

Directive on Information Relating to Corporate Governance

(Corporate Governance Directive, DCG)

Basis	Arts. 1, 3 and 64 LR	
Decisions of	17 April 2002 and 29 March 2006	
Entry into force	1 July 2002 and 1 January 2007	
<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 equity 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 equity 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 section of the annual report. This section 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>	For all information prescribed in the Annex, the principle of “comply or explain” applies: if the issuer opts not to disclose certain information, then the annual report must contain an individual, substantiated justification for each instance of such 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

1.	<p>Group structure and shareholders</p> <p>The following information on the group structure and the shareholders must be disclosed:</p>
<i>1.1</i>	<i>Group structure</i>
1.1.1	Description of the issuer's operational group structure.
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 subsidiaries and the securities' security or ISIN numbers.
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 subsidiaries.
<i>1.2</i>	<i>Significant shareholders</i>
	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.
<i>1.3</i>	<i>Cross-shareholdings</i>
	Cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on both sides.
2.	<p>Capital structure</p> <p>The following information about the capital structure must be disclosed:</p>
<i>2.1</i>	<i>Capital</i>
	The amount of the issuer's ordinary, authorized and conditional capital on the annual balance sheet date.

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> <ol style="list-style-type: none"> a. The maximum increase in authorized or conditional capital and the duration of the authorization period to carry out an increase in capital. b. The group of beneficiaries who have the right to subscribe for this additional capital. c. The terms and conditions of the issue or creation of securities corresponding to the additional capital.
2.3	<p><i>Changes in capital</i></p> <p>A description of the changes in 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>Profit sharing certificates</i></p> <p>The number and the main features of the issuer's profit sharing certificates.</p>
2.6	<p><i>Limitations on transferability and nominee registrations</i></p> <ol style="list-style-type: none"> 2.6.1 Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and rules for granting exceptions. 2.6.2 Reasons for granting exceptions in the year under review. 2.6.3 Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions. 2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability.
2.7	<p><i>Convertible bonds and warrants/options</i></p> <p>Outstanding convertible bonds and number of warrants issued by the issuer or by subsidiaries on equity securities of the issuer (including employee options, which must be indicated separately), along with an indication of the duration, the conversion conditions or, as it were, the exercise price, the subscription ratio and the total amount of the covered share capital concerned.</p>

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

3.5	<i>Internal organizational structure</i>
3.5.1	Allocation of tasks within the board of directors.
3.5.2	Members list, tasks and area of responsibility for each committee of the board of directors.
3.5.3	Work methods of the board of directors and its committees.
3.6	<i>Definition of areas of responsibility</i> Basic principles regarding the definition of the areas of responsibility between the board of directors and the senior management.
3.7	<i>Information and control instruments vis-à-vis the senior management</i> The structure of the board of directors' information and control instruments vis-à-vis the issuer's senior management such as internal auditing, risk-management systems and management information systems (MISs).
4.	Senior management The following information about the issuer's senior management must be disclosed:
4.1	<i>Members of the senior management</i> For each member of the senior management: a. Name, nationality and function. b. Education and professional background. c. Tasks previously carried out for the issuer or one of the issuer's subsidiaries.
4.2	<i>Other activities and vested interests</i> For each member of the senior management: a. Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law; b. permanent management and consultancy functions for important Swiss and foreign interest groups; c. official functions and political posts.
4.3	<i>Management contracts</i> 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.

5.	<p>Compensations, shareholdings and loans</p> <p>The following information is to be disclosed with regard to the compensation paid to and shareholdings of the members of the issuer's board of directors and senior management as well as loans granted to those individuals:</p>
5.1	<p><i>Content and method of determining the compensation and the shareholding programmes</i></p> <p>Basic principles and elements of compensation and shareholding programmes for members of the issuer's board of directors as well as for its senior management, together with a description of the authorities and procedure for determining such.</p>
5.2	<p><i>Transparency of the compensations, shareholdings and loans pertaining to issuers domiciled abroad</i></p> <p>Issuers whose registered office as per ref. no. 3 is not situated in Switzerland and whose equity securities are listed on the SWX but not on an exchange in their country of origin must apply Art. 663b^{bis} CO analogously.</p>
6.	<p>Shareholders' participation</p> <p>The following information on the participation of the issuer's shareholders must be disclosed:</p>
6.1	<p><i>Voting-rights and representation restrictions</i></p> <p>6.1.1 All voting-rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions, particularly in the case of institutional voting-rights representatives.</p> <p>6.1.2 Reasons for granting exceptions in the year under review.</p> <p>6.1.3 Procedure and conditions for abolishing statutory voting-rights restrictions.</p> <p>6.1.4 Statutory rules on participation 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 incorporation, can only be carried by a majority greater than that set out by the 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, particularly with regard to time frames and deadlines.</p>
6.5	<p><i>Inscriptions into the share register</i></p> <p>Rules governing the deadline for the inscription of registered shareholders into the share register in view of their participation in the general meeting of shareholders, as well as any rules with regard to the granting of exceptions.</p>
7.	<p>Changes of control and defence measures</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” (Art. 22 SESTA), along with an indication of the threshold in percent.</p>
7.2	<p><i>Clauses on changes of control</i></p> <p>The content of change-of-control clauses included in agreements and schemes benefiting members of the board of directors and/or senior management as well as other members of the issuer’s management (e. g. “golden parachutes”).</p>
8.	<p>Auditors</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 lead auditor</i></p>
8.1.1	Date of assumption of the existing auditing mandate.
8.1.2	Date on which the lead auditor responsible for the existing auditing mandate took up office.
8.2	<p><i>Auditing fees</i></p> <p>The total of the auditing fees charged by the auditors in the year under review.</p>
8.3	<p><i>Additional fees</i></p> <p>The total of the fees charged in the year under review by the auditors and their related parties for additional services (e. g. management consulting) performed for the issuer or one of the issuer’s subsidiaries.</p>

8.4	<p><i>Informational instruments pertaining to the external audit</i></p> <p>A description of the instruments available to the board of directors that assist its members in obtaining information on the activities of the external auditors. To be indicated in particular are the means by which the auditors report to the board of directors, as well as the number of meetings the board or audit committee has held with the external auditors.</p>
9.	Information policy The following details pertaining to the issuer's information policy must be disclosed:
	<p>The frequency with which and the 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>

