

Table of changes to the DCG

Directive on Information relating to Corporate Governance (DCG)

General considerations:

- The table below only lists the amended provisions of the Directive. Please refer to the attached draft DCG for an overview of the amended Directive.
- The sources cited below, such as the current DCG, the Commentary re Corporate Governance Directive (Com. DCG) and Communiqués relating to corporate governance, as well as sanction notices and decisions, are available on the website www.six-exchange-regulation.com.
- Unless otherwise noted, equal disclosure of relevant information related to corporate governance is required by all issuers.
- Pursuant to art. 620-762 of the Swiss Code of Obligations (CO), the Ordinance against Excessive Compensation (OaEC) is applicable to public limited companies whose shares are listed on a stock exchange in Switzerland or abroad (art. 1 para. 1 OaEC). The following issuers in particular on SIX Swiss Exchange Ltd are thus excluded from the scope of the OaEC:
 - Issuers that do not have their registered office in Switzerland;
 - Public limited companies solely listing participation certificates (or profit-sharing certificates under former law);
 - Specific issuers with registered office in Switzerland that do not have the legal form of a public limited company pursuant to art. 620ff. CO.

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| Art. 2 <i>Purpose</i> | This Directive obliges is intended to encourage issuers to make certain key information relating to corporate governance available to investors in an appropriate form. | Amendments in line with regulatory terminology. There are no substantive changes. |
| Art. 3 <i>Scope of applicability</i> | [†] This Directive applies to all issuers whose equity securities have their primary respectively main listing are listed on the SIX Swiss Exchange Ltd ("SIX Swiss Exchange") and whose registered offices | As previously, the Directive essentially only applies to issuers with a primary listing or "main listing", as it is termed in the Stock Exchange Act (SESTA), as amended. The scope of applicability is not extended. |

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| | <p>are in Switzerland.</p> <p>² It also applies to issuers whose registered offices are not in Switzerland but whose equity securities are listed on the SIX Swiss Exchange and not in their home country.</p> | <p>Due to the rewording of paragraph 1, for the most part paragraph 2 is superfluous.</p> <p>Although under the previous wording of paragraph 2 it is conceivable that a company with a primary listing on a foreign stock exchange not in its home country and with a secondary listing on SIX Swiss Exchange falls within the scope of the DCG. Given that companies with a secondary listing principally observe the regulations of the primary exchange, no added value is created by making companies with a secondary listing subject to the provisions of this Directive. The new wording makes it clear that companies with a secondary listing are not subject to said provisions.</p> |
| <p>Art. 5 <i>Clarity and importance</i></p> | <p>The publication of information relating to corporate governance should be limited to what is essential to investors, and It should be <u>complete, comprehensible, and provided in appropriate form</u>provided in an appropriate and comprehensible form.</p> | <p>Confirmation of existing practice whereby key information related to corporate governance must be disclosed in full.</p> |
| <p>Art. 6 <i>Place of publication</i></p> | <p>Information relating to corporate governance is to be published in a separate section of the annual report <u>(the "CG report")</u>. This section may refer to other parts of the annual report <u>respectively the remuneration report</u> or other easily accessible sources <u>where the of information can be found or ordered</u>. References to <u>w</u>Web pages must include the URLs.</p> | <p>Editorial changes, as well as explicit reference to the remuneration report as the place where information related to corporate governance, as required under the Directive, may be published.</p> |
| <p>Art. 7 <i>"Comply or explain"</i></p> | <p>For all information prescribed in the Annex, the principle of "comply or explain" applies. If the issuer refrains from disclosing opts not to disclose certain information, <u>a specific reference to this effect must be included in the CG report, and substantial grounds must be given for each individual case in which information is not disclosed, then the annual report must contain an individual, substantiated justification for each instance of such non-disclosure.</u></p> | <p>Editorial clarification. There are no substantive amendments.</p> |
| <p>Art. 9 <i>Entry into force</i></p> | <p>¹ This Directive shall enter into force on [date] and replaces the Directive on Information relating to Corporate Governance of 429 January-October 2008<u>2007</u>.</p> | <p>New rule on entry into force. SIX Exchange Regulation plans to have the amended Directive enter into force in the latter half of 2014. Issuers will be informed in good time via a SIX Exchange Regulation media release.</p> |

