Status as of 20 September 2007

Commentary re Corporate Governance Directive

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- *20 September 2007*

All new passages or amended text portions that contrast with the previous version are shown in red and italics.

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Introduction

The Corporate Governance Directive (DCG) entered into force on 1 July 2002 and is to be implemented for the first time by all SWX-listed companies in their annual report covering the financial year beginning on or after 1 January 2002.

This Commentary provides an explanation of issuers' obligations in connection with the DCG as adopted by the SWX Swiss Exchange (SWX). It will be updated at certain intervals and is intended as a means of providing issuers with guidelines on how they can remain in compliance with DCG.

The DCG has the objective of obliging issuers to make available to investors in a suitable form certain key information with regard to corporate governance practices within their company. The Directive contains provisions that address, among other things, the scope of applicability, basic principles of clarity and materiality, as well as where the relevant information is to be located in published material; the Annex, in turn, lists the specific information that is to be disclosed.

The Directive and this Commentary are to be interpreted in conformity with the Federal Act on Stock Exchanges and Securities Trading (SESTA) and the Listing Rules of the SWX Swiss Exchange (LR). In particular, transparency and the equal treatment of investors as per Art. 1 SESTA are to be observed.

The Directive is binding on listed companies and enforced in accordance with the provisions of the LR. Since the DCG has been in existence, companies have been sanctioned for breaches of the relevant CG provisions. The lessons learned from these proceedings have been incorporated into this Commentary.

The provisions of the Directive are cited by means of their corresponding margin reference number (ref. no.), while provisions laid out in the Annex are indicated by their respective item numbers (Points). The notes of this Commentary are cited as notes (N.).

Proposal for citing reference numbers: ref. no. 1 N. 1

Proposal for citing provisions of the Annex: Point 1 N. 1

Of the three linguistic versions of the Directive (German, French and English), the German text is deemed to be the authoritative version.

Original text of DCG	ref. no.	SWX commentary	N.
Background **Under the Federal Act on Stock Exchanges and Securities Trading (SESTA), the SWX Swiss Exchange determines what information needs to be published so that investors can evaluate the properties of securities and the quality of issuers. Internationally recognized standards must be taken into account (Art. 8 SESTA). The information to be published includes details on the management and control mechanisms at the highest corporate level of the issuer (corporate governance).**	**1**	The SWX Swiss Exchange derives its regulatory authority to enact this Directive from Art. 8 SESTA as well as Arts. 1, 3 and 64 LR.	1
Purpose of the Directive **The Directive is intended to encourage issuers to make certain key information relating to corporate governance available to investors in an appropriate form.**	**2**	The Directive has the aim of ensuring that investors have access to key information concerning corporate governance, and this in a suitable form **(see ref. no. 5)** It is intended as a means of reinforcing awareness of the significance of coporate governance among those companies subject to the Directive as well as their **current** and **potential shareholders**. The presentation of how corporate governance is in fact carried out is aimed at strengthening SWX-listed issuers' cognisance of the law as well as enhancing the reputation of the Swiss financial marketplace.	1
Scope **This Directive applies to all issuers whose equity securities are listed on the SWX and whose registered office is in Switzerland. It also applies to issuers whose registered office is not in Switzerland but whose equity securities are listed on the SWX and not in their home country.**	**3**	This provision of the Directive stipulates the scope of applicability of DCG. The following factors are decisive in this regard: on one hand, the fact that the **relevant shares are listed on SWX** and, on the other, the given **issuer's domicile**.	1

Original text of DCG	ref. no.	SWX commentary	N.

As a consequence, DCG is fundamentally applicable to issuers who have **shares** (i.e. equity capital in the form of bearer or registered shares, participation certificates and dividend-right certificates) that are listed on the SWX Swiss Exchange. DCG does not apply to issuers who only have debt instruments (e.g. debt in the form of bonds / debentures) or derivative financial instruments listed on SWX. 2

By way of addressing a potential collision of law, DCG implicitly provides that, for those companies that have SWX-listed shares **but do not have their registered office in Switzerland**, the Directive is only then not applicable if the given company's shares are also **listed in its home country on an exchange recognized by SWX (Directive on the Listing of Foreign Companies, dated 22 June 2001; in force since 1 November 2001; ref. no.15)**. If in such cases the given company's shares are **listed on an exchange outside of its home country** but also on SWX, then DCG is nevertheless applicable. With regard to such companies, SWX intentionally uses the term **"home country"** as a means of taking into account various conjoined private-law theories (headquarters theory; country of-incorporation theory). DCG always applies to companies that have their registered office in Switzerland and their shares listed on SWX, regardless of any listings they may have in other countries. Pursuant to Art. 626 Point 1 CO, the statutes of Swiss joint-stock companies fundamentally stipulate the place of the given company's registered office. 3

Examples: 4

1. A company that does not have its registered office in Switzerland nevertheless has its shares (equity securities) listed on SWX. Its shares are also listed on the New York Stock Exchange, but not in its home country of South Africa. DCG is applicable.

2. A company that, under Swiss law, has its domicile ("Sitz") in Switzerland, has ist shares listed on SWX as well as on the London Stock Exchange. The company, under English law, has its management headquarters in London. DCG is applicable.

3. A company with its registered office in Switzerland only has bonds (debt securities) listed on SWX. DCG is not applicable because no shares of the company are listed in Switzerland.

Original text of DCG	ref. no.	SWX commentary	N.
		4. A company that does not have its registered office in Switzerland initially only has ist shares (equity securities) listed on SWX. At a later date, the company also lists ist shares in its home country. If, on the balance sheet date **(see ref. no. 8)**, the company has already been listed in its home country, then DCG is not applicable.	
		Companies that are not constituted in accordance with the Swiss Code of Obligations (CO) must **analogously** fulfil the provisions of DCG, all of which have been formulated in close relationship with the CO.	5
		For confirmation of the applicability of the DCG to issuers whose registered office is not in Switzerland see the **decision of the Disciplinary Commission of 27 November 2003.**	6
Information to be published **The information that is to be published in the annual report is indicated in the Annex to this Directive.**	**4**	The information to be disclosed pursuant to the Annex of DCG is to be published in the **annual report** and not as a part of the audited annual financial statements.	1
Clarity and materiality **The publication of information relating to corporate governance should be limited to what is essential to investors, and the information should be provided in an appropriate and comprehensible form.**	**5**	Using legal terminology as a means of disguising actual facts violates the requirement for **clarity** and **materiality**. With regard to DCG, the fundamental principle of **"substance over form"** (i.e. information to be presented in accordance with its substance and economic reality and not merely its legal form) applies to the manner in which such information is to be presented.	1
		Clarity: The information required by the Directive is to be presented in a clear manner. This means clarity with regard to presentation **(clarity of form)** as well as with regard to content (clarity of substance). The information must be such that it is comprehensible and meaningful to an investor with an average level of understanding. The target audience is not only the average investors but also the potential investors.	2
		In the interest of clarity in the manner in which the information is presented (clarity of form), it is recommended that the structure of the Directive be followed. Practice has shown that the corporate governance reports of issuers who provide a negative declaration as to compliance with specific	3

Original text of DCG	ref. no.	SWX commentary	N.

points of DCG fare significantly better than those in which no such statement has been provided. The inclusion of too many references could lend itself to hindering such clarity of form.

