



Exchange Regulation

COMMUNIQUÉ NO. 4/2017 OF 8 SEPTEMBER 2017

Main points of focus for the review of annual reports for 2017 and 2017/2018 with regard to compliance with the Directive on Information relating to Corporate Governance

I. BACKGROUND

Periodic reporting on corporate governance statements in annual reports, in conformity with the Directive on Information relating to Corporate Governance of 13 December 2016 (cf. Art. 49 para. 2 Listing Rules and the Directive on Information relating to Corporate Governance [DCG]) is an integral part of the information that should enable investors to assess the quality of an issuer pursuant to the Financial Market Infrastructure Act (Art. 36 para. 1 FMIA).

II. POINTS OF FOCUS

Where corporate governance reporting is concerned, particular attention will be paid to compliance with the following points of focus in the evaluation of annual reports for 2017 and 2017/2018:

A. Place of publication (Art. 6 DCG)

Art. 6 DCG states that issuers must publish the information relating to corporate governance that is required by the DCG in a separate section of their annual report (the corporate governance report). References to other parts of the annual report or to other easily accessible sources of information are permitted. However, such references must be precise and, in the interests of clarity of form (Art. 5 DCG), should be used sparingly (cf. margin number 26 and margin number 36 et seqq. of the SIX Exchange Regulation Guideline re the Directive on Information relating to Corporate Governance dated 1 January 2016 [Guideline DCG]). The source must also be easy to find and free of charge. Dispatch by regular post is not sufficient to satisfy the requirement that sources can be consulted quickly (cf. also the decision of the Committee of the Admission Board of 23 November 2006 [ZUL-CG-I-06], point 18).

Where the text of the corporate governance report refers to other parts of the annual report, the exact source (such as the page number) must be given. If reference is made to a website, the exact URL or path must be given (Art. 6 DCG; cf. also margin number 40 et seqq. Guideline DCG; decisions of the Committee of the Admission Board of 23 November 2006 [ZUL-CG-I/06], point 17 et seqq., and also of 23 November 2006 [ZUL-CG-II/06], point 23 et seqq.; decision of the Sanction Commission of 11 June 2010 [SaKo 2010-CG-I/10], point 7; and SIX Exchange Regulation Communiqué no. 8/2010 of 17 August 2010, point II.B.).

If reference is made to websites containing dynamic data, then in addition to such data, the availability of static information must also be ensured for five years (mandatory duration for which financial reports must be published on the issuer's website in accordance with Art. 13 para. 1 of the [Directive on Financial Reporting](#)) (cf. also margin number 41 [Guideline DCG](#)).

B. Rules in the articles of association on the number of permitted activities (points 3.3 and 4.3 of the Annex to the DCG)

Point 3.3 of the Annex to the [DCG](#) states that issuers that are subject to the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares of 20 November 2013 (ERCO) must include information in their corporate governance reports about the number of additional activities that the company's articles of association permit the members of its board of directors to undertake (Art. 12 para. 1 (1) ERCO). Point 4.3 of the Annex to the [DCG](#) sets out the same requirement in respect of members of the company's executive committee. Instead of listing the information that is required, issuers may refer to the relevant provisions of their articles of association (cf. the statements made with regard to Art. 6 DCG under Point II.A above). If a reference is included, the precise designation of the relevant provision of the articles of association must be given, and the link to the issuer's website must be included in the corporate governance report (cf. margin number 40 et seq. [Guideline DCG](#)).

C. Rules in the articles of association on compensation (point 5.2 of the Annex to the DCG)

Issuers which are subject to the ERCO must include disclosures on provisions of their articles of association which relate to variable compensation in their corporate governance report. These disclosures must cover the 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, as well as the additional amount for payments to members of the executive committee appointed after the vote on pay at the general meeting of shareholders (point 5.2.1 Annex [DCG](#), Art. 12 para. 2 (2) ERCO; cf. also margin number 255 [Guideline DCG](#)). Information must also be provided on rules in the articles of association on loans, credit facilities and post-employment benefits for members of the board of directors and executive committee (point 5.2.2 Annex [DCG](#); cf. also margin number 256 [Guideline DCG](#)). In addition, the corporate governance report must contain information on rules in the articles of association on the vote on pay at the general meeting of shareholders (point 5.2.3 Annex [DCG](#); cf. also margin note 257 [Guideline DCG](#)).

Instead of making comprehensive disclosures about the information that is required, issuers may refer to the relevant provisions of their articles of association (cf. the statements made with regard to Art. 6 DCG under Point II.A above). If a reference is included, the precise designation of the relevant provision of the articles of association must be given, and the link to the issuer's website must be included in the information on corporate governance in the annual report (cf. margin number 40 et seq. [Guideline DCG](#)).

III. CONCLUDING REMARKS

By rigorously enforcing the provisions of the DCG, SIX Exchange Regulation aims to improve the transparency of corporate governance. It regularly adapts its checks to accommodate new developments. Annual reports are examined by means of random sampling. Each issuer whose annual report statements on corporate governance are examined will receive at least a comment letter notifying them of the outcome of the review.

IV. FURTHER INFORMATION ON CORPORATE GOVERNANCE

The provisions governing information relating to the corporate governance of companies listed on SIX Swiss Exchange AG are available at the following URL:

<https://www.six-exchange-regulation.com/en/home/regulation/issuer.html>

Previously published sanctions imposed for irregularities in corporate governance may be viewed at:

<https://www.six-exchange-regulation.com/en/home/publications/explorer/sanction-decisions.html>

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