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| | <p><u>It shall be applied for the first time to the report for that financial year which begins after 31 December 2013.</u></p> | <p>Accordingly, the amended provisions of the Directive shall apply for the first time to the annual report for 2014, or the year 2014/2015 for issuers with a balance sheet date other than 31 December.</p> |
| Annex | | |
| <p><i>Point 1.2 Annex</i></p> | <p><i>Significant shareholders</i> Significant shareholders and significant groups of shareholders and their shareholdings to the extent that the issuer is aware of them. <u>Disclosures must be made in accordance with the information that has been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange. For issuers registered offices in Switzerland, disclosure must take place in accordance with the information published in the year under review</u> pursuant to Art. 20 SESTA and the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading. This includes the key elements of shareholders' agreements published in this connection. <u>The status of holdings on the balance sheet date must be disclosed. The individual reports that were published during the year under review must also be listed, or a reference must be given to the relevant Disclosure Office web page.</u></p> | <p>Amendment in line with art. 20 SESTA, as amended, which now also applies to issuers with registered office outside Switzerland.</p> <p>In addition, reworded in clearer language in line with existing practice; see also Communiqué of SIX Exchange Regulation no. 2/2013 dated 26 August 2013, point II.A.</p> |
| <p><i>Point 3.3 Annex</i></p> | <p><u>Additionally for issuers subject to the Ordinance against Excessive Compensation (OaEC):</u> <u>Rules in the articles of association on the permitted number of activities pursuant to Art. 12 para. 1 point 1 OaEC.</u></p> | <p>Additional disclosure of information pursuant to art. 12 para. 1 point 1 of the Ordinance against Excessive Compensation (OaEC) in the interests of coherent presentation in the Corporate Governance report.</p> <p>If the relevant information is in the articles of association or another document, art. 6 DCG provides that reference may be made to these sources of information.</p> |
| <p><i>Point 3.4 Annex</i></p> | <p><u>Elections and terms of office</u> <u>The time of first election to office, and any restriction on term of office, for each member of the board of directors.</u></p> | <p>The rules regarding election and term of office for members of the board of directors are to be kept distinct for issuers subject to the OaEC and those not subject to the OaEC. The reason is that certain procedures are now mandatory under the OaEC; these include annual re-election and individual</p> |

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| | <p>Additionally for issuers subject to the OaEC: <u>Any rules in the articles of association that differ from the statutory legal provisions with regard to the appointment of the chairman, the members of the compensation committee and the independent proxy.</u></p> <p>Additionally for issuers not subject to the OaEC: <u>The principles of the election procedure (specifically the term of office, individual election or election as a group, total renewal or staggered renewal).</u></p> | <p>election of members of the board of directors. In turn, issuers not subject to the OaEC are still required to disclose this information as before.</p> <p>Issuers that are subject to the OaEC and that pursuant to art. 12 para. 2 point 7 OaEC have different arrangements from these legally prescribed procedures are likewise required to disclose same in the Corporate Governance report in the interests of coherent presentation.</p> |
| [alt] Point 3.3.1 Annex | The principles of the election procedure (total renewal or staggered renewal) and limits on the terms of office. | Deleted. New rule in point 3.4 of the Annex. |
| [alt] Point 3.3.2 Annex | The time of first election to office and the remaining term of office for each member of the board of directors. | Deleted. New rule in point 3.4 of the Annex. |
| Point 4.3 Annex | <p>Additionally for issuers subject to the OaEC: <u>Rules in the articles of association on the permitted number of activities pursuant to Art. 12 para. 1 point 1 OaEC.</u></p> | <p>Additional disclosure of information pursuant to art. 12 para. 1 point 1 of the Ordinance against Excessive Compensation (OaEC) in the interests of coherent presentation in the Corporate Governance report.</p> <p>If the relevant information is in the articles of association or another document, art. 6 DCG provides that reference may be made to these sources of information.</p> |
| Point 4.4 Annex | <p>Delegation of business management Management contracts Key elements of management contracts between the issuer and companies (or natural persons) not belonging to the group, including the names and registered offices of the companies, the delegated <u>business</u> management tasks and the form and extent of compensation for the fulfilment of these tasks.</p> | Reworded in line with art. 6 OaEC. |
| Point 5.2 Annex | Disclosures from issuers subject to the OaEC: | |
| Point 5.2.1 Annex | <u>Rules in the articles of association on the principles applicable to performance-related pay and to the allocation of equity securities, convertible rights and options, and the additional amount for payments to</u> | Point 5.1 of the Annex to the DCG (Content and method of determining the compensation and the shareholding programme) remains unchanged. |

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| | <p><u>members of the executive committee appointed after the vote on pay at the general meeting of shareholders.</u></p> | <p>In addition, issuers subject to the OaEC must provide explanatory information on the rules in their articles of association to investors, relating in particular to the principles applicable to performance-related pay pursuant to art. 12 para. 2 point 3 OaEC, including the additional amounts pursuant to art. 12 para. 2 point 5 OaEC.</p> <p>If the relevant information is in the remuneration report, articles of association or another document, art. 6 DCG provides that reference may be made to these sources of information.</p> |
| <p>Point 5.2.2 Annex</p> | <p><u>Rules in the articles of association on loans, credits and post-employment benefits for members of the board of directors and executive committee.</u></p> | <p>Explanatory information on the rules in the articles of association governing loans, credits and post-employment benefits pursuant to art. 12 para. 2 point 1 OaEC.</p> <p>If the relevant information is in the remuneration report, articles of association or another document, art. 6 DCG provides that reference may be made to these sources of information.</p> |
| <p>Point 5.2.3 Annex</p> | <p><u>Rules in the articles of association on the vote on pay at the general meeting of shareholders.</u></p> | <p>Additional information in the interests of coherent presentation such that investors must be provided with explanatory information related to the applicable rules in connection with voting at the general meeting of shareholders; this applies in particular to the rules in the articles of association pursuant to art. 12 para. 1 point 4 OaEC and, where applicable, to para. 2 point 6 OaEC.</p> <p>If the relevant information is in the remuneration report, articles of association or another document, art. 6 DCG provides that reference may be made to these sources of information.</p> |
| <p>Point 5.3 Annex</p> | <p>Disclosures from issuers not subject to the OaEC: <u>Remuneration report in keeping with Arts. 14 to 16 OaEC.</u> <u>Disclosures on pay for members of the board of directors and executive committee in keeping with Arts. 14 to 16 OaEC (remuneration report).</u></p> | <p>Analogous disclosure for issuers not subject to the OaEC.</p> <p>Issuers whose registered offices are not located in Switzerland and were not subject to the former art. 663b bis CO were also previously required, pursuant to point 5.2 of the Annex to the DCG, to make the relevant disclosures</p> |

