



SWIPRA Code of Conduct

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1 Introduction

Shareholders, especially institutional investors who usually hold larger stakes in a company than retail investors, today embrace a more active role than ever before with regard to the exercise of their voting rights attached to shares they are directly or indirectly invested in. While the number of active investors has certainly increased in recent years on a global basis, institutional shareholder engagement has not yet established itself as common practice. This may be part of the reason why more recently lawmakers, regulators and others have further increased the pressure on institutional investors to actively make use of their voting rights and disclose their position ultimately to their beneficiaries or investors (such duty now forming part of the Swiss Constitution for example).

Delivering professional and independent proxy voting advice emerges as an efficient way of helping investors in making more informed voting decisions even in cases where they pursue diversified investment strategies. Such an advisory function, if structured and operated on the basis of independence, integrity and transparency, not only reduces agency costs but also helps increasing the companies' awareness for governance issues allowing better ex ante-processes and results.

SWIPRA ("**Foundation**") is a non-profit oriented, independent proxy advisor for institutional investors ("**Clients**") with registered offices in Zurich, Switzerland, and a Foundation under Swiss law. SWIPRA develops its voting recommendations in collaboration with the Department of Banking and Finance of the University of Zurich ("**DBF**") and provides them to its Clients through the electronic platform "Sherpany." Investors making use of SWIPRA's proxy advisory services shall be able to rely on integrity, independence and compliance of SWIPRA with relevant laws, regulations and policies in all its activities. Furthermore, Clients can expect to be granted full transparency as to the methodology used by SWIPRA when evaluating proxy voting material from reviewed listed companies ("**Companies**"), the communication with Companies and formulating its voting recommendations for Clients.

SWIPRA has therefore developed this Code of Conduct that applies to SWIPRA and all its directors, officers and employees. SWIPRA also expects any external advisors, consultants, contractors, and suppliers to adhere to the same standards. This Code of Conduct defines overriding principles under which SWIPRA wants to operate and has structured its organization. These principles are reflecting SWIPRA's high ethical standards.



2 Overriding Principles

2.1 Honesty and Integrity

SWIPRA is fully committed to achieve and sustain a top-tier standing as a professional and independent proxy voting advisory service in relation to Companies. SWIPRA understands that this objective can only be achieved if it commits to and complies with the highest standards of integrity in connection with the conduct of its business, in particular with regard to the impartiality and quality of its advice.

A thorough and current understanding of (i) the legal and regulatory environment applicable to the Companies (including soft law and Swiss customs), (ii) special requirements applicable to investors (such as stewardship codes), (iii) the economic rationale underlying SWIPRA's Policy Considerations, and (iv) the special conditions and customs that apply to the Companies and the industries they are doing business in are preconditions for rendering state of the art proxy voting advice. SWIPRA's corporate bodies, its business partners and advisors ensure that this special know-how is taken into constant consideration when preparing voting recommendations and also when recruiting new staff or evaluating new business partners.

2.2 Independence

The members of the Board of Trustees ("**Board**") meet strict independence criteria. This is of particular importance given that the Board is ultimately responsible for the management of SWIPRA and, among others, for the enactment and renewal of SWIPRA's Policy Considerations serving as the basis of any voting recommendation. Board members, officers or employees with a significant degree of experience have been and may to a certain extent still be active in the businesses of Companies SWIPRA is commenting on. Therefore, this Code of Conduct defines certain rules to ensure independence of directors, officers and employees of SWIPRA (see – "**Organization**").

SWIPRA has entrusted a dedicated team of professionals of DBF an independent, academic and public institution, with the task of analyzing agenda items of SWIPRA's Clients against SWIPRA's Policy Considerations and provide SWIPRA with proposals regarding the voting recommendation. This approach has been selected in light of the science-based economic rationale which underpins SWIPRA's Policy Considerations and allows an independent and state-of-the-art assessment of agenda items and motions. The ultimate responsibility with regard to the issuance of voting recommendations is and remains with SWIPRA.

