



Survey on the perception of market discipline and regulation:

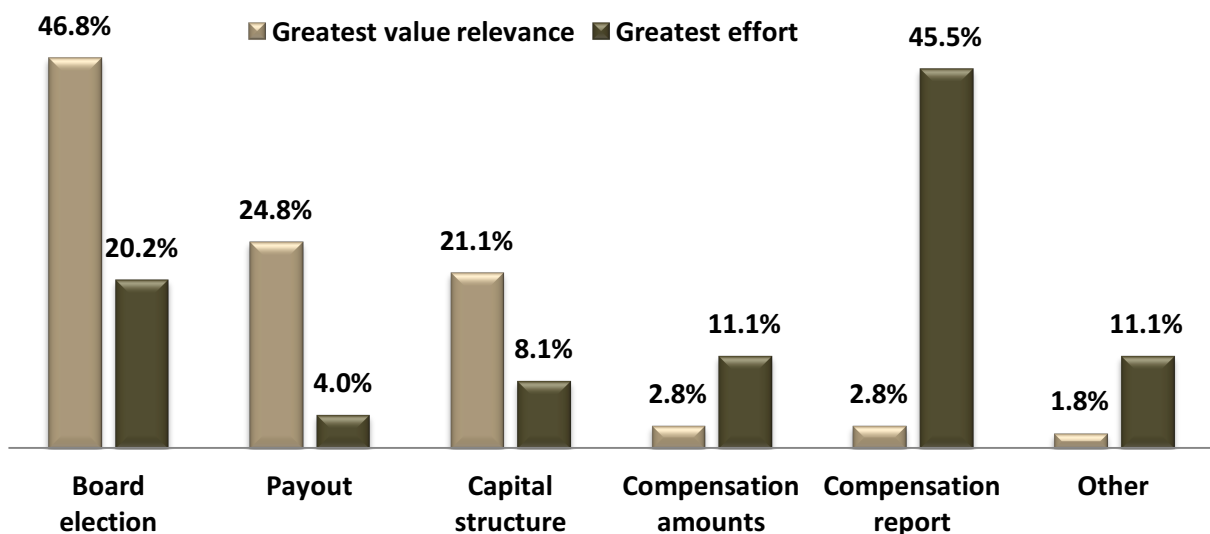
**Limited benefits but substantial efforts with executive compensation votes –
Disagreement over the value of shareholder voting rights**

Zurich, October 19, 2015 – Efforts related to shareholder votes on management compensation agenda items are considered disproportionate compared to their value relevance. This is a finding of the third corporate governance survey conducted by the Swiss proxy advisor SWIPRA. All surveyed groups – pension funds, Swiss and foreign institutional asset managers and all SPI® companies – do not perceive compensation related agenda items as the most important value driver for a company, while the analysis of these agenda items was particularly time-consuming during the 2015 general meeting season. Further important findings show that all participants are in general critical with respect to additional regulation concerning corporate governance. A disagreement regarding the value of shareholder voting rights exists: Unlike institutional asset managers, pension funds only see little value in exercising shareholder voting rights.

Voting on management compensation: Much ado about nothing?

Over the past two years, corporate governance regulation in Switzerland had to focus primarily on compensation issues. Yet, only 2.8% of institutional investors and issuers perceive votes on compensation amounts and the compensation report as the most important agenda item for the value creation of a company, relative to all other agenda items. 46.8% of the survey participants consider elections to the board of directors as the most important value driver.

Issuers and investors were surveyed on the agenda item with the greatest impact on value generation for a company (value relevance; 109 answers) and on the agenda item with the greatest effort requirement during the AGM season 2015 (effort; 99 answers).





During the preparation for the annual general meetings 2015, the majority of surveyed issuers and investors (45.5%) spent most of their time on the compensation report. For another 11.1%, the most time-consuming item concerned compensation amounts.

Barbara Heller, CEO of SWIPRA: "Issuers are still struggling to transparently illustrate the relationship among compensation, performance and strategic objectives. For investors, the effort to analyze and evaluate agenda items regarding compensation should not be so disproportionately high."

In fact, 37.5% of the investors stated that a lot, but insufficient relevant information regarding compensation matters was disclosed. The investors' request for a better traceability of the compensation systems could already be observed in previous SWIPRA surveys. Indeed, by now and despite a generally critical attitude towards further regulation, a majority of investors, particularly asset managers, would support a standardization of disclosure. However, such a regulation is rejected by 59.2% of the issuers.

Critical voices regarding aspects of the planned revision of the Swiss corporate law

Not only issuers but also investors raise serious concerns regarding the future development of the Swiss legal framework. Only 20.7% of the survey participants expect the pending regulatory steps to go into the desired direction. Various proposals currently discussed on a political level as well as by the media were critically assessed:

- All of the surveyed groups (63%) clearly refuse a repeal of prospective voting systems.
- 60.2% of the participants prefer bonuses to be in line with the value creation of the company instead of being capped relative to an individual's base salary.
- The majority of investors (65.2%) supports a cancellation of opting-out provisions for companies with a dual-class share structure. A third of the investors (33.3%) are in favor of such a cancellation in any case. Remarkably, with 76.9%, a significant majority of the international asset managers is in favor of abolishing opting-out clauses in any case.

Disagreement over the value of shareholder voting rights

Shareholder rights have been significantly strengthened in recent years, particularly as a result of the Ordinance against Excessive Compensation (implementation of the so-called "Minder-Initiative"). Yet, pension funds in particular only see a limited value in exercising their voting rights. While the majority of institutional asset managers (70.4%) believe exercising shareholder voting rights creates additional value, this is only the case for less than half of the pension funds. 38.7% of the pension funds even believe that exercising voting rights is needless. The vast majority of issuers (70.5%) considers shareholder voting rights only as an expression of opinion, which influences the strategy and value generation of a company only under very specific circumstances.

These results are surprising, given the ongoing discussion about the position of minority shareholders in certain specific cases in Switzerland as well as the fact that equity investments are made largely passively nowadays (e.g., index- or sector-linked). In such cases, exercising voting rights is the only means of influence. Accordingly, from SWIPRA's perspective, exercising shareholder voting rights is, especially in critical cases, more than just an expression of opinion.



The survey

In collaboration with a team of researchers from the Department of Banking and Finance at the University of Zurich, all issuers that are listed on the SIX Swiss Exchange as well as national and international institutional investors were invited to participate in the third SWIPRA Survey on Corporate Governance in Switzerland. The survey provides new insights into important aspects of corporate governance, such as regulation, exercising of voting rights, management compensation and the election of the board of directors. 153 institutions participated in the survey period (August, 2015), an increase of more than 40% compared to the previous year: 58 issuers listed on the Swiss Performance Index® as well as 95 pension funds and institutional investors, one third of which are based abroad and hold substantial equity investments in Swiss companies. A summary of the study's results can be downloaded using the following link: <http://swipra.ch/survey/>

About SWIPRA

SWIPRA is an independent proxy advisor. Based on the principles of value-oriented management combined with the objective of long-term shareholder value generation, SWIPRA provides analyses and voting recommendations regarding a variety of Swiss issuers that are listed on the SIX Swiss Exchange. www.swipra.ch

Contact:

Barbara Heller, CEO
SWIPRA – Swiss Proxy Advisor
Raemistrasse 5, PO Box 519
CH-8024 Zürich
Switzerland
+41 44 515 89 68
barbara.heller@swipra.ch