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| | | analogously in the Corporate Governance report. The same also applied to issuers whose registered offices are located in Switzerland and were also not subject to Art. 663b bis CO. |
| [alt] Point 5.2 Annex | Transparency of compensation, shareholdings and loans pertaining to issuers with registered offices outside Switzerland Issuers whose registered offices as per Art. 3 para. 2 are not located in Switzerland and whose securities are listed on the SIX Swiss Exchange but not on an exchange in their home country must apply Art. 663b^{bis} CO analogously. | Deleted. New rule in point 5.3 of the Annex. |
| Point 6.1.1 Annex | Rules in the articles of association on restrictions to voting rights. All voting rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions, as well as exceptions actually granted during the year under review, particularly in the case of institutional voting rights representatives. | Clarification regarding currently applicable point 6.1.2 of the Annex to the DCG (information on exceptions granted, including reasons for exceptions in the year under review; new: point 6.1.3 Annex to the DCG). Deletion of reference to institutional proxies for issuers subject to the OaEC. See also art. 11 OaEC. |
| Point 6.1.2 Annex | <u>Additionally for issuers not subject to the OaEC:</u> <u>Disclosures on restrictions to voting rights and rules on granting exceptions for institutional proxies, as well as exceptions actually granted during the year under review.</u> | As before, issuers not subject to the OaEC are still required to make disclosures related to institutional proxy voting where applicable (see also Commentary on point 6.1.1 of the Annex to the DCG). |
| Point 6.1.3 / Point 6.1.4 / Point 6.1.5 | | These provisions correspond to the former point 6.1.2, point 6.1.3 and point 6.1.4 of the Annex to the DCG. |
| Point 6.1.6 Annex | <u>Additionally for issuers subject to the OaEC:</u> <u>Information on the possibility of issuing instructions to the independent proxy, and rules on electronic participation in the general meeting of shareholders.</u> | Issuers subject to the OaEC are now also required to make disclosures relating to rules in connection with issuing instructions to independent proxies, including, in particular, any rules in the articles of association in connection therewith, which rules are applicable for any new motions put forward. Furthermore, rules regarding electronic participation at the general meeting of shareholders must be disclosed in the CG report in the interests of clarity. If the relevant information is in the articles of association or another |

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| | | <p>document, art. 6 DCG provides that reference may be made to these sources of information.</p> <p>It is assumed that issuers not subject to the OaEC do not have these instruments.</p> |
| <p>Point 6.2 Annex</p> | <p><u>Quorums required by the articles of association</u> Statutory quorums Resolutions of the general meeting of shareholders which, under the issuer's articles of association incorporation, can only be carried by a majority greater than that required by law set out by the applicable legal provisions, along with an indication of the size of the majority for each case.</p> | <p>Editorial change.</p> |
| <p>Point 7.1 Annex</p> | <p><u>Duty to make an offer</u> <u>Rules in the articles of association on opting out (Art. 22 para. 2 and 3 SESTA) and opting up (Art. 32 para. 1 SESTA), stating the percentage threshold.</u> <u>Existence of statutory rules on “opting out” or “opting up” (Art. 22 SESTA), along with an indication of the threshold in percent.</u></p> | <p>Editorial change to ensure consistency of terminology.</p> |
| <p>Point 7.2 Annex</p> | <p><u>Clauses on changes of control</u> The content of change-of-control clauses included in agreements and schemes benefiting members of the board of directors and/or executive committee as well as other members of the issuer's management (e.g. “golden parachutes”).</p> | <p>Pursuant to art. 20 point 1 OaEC, severance payments are not permitted; accordingly, it no longer meaningful to make explicit reference to the example of golden parachutes.</p> <p>If issuers not subject to the OaEC have golden parachutes, these must be disclosed – as before – in the CG report.</p> |
| <p>Point 8.3 Annex</p> | <p><u>Additional fees</u> The total fees charged in the year under review by the auditing body and its related parties for additional services (e.g. management consulting) performed for the issuer or one of the issuer's subsidiaries, <u>stating the nature of such additional services.</u></p> | <p>Amendment in line with practice to date. See also Communiqué of SIX Exchange Regulation no. 4/2009 dated 11 August 2009, point II.B, as well as decision by the Sanctions Commission dated 30 June 2010 (SaKo 2010-CG-II/10).</p> |