The presentation of insignificant information can lend itself to hindering the clarity of the information. 4

Materiality:
The information presented must be of material significance. "Materiality" in this regard means information that is indispensable to the investor within the context of its being relevant to his or her ability to assess the corporate governance practices of the company. Content-free, meaningless phrases (boilerplate) are to be avoided. And that materiality has both **qualitative** and **quantitative** components. An item of information is deemed to be material if it could influence the investor's judgement of the company's corporate governance. Thus the concept of materiality can just as well limit the company's obligation to disclose information. 5

Certain information of lesser significance may be omitted under certain circumstances without impairing the informativeness of the report on corporate governance. To be assessed in this regard is, on one hand, the significance of an individual, specifically required piece of information and, on the other, the significance in terms of its **overall impact**. Thus it is entirely possible that, for example, various individually insignificant and therefore omitted pieces of information could, if taken as a whole, indeed be of materiality. 6

The notion of what information is in fact material is spelled out in concrete terms in various Points of the DCG Annex. Certain provisions contained in the DCG Annex also incorporate the term "material" **(e.g. Points 3.2**, **4.2**). In keeping with the concept of materiality, those usages may not be construed to connote any other separate meaning. 7

It is permissible to present more information than the minimum required by DCG, provided that such information is always in keeping with the objectives and principles of the Directive **(see ref. nos. 2** and **5)**. 8

Original text of DCG	ref. no.	SWX commentary	N.
Place of publication **Information relating to corporate governance must be published in a separate section of the annual report. This section may refer to other parts of the annual report or other easily accessible sources of information. References to Web pages should include the appropriate search paths (URLs).**	**6**	The information required by the Directive must be published in the annual report. For purposes of clarity, the Directive stipulates that a **separate section on corporate governance** be included in the annual report. Appropriate references to additional information disclosed in other parts of the annual report may be used in the corporate governance section. It is also permissible to refer to other easily accessible (i.e. quickly obtainable and cost-free) sources of information. The option of referring to Web pages is explicitly allowed. Such references must include the precise search path (URL). It is not sufficient merely to refer to the issuer's homepage. For reasons of clarity of form **(see ref. no. 5)**, such references should be used sparingly. If reference is made to Web sites with dynamic data, then in addition to such data, the availability of static, date-specific information must also be ensured. This information must be made available on the Web site for a period of at least three years after the publication of the annual report. Merely referring to a given Web site by means of a blanket reference that constitutes the sole content of the corporate governance section is not permissible. *See decisions of the Executive Committee of the Admission Board **ZUL/CG/I/06** and **ZUL/CG/II/06** of 23 November 2006.*	1
"Comply or explain" *For the informationen described in the Annex a comply-or-explain principle applies: if the issuer decides not to disclose certain information, it must be individually substantiated in the annual report.*	**7**	Issuers fulfil the provisions of DCG (i.e. comply) by disclosing the required information. If an issuer opts not to disclose details called for in certain specific Points of the Annex, then the rationale for that decision must be **substantiated** (i.e. explain). If no facts have occurred with regard to the given Point, or if it does not apply to the issuer, then it is recommended that a negative declaration be made.	1
		*Issuers may only waive disclosure of relevant information if they can substantiate their rationale for doing so (i.e. explain). The requirement for **substantiated** explanations was added at the behest of the Federal Banking Commission (FBC), and the term is subject to interpretation. Fundamentally, the issuer must weigh the interests of the public (in terms of the **disclosure** of relevant information) against its own interests with regard to **secrecy**. The substantiated explanations must be provided in a manner that enables the reader to understand how both parties' interests have been taken into consideration. In order for the "explain"-clause to apply, the interests of the company must objectively be of higher importance. This requirement is not fulfilled by merely remarking that the undisclosed information is a business secret. See the decision of the Executive Committee of the Admission Board **ZUL/CG/VI/05** of 10 April 2006.*	2

Original text of DCG	ref. no.	SWX commentary	N.
Disclosure deadline **The information to be disclosed is that which applies on the balance sheet date. Important changes occurring between the balance sheet date and the copy deadline for the annual report should be indicated in an appropriate form.**	**8**	The balance sheet date is determining. If any **significant** changes have taken place between the balance sheet date and the copy deadline for the annual report, then they must either be disclosed at the end of the corporate governance section under the heading of "Material changes since the balance sheet date" or in a clearly designated manner under the relevant Point.	1
Entry into force **This Directive enters into force on 1 July 2002. It applies to all annual reports for financial years beginning on 1 January 2002 or later.**	**9**	The Directive is applicable to the issuer's financial year beginning on or after 1 January 2002. Consequently, it involves a form of improper retroactiveness, which is legally permissible.	1
		The revised **DCG** will enter into force on 1 January 2007. The **DCG that will remain in force until 31 December 2006** still applies for issuers whose financial year starts before 1 January 2007.	2

Annex

Chap./ Point	Original text of DCG	SWX commentary	N.
1	**Group structure and shareholders** **The following information on the group structure and the shareholders must be disclosed:**		
1.1	**Group structure**		
1.1.1	**Description of the issuer's operational group structure.**	The operational structure of the enterprise is to be delineated according to **group-internal organizational criteria ("management principles")**. In other words, the internal group structure that forms the basis for management's decision-making is the decisive element in this disclosure obligation. If the issuer's consolidated financial statements already contain detailed segment reporting as required in particular by IFRS (formerly IAS) and US GAAP, then an appropriate reference to that fact is sufficient, provided that the individual segments have been arranged in accordance with group-internal organizational criteria and appropriately explained. The operational group structure may also be presented graphically.	1
1.1.2	**All listed companies belonging to the issuer's group, including the company names, their domiciles, where they are listed, their market capitalization, the percentage of shares held by subsidiaries and the securities' security or ISIN numbers.**	In the case of group structures involving a large number of subsidiaries, only the most significant listed (Point 1.1.2) and unlisted (Point 1.1.3) entities within the issuer's scope of consolidation need be disclosed. In particular, shell companies ("dormant companies") that have no substantial net assets are not to be itemised. The significance of a subsidiary in this instance is to be assessed in terms of its shareholders' equity, net sales, balance sheet and the number of employees in relationship to the entire group (i.e. all companies within the group's scope of consolidation). References may be made to existing lists of group entities that are published in other parts of the annual report, provided that the information requiring disclosure has been presented in those sections.	1
		Among the information that must be disclosed as per Point 1.1.2 are details provided by the SWX-listed parent/holding companies with regard to the official corporate name and registered offices of the issuer, place of listing, stock market capitalisation, security number and ISIN. In the rare cases in which one or more group subsidiaries are also listed, the corresponding information must also be disclosed for these companies.	2