SWIPRA will neither operate as an asset manager nor as a consultant for Companies. SWIPRA will, in connection with General Meetings, assess agenda items as well as proposals to shareholders solely with the objective of long-term value generation and provide its recommendations independently from the Companies board's recommendations. However,



SWIPRA is convinced that it is in the best interest of its Clients if Companies are given the chance to have its proposed agenda items and motions for an upcoming shareholders' meeting pre-evaluated by SWIPRA against the Policy Considerations before publication (using information available at the time of the pre-evaluation). This allows the Company to amend the agenda items and motions in light of SWIPRA's Policy Considerations. For this purpose, SWIPRA offers Companies in relation to which it provides voting advisory services the chance to conduct a review of a given set of proposed agenda items and motions for an upcoming shareholders' meeting and will allow and foster communication with a Company should a proposal be disputed; SWIPRA will be transparent to its Clients on such communication.

SWIPRA does not hold shares (or holds at most one share or a very small number of shares following a split, as the case may be) of Companies. SWIPRA does not manage any assets of third parties.

2.3 Compliance

SWIPRA, its directors, officers and employees comply with all applicable laws and regulations. Areas that are of particular importance are the following: general corporate law, legislation on Swiss Foundations, capital markets laws and regulations, insider trading legislation, stock exchange regulations, financial audit and reporting regulations, corporate governance, data protection and privacy laws, anti-corruption laws and other industry specific regulation.

2.4 Transparency

SWIPRA wants to support the dialogue between Companies, investors and SWIPRA and, in general, increase transparency between the participants in capital markets. In order to achieve this goal, SWIPRA provides all information about its organizational and operational principles to its Clients or, as the case may be, to the public by making it accessible on its webpage.

2.4.1 Policy Considerations

The basis for SWIPRA's voting recommendations are its "Policy Considerations". They describe the standard and special items of agendas of shareholders meetings and the related basis of analysis under which SWIPRA operates for a defined period of time. They refer to economic and empirical evidence relating to corporate governance and are "principle-based" rather than "general rule-based". It is therefore important that Clients and Companies have access to those Policy Considerations which, in addition, form an important basis for discussion and further development.

2.4.2 Pricing Structure

SWIPRA has a transparent and simple pricing structure. The current version of the fee structure is available on SWIPRA's webpage.



2.4.3 Code of Conduct

This Code of Conduct is publicly available in its current form on SWIPRA's webpage.

2.4.4 Report on financials and operations

SWIPRA will provide a summary activity report to its Clients. For the first time, this is planned for the period between March 2013 and June 2014. In the following years, the report will cover the periods between July 1 and June 30.

3 Voting Recommendations, Voting and Reporting

3.1 Voting Recommendations

Voting recommendations are established based on a principle-based approach. These principles including their rationale are defined in SWIPRA's Policy Considerations. Any voting recommendation by SWIPRA vis-à-vis a client will be made and implemented based on these considerations, which will be updated, periodically adopted and published to SWIPRA's Clients. These Policy Considerations define, among others, the criteria for long-term and sustainable value-based management.

In order to ensure an objective and economically and empirically well-founded view, SWIPRA works together with the DBF whereby the DBF provides independent recommendation proposals to SWIPRA.

Finally, the ultimate, individual voting recommendation is based on a multi-level, structured process allowing an individual assessment of the specific circumstances of the Company whereby the management of SWIPRA will verify the recommendations as proposed by the DBF and in case of a disputable recommendation, contact the Company and involve the Board of Trustees. Any dialogue with a Company in relation to a disputable item will be disclosed to Clients and the Company will be given space to add an own statement to a negative voting recommendation of SWIPRA. For a schematic overview of the workflow see Annex 1.

