members of the board of directors, the members of the management board and parties closely linked<sup>1</sup> to such persons, in toto;</li> <li>b) The non-executive members of the board of directors and parties closely linked<sup>1</sup> to such persons, in toto.</li> </ul>
5.6	<p><i>Options</i></p> <p>Overview of the options on shares of the issuer (including options stemming from synthetic shareholding programmes) that were held by the following parties at the time of the disclosure deadline:</p> <ul style="list-style-type: none"> <li>a) The executive members of the board of directors, the members of the management board and parties closely linked<sup>1</sup> to such persons, in toto;</li> <li>b) The non-executive members of the board of directors and parties closely linked<sup>1</sup> to such persons, in toto.</li> </ul> <p>In each case, the allotment year, the duration, the subscription ratio and the exercise price are to be disclosed.</p>

1) "Closely linked parties" are natural persons and legal entities pursuant to Art. 678 CO.



5.7	<p><i>Additional honorariums and remunerations</i></p> <p>The sum of the honorariums (e.g., consultancy honorariums) and other remunerations billed to the issuer or one of the issuer's group companies by each member of the board of directors or the management board or parties closely linked<sup>1</sup> to such persons for additional services performed during the year under review in the case of sums exceeding half of the ordinary remuneration of the member in question.</p>
5.8	<p><i>Loans granted by governing bodies</i></p> <p>5.8.1 The total amount and conditions of the guarantees and outstanding loans, advances or credits granted to members of the board of directors or the management board or parties closely linked<sup>1</sup> to such persons by the issuer or one of the issuer's group companies.</p> <p>5.8.2 The amount is to be disclosed in the case of:</p> <ul style="list-style-type: none"> <li>a) The executive members of the board of directors, the members of the management board and parties closely linked<sup>1</sup> to such persons, in toto;</li> <li>b) The non-executive members of the board of directors and parties closely linked<sup>1</sup> to such persons, in toto .</li> </ul> <p>In each case, the number of beneficiaries must be indicated.</p>
5.9	<p><i>Highest total compensation</i></p> <p>Without providing any names, the compensations and share and option allotments must be disclosed separately (according to Arts. 5.2, 5.4 and 5.6 respectively) in the case of the member of the board of directors upon whom the highest total compensation (according to Arts. 5.2, 5.4 and 5.6) was conferred in the year under review.</p>
<b>6.</b>	<p><b>Shareholders' participation rights</b></p> <p>The following information on the participation rights of the issuer's shareholders must be disclosed:</p>
6.1	<p><i>Voting-rights restrictions and representation</i></p> <p>6.1.1 All voting-rights restrictions, along with an indication of statutory group clauses and rules on making exceptions, particularly in the case of institutional voting-rights representatives.</p> <p>6.1.2 Reasons for making exceptions in the year under review.</p>

1) "Closely linked parties" are natural persons and legal entities pursuant to Art. 678 CO.

	<p>6.1.3 Procedure and conditions for cancelling statutory voting-rights restrictions.</p> <p>6.1.4 Statutory rules on participating in the general meeting of shareholders if they differ from applicable legal provisions.</p>
6.2	<p><i>Statutory quorums</i></p> <p>Resolutions of the general meeting of shareholders which, under the issuer's articles of association, can only be carried by a majority greater than that set out by applicable legal provisions, along with an indication of the size of the majority for each case.</p>
6.3	<p><i>Convocation of the general meeting of shareholders</i></p> <p>Statutory rules on the convocation of the general meeting of shareholders if they differ from applicable legal provisions.</p>
6.4	<p><i>Agenda</i></p> <p>Rules for adding items to the agenda of the general meeting of shareholders, especially rules on deadlines.</p>
6.5	<p><i>Registrations in the share register</i></p> <p>Rules on the deadline for registering holders of registered shares in the issuer's share register in connection with attending the general meeting of shareholders, as well as rules on making exceptions, if any.</p>
<b>7.</b>	<p><b>Changes of control and defence measures</b></p> <p>The following information on changes of control and defence measures must be disclosed:</p>
7.1	<p><i>Duty to make an offer</i></p> <p>Existence of statutory rules on opting out or opting up (SESTA Art. 22), along with an indication of the threshold in percent.</p>
7.2	<p><i>Clauses on changes of control</i></p> <p>Content of clauses on changes of control in agreements and plans benefiting members of the board of directors and/or the management board and/or other members of the issuer's cadre (e.g., golden parachutes).</p>
<b>8.</b>	<p><b>Auditors</b></p> <p>The following information on the auditors must be disclosed:</p>

8.1	<p><i>Duration of the mandate and term of office of the head auditor</i></p> <p>8.1.1 Date of assumption of the existing auditing mandate.</p> <p>8.1.2 Date on which the head auditor responsible for the existing auditing mandate took up office.</p>
8.2	<p><i>Auditing honorarium</i></p> <p>The total of the auditing honorariums charged by the auditors in the year under review.</p>
8.3	<p><i>Additional honorariums</i></p> <p>The total of the honorariums charged in the year under review by the auditors and parties associated with them for additional services (e.g., management consulting) performed for the issuer or one of the issuer's group companies.</p>
8.4	<p><i>Supervisory and control instruments vis-à-vis the auditors</i></p> <p>Composition of the board of directors' supervisory and control instruments vis-à-vis the external auditors.</p>
<b>9.</b>	<p><b>Information policy</b></p> <p>The following information on the issuer's information policy must be disclosed:</p>
	<p>The frequency with which and form in which the issuer provides its shareholders with information, along with an indication of permanent sources of information and contact addresses of the issuer that are publicly accessible or made specially available to shareholders (e.g., links to Web pages, information centres, printed matter, etc.).</p>