Chap./ Point	Original text of DCG	SWX commentary	N.
1.1.3	**The non-listed companies belonging to the issuer's consolidated entities, including the company names, their domiciles, their share capital and the percentage of shares held by subsidiaries.**	Among the information that must be disclosed as per Point 1.1.3 are the relevant details pertaining to all unlisted subsidiaries controlled by the parent company.	1
1.2	**Significant shareholders** **Significant shareholders and significant groups of shareholders and their shareholdings to the extent that the issuer is aware of them. For issuers domiciled in Switzerland, disclosure must take place in accordance with the information published in the Swiss Commercial Gazette in the year under review under Art. 20 SESTA and the provisions of the Ordinance of the Federal Banking Commission on the Stock Exchanges and Securities Trading. This includes the key elements of shareholders' agreements published in this connection.**	This provision is intended as a means of making the issuer's most significant shareholders and their respective shareholdings in the company transparent for the investor. On one hand, the disclosure of significant shareholders allows a conclusion to be drawn about their influence within the company and, on the other, is also to be viewed in light of **Point 7.1** pertaining to the duty to make a takeover offer. The reference to Art. 20 of the Stock Exchange Act (SESTA) is intended as a means of providing investors with a considerably greater amount of information than is normally presented in the annual report on the sole basis of Art. 663c CO.	1
		If, during the course of a given year, the issuer has published a number of disclosure notifications pertaining to the holdings of a significant shareholder (e.g. initial purchase, an increase in the position at a later date, and subsequent sale of the shares), then those notifications may be presented in summarised form. The summary must be made in a manner that enables the transactions to remain comprehensible for the reader. If, in connection with the publication of disclosure notifications in the Swiss Commercial Gazette in accordance with Art. 20 SESTA, the key elements of shareholders' agreements (see Art. 17 para. 1 lit. f. SESTO-FBC) have been published, then those elements are to be disclosed in Point 1.2. If no disclosure notifications were made during the period under review, then, pursuant to the wording of Point 1.2, no information regarding significant shareholders need be disclosed. In the spirit of transparency, the issuer may in such instances publish a list of its previously disclosed significant shareholders along with the annotation that no disclosures were made during the period under review.	2
		It should be borne in mind that shareholders of non-Swiss-domiciled joint-stock companies are not subject to the disclosure obligations laid down in Art. 20 f. SESTA. Such companies must nevertheless reveal their significant shareholders in an analogue manner to the Stock Exchange Act and its implementing ordinances to the extent that the issuer has, or should have, knowledge of any significant shareholders.	3

Chap./ Point	Original text of DCG	SWX commentary	N.
1.3	**Cross-shareholdings** **Cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on both sides.**	This provision has the purpose of shedding light on any interlocking shareholdings the issuer may have with other joint-stock companies. Such cross-shareholdings can represent a takeover barrier as well as have a negative impact on the control function shareholders exercise over management, especially in instances of a small shareholder turnout at the annual general meeting. Given the existence of cross-shareholdings that respectively exceed a threshold level of **5%** of either the **voting rights** or **equity capital** of the companies involved, then **both** shareholdings are to be disclosed, together with the name of the company, type and number of equity securities held, as well as the total percentage of voting rights and equity capital associated with such shareholdings. It should be borne in mind that, in contrast to the obligation to disclose significant shareholders, both the percentage of voting rights and percentage of equity capital are of material importance. Also in contrast to the disclosure of significant shareholders, the mere reaching of the threshold value is not sufficient to trigger the disclosure obligation, but instead such disclosure only becomes mandatory once the 5% threshold has been exceeded. See also in this regard **Point 3.3** "Cross-involvement".	1 2
2	**Capital structure** **The following information about the capital structure of the issuer must be disclosed:**	The respective details required below are to be disclosed as they exist within the group at the holding level (individual company account).	1
2.1	**Capital** **The amount of the issuer's ordinary, authorized and conditional capital on the disclosure deadline.**	Pursuant to the accounting standards recognized by SWX, the annual financial statements already include information on the ordinary share capital of the issuer. Information on conditional and authorised capital is required by Art. 663b Point 11 CO. Thus, in the corporate governance section, it suffices if reference is made to the corresponding places in the annual financial statements and related notes.	1
2.2	**Authorized and conditional capital in particular** **In addition, the following information must be disclosed in connection with the issuer's authorized and conditional capital:**	In addition to the information disclosed as per Point 2.1, Point 2.2 requires that additional details be provided concerning authorized and conditional capital. The information that must be disclosed in the annual report largely corresponds to the details pertaining to authorized and conditional capital increases that are to be included in the corporate statutes pursuant to Art. 651 or, as it were, Art. 653b CO.	1

Chap./ Point	Original text of DCG	SWX commentary	N.
	a) the maximum increase in authorized or conditional capital and the duration of the authorization period to carry out an increase in capital; **b) the group of beneficiaries who have the right to subscribe for this additional capital;** **c) the terms and conditions of the issue or creation of securities corresponding to the additional capital.**	Among the terms and conditions that are to be published as per Point 2.2 lit. c are, if applicable, the share registration provisions attendant to the subscription for and purchase of the newly issued shares, any limitation on or the suspension of subscription rights, the assignation of unexercised or withdrawn subscription rights, any limitation on or cancellation of pre-emptive subscription rights, as well as information regarding the exercise conditions attendant to the convertible or warrant rights and the basis for calculating the issuance price. The information that must be disclosed is usually set out in the articles of incorporation.	2
2.3	**Changes in capital** **A description of the changes in capital that took place within the last three financial years.**	Changes in capital must be disclosed in terms of amounts for all types of share capital and/or participation capital. Details of changes in capital serve, in particular, to inform the investor of events which have led or which might lead to a dilution of entitlement to assets, share of earnings or voting power.	1
		As it pertains to the second financial year prior to the given period under review, the inclusion of a reference to the previous annual report is permissible. For example, information on changes of capital that took place in the year under review (the 2006 financial year) and the preceding year (the 2005 financial year) must be disclosed in the corporate governance chapter of the annual report for 2006. For the 2004 financial year, it is sufficient to refer to the relevant part of the annual report for 2005.	2
		The use of the related proceeds, and hence the purpose of the changes in capital, need not necessarily be disclosed. Exceptionally, that information is to be disclosed if it is of material materiality to the investor, e.g. in cases of very large changes in capital.	3
2.4	**Shares and participation certificates** **The number, type and par value of the issuer's shares and participation certificates, including the main features, for example entitlement to dividend payments, voting rights, preferential rights and similar rights, along with an indication of the portion of the ordinary capital which is not paid in.**	Point 2.4 requires disclosure of information about the **type** of shares (registered or bearer) or participation certificates, as well as the main related **ownership rights**.	1
		In particular, indication is to be given of the relationship between voting rights and equity ownership, as the observance of the principle of "one share, one vote" in the sense of a constant ratio of par value to voting power is not mandatory in Switzerland. Instead, the articles of incorporation can provide for "privileged voting-right shares" that are equal in voting power but have a lower par value than the issuer's ordinary shares.	2