SWIPRA relies primarily on publicly available information such as annual reports, information on a Company's webpage, press releases, stock exchange and other regulatory filings and certain economic and financial databases containing relevant empirical data. In cases where SWIPRA engages in a dialogue with the respective Company, SWIPRA potentially receives information not accessible by the general public. However, it is a pre-condition of SWIPRA for any Company dialogue that price-sensitive information may not be disclosed to SWIPRA. Notwithstanding the availability of such information, SWIPRA and its Board members, officers, and employees will strictly adhere to the relevant insider regulations.



3.2 Voting

SWIPRA will allow its Clients to place voting instructions with respect to shares to the extent that the client is authorized to place voting instructions electronically via the web-based voting platform of Sherpany (see – www.sherpany.com).

3.3 Reporting

For Clients who have chosen to vote electronically, SWIPRA will provide an individual as well as a general reporting upon the voting instructions being effected at the respective General Assembly. With respect to the Voting Recommendations, SWIPRA will keep an archive and provide them to Clients on request.

4 Organization

4.1 General Remark

SWIPRA is a Foundation incorporated based on Art. 80 ff of the Swiss Code of Private Law and as such by operation of law fully independent of its founders. The Board of Trustees is bound to fulfill the Foundations purpose with the funds of the Foundation and cannot deviate from the purpose. Founders also have no say on the replacement of members of the Board of Trustees. The Foundation is subject to the supervision of the Swiss Federal Department of Home Affairs (“FDHA”) and is required to file annual reports. Both the articles of the Foundation deed and the organizational rules have been approved by the FDHA. Any changes thereto will have to be filed with the FDHA in accordance with Swiss law. FDHA task is to ensure that the funds of the Foundation are only spent in line with its purpose.

The purpose of SWIPRA reads as follows:

The purpose of the foundation is the support of Swiss and International Investors with respect to their voting rights as shareholders of a publicly listed company. To achieve such purpose, particularly, the foundation will

- Develop, advance, apply as well as communicate principles and recommendations that are based on the mid- and long-term value creation as well as principles of good corporate governance;
- Support the facilitation of the execution of shareholders’ voting rights;
- Seek the dialogue between publicly listed companies and their shareholders in order to execute such principles and
- support economic and empirical research in this area.

Beyond the above, the foundation can take any appropriate measures in order to support the purpose of the foundation.



4.2 Board of Trustees

SWIPRA is managed by a Board of Trustees, whose initial members had been appointed by the founders as part of the Foundation deed. Any amendments, replacements or displacements will have to be carried out by the Board of Trustees itself (so-called co-optation) and filed with the competent commercial register.

SWIPRA's Board is ultimately responsible for the management of SWIPRA. In particular, it is the Board's main task to enact, implement and adapt SWIPRA's Policy Considerations. The Board ensures highest degrees of integrity and quality.

The Board's competencies are regulated by the rules set in the Foundation deed as well as by the organizational rules.

4.3 Executive Manager (CEO)

Day-to-day management, including the analysis and making of voting recommendations, is fully delegated to an executive manager. The Executive's competencies are regulated by the organizational rules of competencies and further decisions of the Board.

4.4 Integrity and independence of directors, officers and employees

SWIPRA's credibility largely depends on the profound experience of its officers, directors and employees and their relevant qualifications, experience and competence but also their integrity and independence. Therefore,

1. Members of the Board, officers and employees shall not hold any offices with more than three Companies or hold 1% or more of the registered share capital ("Material Share") in a Company;
2. Members of the Board, officers and employees shall be strictly excluded from taking part in any decision relating to a Company
 - i) he or she is holding an office of or a material share, or
 - ii) he or she has been holding an office or a material share in the past 5 years.
3. Members of the Board, officers and employees who have a potential conflict of interest with respect to a Company or otherwise, shall immediately notify the Chairman of the Board, and in case of the Chairman, the full Board, of such potential conflict. Based on the nature of the potential conflict, the Chairman, or as the case may be the Board shall decide on adequate measures which may range from disclosure to abstention, and in a permanent situation, replacement.

