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Main amendments to the 2018 Ethos proxy voting guidelines compared to the 2017 edition

As every year, the Ethos proxy voting guidelines have been fully reviewed in light of the latest developments in corporate governance in Switzerland and abroad. The following main amendments have been taken into consideration in the 2018 edition as compared to the 2017 version.

Chapter 4: Board and executive remuneration (amended)

To reflect the evolution of remuneration practices in Switzerland and abroad, it has been decided to divide in two the point "4.1 Remuneration system / remuneration report / variable remuneration plans". In this way, the new point "4.2 Remuneration report" was added in order to specify the conditions under which the vote on the remuneration report will be opposed.

Appendix 5: Requirements of the remuneration report (new)

The introduction of the point 4.2 implies the addition of a new appendix 5 entitled "Requirements for the remuneration report". This appendix allows taking into account the evolution of international best practice, meaning notably that in order to be approved, the remuneration report must present in detail the variable remunerations which were realised in the year under consideration.

According to appendix 5, the companies must disclose not only the variable remunerations at grant, but also the remunerations which were effectively paid out, often many years after the grant, at the end of the performance period of the long term remuneration plans (vesting). The companies must describe in detail the degree of achievement of the targets set for the bonus and the long-term plans and they must publish the initial grants as well as the amounts effectively paid out at vesting. This information allows shareholders to assess the link between pay and performance in which case they can approve the remuneration report.