Chap./ Point	Original text of DCG	SWX commentary	N.
		According to this point, issuers whose capital is not or not entirely composed of share or participation capital (e.g. the cantonal banks, which have endowment capital), but which are also doted with a capital determined by cantonal law („Dotationskapital") must report the existence of this special form of capital. In particular, the amount of this special type of capital must be indicated. Furthermore, in the interests of transparency, it must also be disclosed that, under public cantonal law, investors do not have the same rights of co-determination as are granted to shareholders by the Swiss Code of Obligations.	3
2.5	**Profit sharing certificates** **The number and the main features of the issuer's profit sharing certificates.**	Among the main features that must be disclosed with regard to profit sharing certificates are the substance of their associated rights (e.g. right to receive dividends under exclusion of any entitlement to subscription rights or a portion of the proceeds of the liquidation of the company), as well as indication of those who enjoy such dividend rights (cf. Art. 657 para. 2 CO).	1
		If various categories of bonus certificates have been issued, the relevant information is to be provided for each category.	2
2.6	**Limitations on transferability and nominee registrations**	Pursuant to the **Directive dated 24 April 1996 pertaining to the tradability of registered shares** (in force since 1 June 1998), issuers must disclose in a standardized manner the criteria used for entering registered shares into the share register. By force of Point 2.6, these criteria are also to be published in the corporate governance section of the annual report.	1
2.6.1	**Limitations on transferability for each share category, along with an indication of statutory group clauses, if any, and rules for granting exceptions.**	For listed companies, practically the only basis still applied for limiting share registration is the **percentage clause** (Art. 685d CO). If such a percentage limit exists, Point 2.6.1 requires that indication be given of the precise limit.	1
		If the corporate statutes provide for a group clause (i.e. application of the percentage clause to investors who act in concert), then such a provision is to be disclosed. However, publication of the wording of the group clause is not required. With regard to the granting of exceptions, the related rules as well as the competent body responsible for granting such exceptions is to be disclosed.	2

Chap./ Point	Original text of DCG	SWX commentary	N.
2.6.2	Reasons for granting exceptions in the year under review.	So that the reasons for granting exceptions can be presented in a comprehensible manner, the underlying facts are to be discussed in brief, if necessary in an anonymous form.	1
2.6.3	Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions.	There are no legal regulations pertaining to the institution of the "nominee" as derived from Anglo-Saxon law. Each company must decide on its own about the adoption of such a system and the relevant specific provisions.	1
		A nominee is generally a legal entity, appearing in a commercial capacity, which registers shares with the company on behalf of its customer. It does so in its own name but for the account of that customer. This discloses its trustee status and the nominee declares itself, subject to certain conditions, prepared to reveal the identity of its principal to the company.	2
		The percentage limit, any given group clause, and the registration requirements as per Point 2.6.3 are to be disclosed.	3
2.6.4	Procedure and conditions for cancelling statutory privileges and limitations of transferability.	The procedure and requirements for eliminating statutory privileges and limitations on transferability must be briefly described, together with an indication of the necessary quorum.	1
2.7	**Convertible bonds and warrants/options** Outstanding convertible bonds and number of warrants issued by the issuer or by subsidiaries on shares of the issuer (including employee options, which must be indicated separately), along with an indication of the duration, the conversion conditions or, as it were, the exercise price, the subscription ratio and the total amount of the covered share capital concerned.	**In addition** to the information required by Art. 663b Point 6 CO (amount, interest rate and maturity) as it pertains to bonds (including convertible bonds), the term to maturity, conversion conditions or, as it were, the exercise price, **the relevant exercise ratio, as well as the amount of total covered equity capital as reflected in the notes to the annual financial statements** (individual company account) are to be disclosed. Information pertaining to the conditions of the given bond issue may also be published in this part of the annual report. If this is the case, a reference to the notes to the annual financial statements with regard to the issuer's convertible bonds is sufficient.	1

Chap./ Point	Original text of DCG	SWX commentary	N.
3	**Board of directors** **The following information about the issuer's board of directors must be disclosed:**		
3.1	**Members of the board of directors** **For each member of the board of directors:**	On one hand, the purpose of this provision is to enable investors to assess the board of directors. On the other hand, it is intended as a means of revealing the reciprocal relationships between the company and its board members so as to reveal any interdependencies that may exist. Furthermore, the composition of the board with regard to its members' professional background, nationality, etc. is disclosed, and if there exists a mix between executive and non-executive board members. Only board members who are in office as of the disclosure deadline have to be listed. Members who departed from the board in the year under review do not have to be listed.	1
	a) Name, nationality, education and professional background.	Lit. a: at a minimum, the most recent educational level must be disclosed. Uncompleted courses should not be disclosed. Examples: completed apprenticeship, commercial apprenticeship, federally recognised certificate of proficiency, baccalaureate, degree from a technical college, university degree, solicitor's degree, MBA. For details relating to information on the professional background, see the decision of the Executive Committee of the Admission Board **ZUL/CG/IV/05** of 29 November 2005.	2
		Under the professional background of the board members, information is to be provided on the key aspects of each member's career to date as well as his or her current professional activity. Aspects of the career to date include professional (management) positions and responsibilities of at least the last ten years that are relevant to the current professional role in terms of the sector or the management tasks. If possible, this information should include the years/time period and the sector/company: Example: • Head of Development, sector XY, 19vv – 19vv • Relationship Manager at a bank, 19vv-19ww • Marketing Head, sector XY , 19ww – 19xx • Head of Sales, textile industry, 19xx – 19yy • Managing Director, abc Factory in Singapore, 19yy – 19zz • Member of the Group Management of yy-Holding since 19zz	3

Chap./ Point	Original text of DCG	SWX commentary	N.
	b) Operational management tasks for the issuer or one of the issuer's subsidiaries (executive /non-executive member).	Lit. b: The operational tasks of the executive members is to be documented in brief, insofar that such information cannot be derived from the details provided under **Point 3.5**. Persons who carry out operational management tasks within the company are deemed executive members of the board of directors.	4
	c) For each non-executive member of the board of directors: **• Information on whether he or she was a member of the senior management of the issuer or one of the issuer's subsidiaries in the three financial years preceding the period under review;** **• Information on whether he or she has significant business connections with the issuer or one of the issuer's subsidiaries.**	Lit. c: The issuer should apply the same definition for its executive management as is used for the information provided under **Chapter 4**.	5
		By way of an authentic interpretation, the Admission Board of the SWX Swiss Exchange decided at its meeting held on 11 November 2002 that disclosure is to be made not only of any business relationships that may exist between the issuer and a given board member on a personal level, but also of any business relationships the issuer may have with any company or organization that is represented by such board member.	6
		However, the connection between the board member and such a company or organization (e.g. a club, professional federation, etc.) must be sufficiently close, so that the latter can directly influence the issuer's board member. This can occur, for example, in the case of a board member who is employed by a consulting firm or works at a law firm, for example, and the latter in turn has significant business relationships with the issuer.	7
		Understood to be business relationships in this regard are all contracts that involve remuneration. If such relationships could potentially restrict the decision-making freedom of individual board members, the issuer or any of its governing bodies, then those relationships are deemed per se to be material and therefore must be disclosed. A company can regularly assign tasks to a given board member that may influence his or her independence. By the same token, a board member may, for example, grant a loan to the company, which in turn places the issuer in a situation of dependency on the said board member. Because the related information must also be represented factually and comprehensibly **(see ref. no. 5)**, all important business relationships are to be described in brief.	8