For each member of the Board, officer and employee, SWIPRA will disclose a list of Companies such person is currently holding or has been holding an office in the past 5 years.



4.5 Advisory Board

The Advisory Board consists of 3 to 12 members and shall serve the Board and management of SWIPRA as a sounding board with respect to specific questions, being, however, strictly limited to a purely advisory role. The Advisory Board is strictly excluded from the process of making voting recommendations. Members of the Advisory Board are nominated by the Board and shall consist of representatives of Clients and experts in the field of corporate governance and sustainability.

5 Business Ethics and Communication

SWIPRA will submit its final voting recommendation to its Clients and, upon request, the relevant Company. As a general rule, SWIPRA voting recommendations will not be disclosed to the public ahead of the respective general meeting. In order to legitimize SWIPRA's voting advice, all of SWIPRA's voting recommendations will in all cases be accompanied by a discussion, laying down all relevant aspects on which a conclusion is ultimately drawn. In addition, in order to provide the best basis for an informed judgment, SWIPRA will allow Companies to add a limited statement of their own in case of a dissenting recommendation, which is subsequently made accessible to all Clients together with SWIPRA's voting recommendation.

Furthermore, SWIPRA takes all reasonable steps to ensure that (i) it does not receive prohibited inside information when communicating with Companies and (ii) any inside information that has come to its knowledge is not disclosed to Clients or elsewhere. For the purposes of proper administration and transparency, all meetings with companies will be documented by SWIPRA.

We understand that Clients expect a reliable partner when asking for independent proxy voting advice. Transparency is particularly important for institutional investors because they have a responsibility or increased expectation to be responsible towards their stakeholders in explaining why they vote in a certain manner. A key driver for reliability is the transparency provided by the advisor in relation to the methodology applied when developing voting recommendations. Some market participants believe that the publication of specific voting "checklists," which clearly outline their assessment and make the advisor's behavior largely predictable, best serves this purpose.

SWIPRA has chosen a different approach: SWIPRA developed and issued the SWIPRA Policy Considerations where a general framework is formulated for what constitutes, in SWIPRA's understanding, long-term and sustainable value-based management that helps to create long-term shareholder value. These Policy Considerations are derived from a comprehensive review of academic research on corporate finance and governance, and they reflect the substantial experience of SWIPRA's Board members. SWIPRA will periodically update SWIPRA's Policy Considerations. Such an update is usually done on a yearly basis by entering into a general dialogue with its Clients and Companies.



The Policy Considerations recognize that the specific situation of each Company is unique, making generic, uniform “best practice” approaches potentially problematic. Therefore, it is SWIPRA’s policy to take into account specific situations when making recommendations. The Policy Considerations deal with a wide range of specific issues that frequently occur in practice. Should a particular issue not yet be addressed explicitly in the Policy Considerations, SWIPRA will apply the general principles.

6 Anticorruption, Gifts, Bribery, Foundation Assets, Confidentiality etc.

6.1 Making gifts / Offering hospitality

SWIPRA does not make and no member of the Board, officer or employee shall make any gifts, in particular direct cash payments, to third parties such as regulators, Company officers or employees or Clients. However, SWIPRA may invite Clients, Companies or other interested parties to corporate or other hospitality events that support the purpose of the Foundation. Lunch or dinner invitations are acceptable to the extent they do, as a rule of thumb, not exceed CHF 100 per person.

6.2 Receiving gifts / Accepting hospitality

SWIPRA does not and no member of the Board, officer or employee of SWIPRA shall accept any gifts or cash or cash equivalents. Invitations to corporate or other hospitality events may be accepted to the extent that they do not result in a conflict of interest or are not in line with applicable laws and regulations.

6.3 Foundation Assets

Foundation property shall be treated and used diligently, in particular any pivotal and proprietary know how. Particular emphasis shall be put on safe and secure storage, handling and disposal of paper and electronic documents. No potentially confidential information shall be exchanged with third parties unless a confidentiality agreement has been duly executed with the recipient of such information.



