



Revision of the Swiss corporate law

Important proposed amendments regarding the Ordinance against excessive Compensation (“OaeC”) in line with SWIPRA’s view

Zurich, December 8, 2015 – On December 4, 2015, the Swiss Federal Council published its views regarding the ongoing reform of the Swiss corporate law. As a result of the public consultation process to which SWIPRA contributed actively, several elements of the Federal Council’s initial version have been amended. SWIPRA is satisfied with the outcome of the public consultation process regarding the elements related to the OaeC and positively notes that the majority of the respective amendments are in line with SWIPRA’s [expert opinion](#):

The Federal Council proposes to drop the idea of prohibiting prospective voting schemes on compensation amounts, the voting system that had been widely implemented following the OaeC.

However, other than originally stipulated in the OaeC, and as a reaction to the feedbacks from the public consultation process, companies with prospective voting schemes should be required to hold an advisory vote on the compensation report. This proposal is fully in line with SWIPRA’s recommendation on the OaeC published in a [position paper](#) already back in December 2013: it provides shareholders with the possibility to voice their opinion on how prospectively approved amounts have been used.

The Federal Council further dropped the idea to require a maximum ratio between fixed and variable compensation. This is in line with SWIPRA’s expert opinion. Besides the unclear definition of fixed and variable compensation, a maximum ratio would have significantly reduced the companies’ flexibility to define their optimal compensation scheme, which would not have been in the interest of shareholders. A similar argument holds for the additional compensation amount for new executives. This amount is relevant in prospective voting schemes and may be used more flexible than originally proposed by the Federal Council.

The introduction of a minimum gender representation requirement remains part of the revision with a 30% gender quota for boards of directors and a 20% quota for executive management boards. It has been amended, however, and is now a “comply or explain” instead of a binding requirement. Based on economic research, practical limitations and in line with long-term value generation, SWIPRA remains critical with respect to such a general minimum requirement.

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

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