Chap./ Point	Original text of DCG	SWX commentary	N.
3.2	**Other activities and vested interests** **For each member of the board of directors:** **a) Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;** **b) Permanent management and consultancy functions for important Swiss and foreign interest groups;** **c) Official functions and political posts.**	Whereas **Point 3.1** addresses the relationships between the company and its board members, Point 3.2 has the objective of disclosing the board members' network of relationships with third parties. Such a network may be of advantage to the company, but it may also engender interdependencies and conflicts of interest. Moreover, investors should be enabled to assess whether a given board member has sufficient time available to perform his or her duties of office. The term "important" as it is used in lit. a and lit. b is to be interpreted within the context of significance **(see ref. no. 5)**. Deemed to be important private and public organizations (in Switzerland, primarily companies and cooperatives) are in all cases listed companies or, as it were, companies whose size allows them to fulfil the listing requirements at the level of international standards. The same applies to public-law foundations (for example, federal polytechnic institutes) and private-law foundations (as it pertains to their quantitative significance). Similarly, the importance of an interest group is assessed from an overall business/societal standpoint. The term "materiality" is also to be interpreted within the specific context of the issuer (i.e. qualitative significance). By way of example, a board member's membership in an industry federation can be of significance to the corporate governance of the issuer even if, viewed from an overall economic perspective, that organization appears to be of little importance. The same applies to organizations or foundations with which the issuer has significant business dealings. The disclosure of official functions and political posts required by lit. c is to be based on the criterion of materiality. For example, the mere affiliation to a political party of a given board member is not a fact that requires disclosure. However, the duty to disclose does apply to an office such as that of a member of a cantonal government, a judge, a Federal Councillor, a National Councillor or Member of the Council of States.	1 2 3 4
3.3	**Cross-involvement** *(repealed)*		

Chap./ Point	Original text of DCG	SWX commentary	N.
3.4	**Elections and terms of office**	The purpose of Point 3.4 is to provide a description of the procedure for electing members of the board of directors as well as the structure of their respective terms of office. Consequently, the possibilities and means for their re-election should also be disclosed.	1
3.4.1	**The principles of the election procedure (total renewal or staggered renewal) and limits on the terms of office.**	Disclosure is required regarding whether the board of directors is elected as a whole or whether the general meeting of shareholders elects each member individually (global/staggered). If this is set out in the articles of incorporation, it is sufficient to cite the relevant text. If not, the election procedure used in the year under review must be described.	1
3.4.2	**The time of the first election and the remaining term of office for each member of the board of directors.**		
3.5	**Internal organizational structure**	The purpose of this norm is to foster transparency with regard to the internal organization and work methods of the board of directors. The following required information can essentially be gathered from the rules of organization of the board. If these do not correspond to actual practices, the latter must be disclosed ("substance over form"). See the decision of the Executive Committee of the Admission Board **ZUL/CG/V/05** of 29 November 2005.	1
3.5.1	**Allocation of tasks within the board of directors.**	To be indicated here are the chairman, vice-chairman, delegates of the board of directors and, if such exist, the additional functions of individual board members.	1
3.5.2	**Members list, tasks and area of responsibility for each committee of the board of directors.**	Most companies use standard designations for their board committees, e.g. Audit Committee, Compensation Committee, Nominating Committee, Human Resources Committee, Compliance Committee, etc. These functions are to be described in brief as in actual practice the tasks assigned to the various committees may differ from company to company. This information must be provided for each committee. The actual organisational structure must be disclosed ("substance over form"). With regard to the principal areas of responsibility, an indication must be made for each such area of responsibility as to whether the respective committee is only acting in an advisory or preparatory capacity, whether the power to take decisions is subject to the approval of the entire board of directors, or whether the committee is vested with the power to take decisions.	1

Chap./ Point	Original text of DCG	SWX commentary	N.
3.5.3	**Work methods of the board of directors and its committees.**	Under this Point, specific disclosure is to be made of the frequency in which board and committee meetings are held and their average duration. The number of meetings of the entire board of directors and its committees that took place in the year under review must be disclosed as well. Also, a brief description should be given with regard to the interaction between the full board and its committees as well as to the division of responsibility competence. Furthermore, information is to be provided if members of senior management or external consultants are regularly called upon to deal with specific issues.	1
3.6	**Definition of areas of responsibility** **Basic principles regarding the definition of the areas of responsibility between the board of directors and the senior management.**	The purpose of Point 3.6 is the disclosure of the extent to which board responsibilities have been delegated to senior management.	1
		As in **Point 3.5**, the actual practices are to be disclosed ("substance over form"). The areas of responsibility of the senior management must be disclosed not only as those of the board of directors. Those tasks of the board of directors which are non-transferable and irrevocable are set out in Art. 716a CO. It is not sufficient to repeat Art. 716a CO, nor is it sufficient to make general statements such as: "The Board of Directors determines the company's strategic orientation and has overall control of the company while the management board is responsible for operational management." If areas of responsibility are disclosed by means of a reference to the articles of incorporation or the rules of organisation, these documents must be made available to investors. The provisions of ref. no. 6 of the directive (place of publication) must be observed. *See the decision of the Executive Committee of the Admission Board **ZUL/CG/I/06** of 23 November 2006.*	2
3.7	**Information and control instruments vis-à-vis the senior management** **The structure of the board of directors' information and control instruments vis-à-vis the issuer's senior management such as internal auditing, risk management systems or management information systems (MISs).**	The purpose of Point 3.7 is to document how the board of directors can monitor the responsibilities it has delegated to members of senior management.	1
		For a comprehensible presentation of the organization of the control and information instruments, a brief description of the work methods methods *(brief description of the tools employed, frequency of their use, addressee of the information [entire board of directors or one of its subcommittees], any measures taken due to the information)* is necessary, e.g. frequency of reporting.	2