7 Violations of this Code of Conduct

Violations of the Code or of other SWIPRA policy may have different consequences, ranging from a mere discussion to a disciplinary action including dismissal, depending on the severity of the violation. If an officer, director or executive is suspected to have violated the Code or another SWIPRA policy, the Board finally decides upon a proposal and measures to be taken.

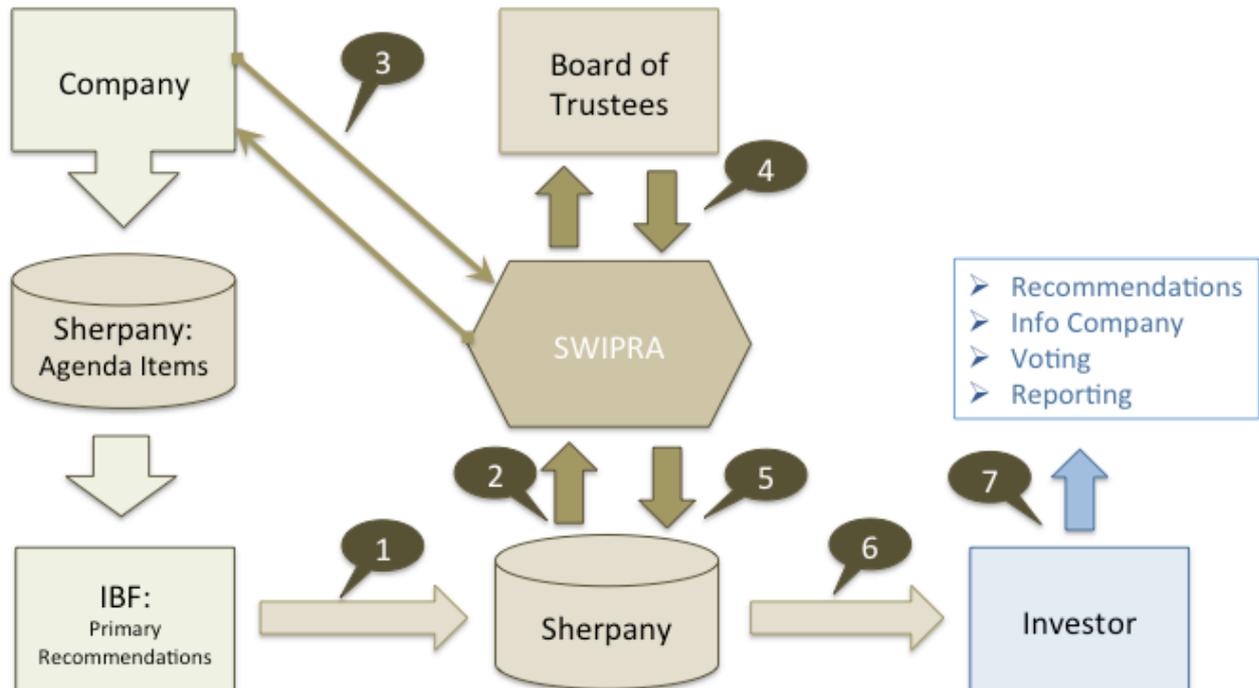
Certain violations of the Code or another Foundation policy may also constitute a violation of the law and can therefore lead to the individual as well as SWIPRA being the subject of a legal investigation, prosecution and as a result fines. In addition, civil liability and subsequent sanctions (damage awards) may result from violations.

The Code enters into force as of April 1, 2013, and it may be modified from time to time. The current version of this Code can be found on the SWIPRA's website.

Version: 1.0, Amended as of [Date]



Annex 1: Schematic workflow



Legend

- 1 IBF-Recommendation on Sherpany
- 2 Verification by SWIPRA
- 3 Dialogue with Companies
- 4 Debatable recommendation
→ Board of Trustees
- 5 Decision followed by publication through Sherpany
- 6 Available for Investor
- 7 Investor voting and reporting