Chap./ Point	Original text of DCG	SWX commentary	N.
		Examples: • Participation of members of the board of directors or of committee members in meetings of the senior management (number, frequency) • Involvement of individual members of the senior management in meetings of the entire board of directors or its committees (e.g. CFO – Audit Committee) • Description of periodic reporting by the senior management to the board of directors or a committee (incl. frequency of reporting) • Description of the issuer's internal auditing, including its work methods and reporting (e.g. auditing focus, cooperation with the external auditors) • Description of the issuer's management information system (MIS) and its use (what is recorded, information on reporting, does the board of directors have direct access, how often does the board of directors receive MIS reports etc.) • Description of the issuer's risk-management system (what risks are registered, information on reporting)	
4	**Senior management** **The following information about the issuer's senior management must be disclosed:**		
4.1	**Members of the senior management** **For each member of the senior management:** **a) Name, nationality and function.** **b) Education and professional background.** **c) Tasks previously carried out for the issuer or one of the issuer's subsidiaries.**	See the decision of the Executive Committee of the Admission Board **ZUL/CG/V/05** of 29 November 2005. The purpose and content of this provision largely correspond to **Point 3.1**. Thus reference can be made to those specific comments with regard to the purpose. Members of senior management are those individuals who hold positions of responsibility according to the issuer's "management principles" **(see Point 1.1.1)**, are normally appointed by the board of directors and answer directly either to the board or the CEO of the group. Primarily, the person's decision-making authority and not his or her formal title is decisive in this regard ("substance over form"). Therefore, an excessive broadening of the circle of people defined as senior management is not permissible in keeping with the principles of clarity and materiality **(ref. no. 5)**. The notion of concept "senior management" is to be applied uniformly in the corporate governance section. See the decision of the Disciplinary Commission **DK/CG/I/04** of 30 September 2004.	1 2

Chap./ Point	Original text of DCG	SWX commentary	N.
		Aside from the board-related information required by **Point 3.1 lit. a**, Point 4.1 lit. a calls for a designation and brief description of the function performed by the given member of senior management.	3
		In contrast to **Point 3.1. lit. c**, Point 4.1 lit. c involves no time limitation, however any previous activities of the individual are to be documented in accordance with the principle of materiality.	4
4.2	**Other activities and vested interests** **For each member of the board of directors:** **a) Activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law;** **b) Permanent management and consultancy functions for important Swiss and foreign interest groups;** **c) Official functions and political posts.**	See comments relating to **Point 3.2** with regard to the purpose and content of this norm.	1
4.3	**Management contracts** **Key elements of management contracts between the issuer and companies (or natural persons) not belonging to the group, including the names and domiciles of the companies, the delegated management tasks and the form and extent of compensation for the fulfilment of these tasks.**	The purpose of this norm is the disclosure of information pertaining to management tasks that have been delegated to third parties. Management contracts come into play for example in turnaround situations, with companies that are counselled by venture capitalists, and with investment companies.	1
		Understood as being key elements in this regard are a characterization of the representative (name, domicile, field of activity, any relation to the issuer), indication of the tasks that have been delegated, the manner and amount of compensation, as well as the duration/terminability of the given contract.	2
		The Directive requires disclosure of all management contracts, regardless of their scope.	3

Chap./ Point	Original text of DCG	SWX commentary	N.
5	**Compensation, shareholdings and loans** **The following information about the compensation for and shareholdings of the members of the issuer's board of directors and senior management as well as loans to the aforementioned must be disclosed:**	Compensation in kind that does not include shares or options (incl. fringe benefits) are to be calculated according to their **"fair value"**. Fair value can be determined by applying the market value or, lacking such, by calculating a theoretical value. Market value in this regard is the amount that could be obtained through a purchase or sale made in an active market. In exceptional situations involving small scale compensation, the fiscal value may be used as the basis for calculating fair value. For larger scale compensation, the fiscal value may be used on an exceptional basis in fulfilling the disclosure obligation of Point 5, provided that such value is in line with fair value. The method used for the calculation of the theoretical value must be disclosed.	1
		In principle, monetary payments must be stated **gross** (compensation before deduction of employee social insurance contributions). In addition, special payments on the part of the employer such as those to a pension fund (including additional voluntary insurance/ bel-etage policies, additional voluntary buying-in to the pension scheme, etc.)which benefit members of the board of directors and senior management, must be considered as compensation.	2
		Compensation is to be disclosed in accordance with the "accrual principle". Pursuant to this internationally applied accounting principle (e.g. IAS 1p25–26), expenditures are to be accrued in a period-compliant manner. Such periodic accruals are independent of the actual payment flows that occurred during the reporting period. It follows that payments received and payments made are not to be accounted for at the time of their receipt or transfer, but rather allocated to the specific periods to which they are attributable in economic terms. If, for example, a company paid members of senior management in 2006 for bonuses they effectively earned for their performance in the 2005 financial year, then those bonus payments must be disclosed in the corporate governance section of the 2005 annual report, provided that they were known or at least could be estimated on the balance sheet date of that report. Exceptions to the accrual principle are permissible in justified cases (e.g. in the case of individual disclosure). In such cases, the method that has been applied must be explained.	3
		In the case of a group, the provisions of Point 5 pertain only to the board of directors of the listed (holding) company and the senior management of that group, and thus not to board members and senior managers of subsidiaries.	4

Chap./ Point	Original text of DCG	SWX commentary	N.
		Hybrid or unconventional compensation schemes are to be subsumed under the specific Point in section 5 that most appropriately reflects their nature. In assessing such schemes, their economic substance is to be given priority over their legal form ("substance over form").	5
5.1	**Content and method of determining the compensation and the share-ownership programmes** **Basic principles and elements of compensation and shareholding programmes of acting and former members of the issuer's board of directors and senior management as well as the authority and procedure for determining such.**	This provision has the purpose of disclosing *in as transparent and comprehensible manner as possible* the responsibilities, applicable criteria and procedure involved in determining the compensation and share-ownership programmes for current and former board members and senior managers. See the decision of the Executive Committee of the Admission Board **ZUL/CG/V/05** of 29 November 2005. *The more complex the compensation and share-ownership programmes are structured, the more extensive and detailed their disclosure must be. If the information on the basic principles and elements, the procedure, or the responsibilities for individual members of the board of directors or senior management differs considerably from other members, the information on these individual members must be explained separately.*	1
		*With regard to the information required under **Point 5.1** of the Annex of the DCG, reference (**cf. ref. no. 6**) may be made to the information pursuant to Art. 663 b^{bis} of the Swiss Code of Obligations as audited by the statutory auditors as well as to the information in the compensation report within the meaning of para. 8 of Appendix 1 (Recommendations on Compensation for Board of Directors and Executive Board) of the Swiss Code of Best Practice for Corporate Governance published by economisuisse, as long as these documents contain the here required information.*	
		*The **basic principles** include in particular the following information:* • *whether the determination of compensation and share-ownership programmes by the responsible bodies is one-time or periodic (at which intervals);* • *which goals are taken into account when structuring compensation and share-ownership programmes (e.g. turnover and revenue goals, personal performance goals; when applying non-GAAP measures, the relevant parameters of these should be explained in a manner that makes them transparent and comprehensible to the reader).* • *which other components have been taken into account (changes in the share price etc.).* • *how strongly the individual goals and other components have been taken into account under the compensation system (maximum and minimum share of individual goals and other components in total compensation).*	*2*

Chap./ Point	Original text of DCG	SWX commentary	N.
		• *whether benchmarks or salary comparisons have been used. If so, the benchmarks and salary comparisons selected must be disclosed (sector/function etc.) and the choice of benchmarks and reference salaries must be explained as transparently as possible.*	
		*The **elements** include information:*	*3*
		• *on the composition of the basic salary in the year under review (cash compensation, fixed number of shares or options, any benefits in kind such as a company car etc.).*	
		• *on the composition of the performance-related component (cash compensation, shares, options etc.).*	
		• *on the ratio of the basic salary to the performance-related component (as a percentage of the basic salary in the year under review).*	
		• *on the influence of the individual goals and the other components on the performance-related component (attainment of the individual goals in the year under review, impact of goal attainment and the other components on the performance-related component of the compensation).*	
		• *on any share and option plans (underlying security, allotment criteria, lock-up periods; in the case of option plans: durations, subscription ratio, exercise price). If compensation or share-ownership plans (in particular option plans) are subsequently adjusted, this fact, including changes, must also be disclosed in detail.*	
		Payments and benefits in favour of members of the issuer's board of directors and/or senior management received by said members in connection with their departure must be disclosed. These include, for example, severance payments ("golden parachutes", expressed in annual salaries), contracts with a long term (more than 12 months), termination of the lock-up period for shares and options, reduced vesting periods or supplementary contributions to the occupational pension plan. This information is to be disclosed regardless of whether the payments and benefits were agreed in advance or at the moment of departure.	*4*

Chap./ Point	Original text of DCG	SWX commentary	N.
		*In connection with the question of **responsibility** and the **procedure for determination**, the following in particular must be disclosed:* • *Which body (board of directors, board of directors committee or compensation committee etc.) determines the compensation and share-ownership programmes for members of the board of directors and senior management, and which, if any, body acts in an advisory or preparatory capacity. Where differing rules apply to individual members of the board of directors or senior management, mention must be made of this fact.* • *Whether and how often the body informs the entire board of directors of the progress of the procedure for determination as well as the progress of the compensation process, where compensation and share-ownership programmes are not determined by the entire board of directors.* • *Whether the members of the board of directors and senior management about whose compensation and share-ownership programmes a decision is being taken by the competent body have the right to attend the relevant meetings of that body as well as a right to a say in decisions.* • *Whether external advisors are consulted by the company in respect of the structuring of compensation and share-ownership programmes and whether these advisors have been awarded additional mandates by the issuer.*	*5*
5.2	***Transparency of compensation for, shareholdings of and loans to issuers domiciled abroad*** *Issuers whose registered office as per ref. no. 3 is not in Switzerland but whose equity securities are listed on the SWX and not in their home country are required to apply Art. 663b^{bis} of the Swiss Code of Obligations analogously.*	*Issuers whose registered office is not in Switzerland are, in principle, not subject to the provision of Art. 663b^{bis} of the Swiss Code of Obligations. To ensure that investors nonetheless have access to the relevant information, these issuers are required to apply Art. 663b^{bis} of the Swiss Code of Obligations analogously in their corporate governance reports.*	*1*
6	**Shareholders' participation** **The following information on the participation of the issuer's shareholders must be disclosed:**		

Chap./ Point	Original text of DCG	SWX commentary	N.
6.1	**Voting-rights and representation restrictions**		
6.1.1	**All voting-rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions, particularly in the case of institutional voting-rights representatives.**	Should it be the case that the articles of incorporation provide for a percentage limit on the number of registered shares that may be owned by any given party, that limit must be disclosed in keeping with Point 6.1.1, along with a reference to the rules governing the granting of exceptions (Point 6.1.2), in particular in favour of institutional investors.	1
		If the articles of incorporation contain a group clause, it suffices to provide the information that such a clause exists. Publication of its precise wording is not necessary.	2
6.1.2	**Reasons for granting exceptions in the year under review.**	The voting-rights restrictions must be easily understandable for the investor.	1
6.1.3	**Procedure and conditions for abolishing statutory votingrights restrictions.**	The procedure and requirements for abolishing statutory voting-rights restrictions must be described in brief, together with an indication of the necessary quorum.	1
6.1.4	**Statutory rules on participation in the general meeting of shareholders if they differ from applicable legal provisions.**	Pursuant to Art. 689 para. 2 CO, all shareholders may either represent their shares in person at the issuer's general meeting or have them represented by the proxy of their choice. However, the issuer's articles of incorporation may provide for restrictions in this regard. If such restrictions exist, Point 6.1.4 requires that the relevant statutory provisions rendered in a summarised form.	1
6.2	**Statutory quorums** **Resolutions of the general meeting of shareholders which, under the issuer's articles of incorporation, can only be carried by a majority greater than that set out by the applicable legal provisions, along with an indication of the size of the majority for each case.**	Pursuant to Art. 703 CO, resolutions of the general meeting of shareholders are generally passed by an absolute majority vote of the shares represented at the meeting. Exceptions in this regard are the resolutions indicated in Art. 704 CO, for which a minimum of two-thirds of the represented shares and an absolute majority of the represented par value of such shares are required. However, the issuer's articles of incorporation may contain divergent rules. Point 6.2 requires disclosure of such statutory rules.	1

Chap./ Point	Original text of DCG	SWX commentary	N.
6.3	**Convocation of the general meeting of shareholders** Statutory rules on the convocation of the general meeting of shareholders if they differ from applicable legal provisions.	The convocation of a general meeting of shareholders is governed by Art. 699 f. CO. Pursuant to Point 6.3 DCG, the issuer's statutory rules on convocation must be disclosed if they differ from the law.	1
6.4	**Agenda** Rules for adding items to the agenda of the general meeting of shareholders, particularly with regard to time frames and deadlines.	The modalities for adding an item to the agenda for deliberation at the general meeting of shareholders are to be described pursuant to Point 6.4. The modalities must be described even if they do not diverge from applicable legal provisions.	1
6.5	**Inscriptions into the share register** Rules governing the deadline for the inscription of registered shareholders into the share register in view of their participation in the general meeting of shareholders, as well as any rules with regard to the granting of exceptions.		
7	**Changes of control and defence measures** The following information on changes of control and defence measures must be disclosed:		
7.1	**Duty to make an offer** Existence of statutory rules on "opting-out" or "opting-up" (Art. 22 SESTA), along with an indication of the threshold in percent.	The purpose of this provision is to reveal to investors whether a major shareholder would, upon reaching the legally prescribed threshold (Art. 32 SESTA: $33^1/_3$% of the voting rights), be required to make a full tender offer for the issuer, or if the company has raised that limit in its statutes (opting-up), or if it has waived in its statutes the duty of a potential acquirer to make such a full tender offer (opting-out).	1

Chap./ Point	Original text of DCG	SWX commentary	N.
7.2	**Clauses on changes of control** **The content of change-of-control clauses included in agreements and schemes benefiting members of the board of directors and/or senior management as well as other members of the issuer's management (e.g. golden parachutes).**	This provision is intended as a means of informing investors of the extent to which company management (board of directors, senior management and other management members) has protected ifself through special, contractual agreements against hostile takeover. The purpose of providing this information is to enable investors to assess the independence of the members of the issuer's governing and executive bodies as well as of other management members.	1
		Clauses on changes of control are usually characterised by the fact that agreed financial or other consequences are triggered by a change of control. Examples of clauses on changes of control: • Authorisation to terminate a contractual relationship in the event of a change of control • Severance payments in the event of a takeover ("golden parachutes") • Contracts specifying long contract periods for the senior management (more than 12 months) • Options that can be exercised with immediate effect (no lock-up period) and reduced vesting periods • Additional pension-fund contributions	2
		Clauses on changes of control must be formulated so that the investor is able to estimate the compensation payments to be made by the issuer. To this end, the calculation bases of the relevant calculations must be declared openly (e.g. the number of annual salaries to be paid per executive function/person who benefits from a change-of-control clause).	3
8	**Auditors** **The following information on the auditors must be disclosed:**	The purpose of this provision is to allow investors to draw a conclusion on whether the company auditors or, in the case of a group, the group auditors could be influenced in their decision-making by the term of office and/or amount of compensation they are granted for their services. In addition, a description of how the board of directors and auditors work together should be provided.	1
		The term "group auditor" encompasses not only the mandated legal entity, but also all companies of the group **(see Point 8.2 et seqq.)**.	2

Chap./ Point	Original text of DCG	SWX commentary	N.
8.1	**Duration of the mandate and term of office of the lead auditor**		
8.1.1	**Date of assumption of the existing auditing mandate.**	Deemed to be the date of assumption of the existing auditing mandate is the year in which the auditor or, as the case may be, group auditor are formally elected (Art. 731a CO). Alternatively, the precise date on which the auditors (or group auditor) were entered into the commercial register may be disclosed.	1
8.1.2	**Date on which the lead auditor responsible for the existing auditing mandate took up office.**	Deemed to be the lead auditor (e.g. the "engagement partner") is the individual who bears responsibility for the audit or, as it were, group audit.	1
8.2	**Auditing fees** **The total of the auditing fees charged by the auditors in the year under review.**	In the case of a group structure, this information need only be disclosed with regard to the group auditors. By way of an authentic interpretation, the Admission Board of the SWX Swiss Exchange decided at its meeting held on 11 November 2002 that the sum to be disclosed in this instance is the total of all auditing expenditures as determined in a period-compliant manner and in reflection of the **accounting records** upon which the consolidated financial reports were based (accrual principle). Fundamentally, only the fees paid to the company auditors or, as it were, group auditors as remuneration for the performance of their **legally prescribed duties** are to be qualified as auditing fees. By way of example, the following elements are to be taken into account in disclosing the total amount of auditing fees: a) Auditing fees paid to the group auditor for their audit of the consolidated annual financial statement. That amount also includes the fees paid to the group auditor for auditing individual financial statements required for the overall consolidation (e.g. consolidation forms) of subsidiaries. In the case of joint audits of the group financial statements, the fees paid to the respective joint auditors are to be disclosed separately.	1 2 3

Chap./ Point	Original text of DCG	SWX commentary	N.
		b) Auditing fees paid to the group auditors for the legally prescribed audit of the individual company accounts of the holding company and its consolidated subsidiaries (in the case of a group structure). If the listed company is not the holding company, the auditing fees for the individual company account in accordance with CO as well as its individual company account prepared in accordance with an SWX-recognized accounting standard (e.g. Swiss GAAP FER, IFRS [formerly IAS] or US GAAP) are to be taken into account. c) Auditing fees paid to specialists (tax experts, insurance actuaries, real estate valuer, legal consultants, etc.), provided that such amounts have not yet been included in a) or b). d) Auditing fees paid for work conducted by the auditors by virtue of a legal obligation imposed by supervisory authorities (e.g. Federal Banking Commission, Federal Office of Private Insurance).	
8.3	**Additional fees** **The total of the fees charged in the year under review by the auditors and their related parties for additional services (e.g. management consulting) performed for the issuer or one of the issuer's subsidiaries.**	To be disclosed as additional fees are, in particular, consulting fees (e.g. for corporate, IT, tax and legal consulting) that have been charged by the auditors and their related parties. Also, any fees paid for due-diligence services (examinations, etc.) are to be considered "additional fees" because due-diligence audits are not associated with a specific legal obligation and conducting them is not a mandatory task of the company's auditors. A breakdown of additional fees into, for example, "auditing-related" and "other" fees is permissible, provided that the total sum of the additional fees for all such activities requiring disclosure are also shown.	1 2 3
8.4	***Information tools pertaining to the external audit*** *Description of the tools available to the board of directors for the purpose of obtaining information on the external audit. These include in particular reports by the auditors to the board of directors as well as the number of meetings of the entire board of directors or the audit committee with the external auditors.*	As a general rule, the Audit Committee or the full board of directors is charged with the supervision and control of the external audit (under circumstances, in collaboration with the company's internal auditors). Examples of supervisory and control instruments: • Description of the reporting of the external auditors to the board of directors or the audit committee (frequency and form of reporting)	1 2

Chap./ Point	Original text of DCG	SWX commentary	N.
		• Number of meetings of the audit committee or the entire board of directors in which the external auditors participated • Number of meetings of the audit committee or the entire board of directors with the internal auditors • Selection procedure (proposal process) and selection criteria for determining the external auditors • Criteria for assessing the performance, payment (amount, decision-making authority) and independence of the auditors • Assessment of additional non-audit services (admissibility, scope, proportion to the auditing fee, prohibited list etc.) • The rotation frequency of the lead auditor or auditors, if any See the decisions of the Executive Committee of the Admission Board **ZUL/CG/IV/05** and **ZUL/CG/V/05** of 29 November 2005.	
9	**Information policy** **The following details pertaining to the issuer's information policy must be disclosed:** **The frequency with which and the form in which the issuer provides its shareholders with information, along with an indication of permanent sources of information and contact addresses of the issuer that are publicly accessible or made specially available to shareholders (e.g. links to Web pages, information centres, printed matter, etc.).**	Point 9 is intended as a means of providing investors with transparency concerning the information policy of the issuer. Understood as being the "investors" referred to by the Directive are both existing and potential shareholders; in other words, the investing public or, as it were, the overall market. *If a compensation report within the meaning of Point 8 of Annex 1 (Recommendations on Compensation for Board of Directors and Executive Board) of the Swiss Code of Best Practice for Corporate Governance published by economisuisse is prepared, an indication must be given of where this report can readily be obtained free of charge (**cf. ref. no. 6**).*	1
		Examples: • A schedule showing the publication dates of the annual and interim reports, the date of the general meeting of shareholders and the date of the balance-sheet media conference • Information on the media used for reporting purposes (SHAB, letters to shareholders, newsletters, electronic documents etc.) • Provision of push and pull links for distributing ad hoc notices pursuant to the Ad hoc Publicity Directive • Indication of the issuer's Web site • Contact addresses, e-mail addresses, phone numbers etc.	2