

Directive on Information relating to Corporate Governance

(Directive Corporate Governance, DCG)

Dated 29 October 2008
Basis Arts. 1, 4, 5 and Art. 49 para. 2 LR

I. GENERAL PROVISIONS

*Art. 1
Background*

Under the Federal Act on Stock Exchanges and Securities Trading (SESTA), the Regulatory Board determines what information needs to be published so that investors can evaluate the characteristics of securities and the quality of issuers. Internationally recognised standards are 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).

See also:

- Federal Act of 24 March 1995 on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) (in German)
- Federal Act of 24 March 1995 on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) (unofficial translation)

*Art. 2
Purpose*

This Directive is intended to encourage issuers to make certain key information relating to corporate governance available to investors in an appropriate form.

*Art. 3
Scope of applicability*

¹ This Directive applies to all issuers whose equity securities are listed on the SIX Swiss Exchange Ltd ("SIX Swiss Exchange") and whose registered offices are in Switzerland.

² It also applies to issuers whose registered offices are not in Switzerland but whose equity securities are listed on the SIX Swiss Exchange and not in their home country.

II. DISCLOSURE OBLIGATIONS

*Art. 4
Information to be
published*

The information to be published in the annual report is indicated in the Annex to this Directive.

Art. 5
Clarity and importance

The publication of information relating to corporate governance should be limited to what is essential to investors, and should be provided in an appropriate and comprehensible form.

Art. 6
Place of publication

Information relating to corporate governance is to 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 must include the URLs.

Art. 7
"Comply or explain"

For all information prescribed in the Annex, the principle of "comply or explain" applies: If the issuer opts not to disclose certain information, then the annual report must contain an individual, substantiated justification for each instance of such non-disclosure.

Art. 8
Reporting date

The conditions on the balance sheet date constitute the deciding factor in terms of the information that must be disclosed. Important changes occurring between the balance sheet date and the copy deadline for the annual report should be indicated in an appropriate form.

III. FINAL PROVISION

Art. 9
Entry into force

This Directive shall enter into force on 1 July 2009 and replaces the Directive on Information relating to Corporate Governance of 1 January 2007.

ANNEX

Scope and extent of the information relating to Corporate Governance

1	Group structure and shareholders The following information on the group structure and the shareholders must be disclosed:
<i>1.1</i>	<i>Group structure</i>
1.1.1	Description of the issuer's operational group structure.
1.1.2	All listed companies belonging to the issuer's group, including the company names, their registered offices, where they are listed, their market capitalisation, the percentage of shares held by subsidiaries and the security or ISIN numbers of the securities.
1.1.3	The non-listed companies belonging to the issuer's group, including the company names, their registered offices, their share capital and the percentage of shares held by subsidiaries.
<i>1.2</i>	<i>Significant shareholders</i> Significant shareholders and significant groups of shareholders and their shareholdings to the extent that the issuer is aware of them. For issuers registered offices in Switzerland, disclosure must take place in accordance with the information published in the year under review pursuant to Art. 20 SESTA and the provisions of the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading. This includes the key elements of shareholders' agreements published in this connection.
<i>1.3</i>	<i>Cross-shareholdings</i> Cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on both sides.
2	Capital structure The following information about the capital structure must be disclosed:
<i>2.1</i>	<i>Capital</i> The amount of the issuer's ordinary, authorised and conditional capital on the reporting date.
<i>2.2</i>	<i>Authorised and conditional capital in particular</i> In addition, the following information must be disclosed in connection with the issuer's authorised and conditional capital: a) the maximum increase in authorised or conditional capital and the duration of the authorisation 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.
<i>2.3</i>	<i>Changes in capital</i> A description of the changes in capital during the last three financial years.
<i>2.4</i>	<i>Shares and participation certificates</i> The number, type and nominal value of the issuer's shares and participation certificates, including the main features, for example dividend entitlement, voting rights, preferential rights and similar rights, along with an indication of the portion of the ordinary capital which is not paid in.
<i>2.5</i>	<i>Dividend-right certificates</i> The number and the main features of the issuer's dividend-right certificates.
<i>2.6</i>	<i>Limitations on transferability and nominee registrations</i>
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.

2.6.2	Reasons for granting exceptions in the year under review.
2.6.3	Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions.
2.6.4	Procedure and conditions for cancelling statutory privileges and limitations on transferability.
2.7	<i>Convertible bonds and options</i> Outstanding convertible bonds and number of options issued by the issuer or by subsidiaries on equity securities of the issuer (including employee share options, which must be indicated separately), along with an indication of the duration, the conversion conditions or exercise price, the subscription ratio and the total amount of the covered share capital concerned.
3	Board of directors The following information about the issuer's board of directors must be disclosed:
3.1	<i>Members of the board of directors</i> For each member of the board of directors: a) name, nationality, education and professional background; b) operational management tasks for the issuer or one of the issuer's subsidiaries (executive/non-executive member); c) for each non-executive member of the board of directors: a) whether he or she was a member of the management of the issuer or one of the issuer's subsidiaries in the three financial years preceding the period under review; b) whether he or she has significant business connections with the issuer or one of the issuer's subsidiaries.
3.2	<i>Other activities and vested interests</i> For each member of the board of directors: a) activities in governing and supervisory bodies of important Swiss and foreign organisations, 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.
3.3	<i>Elections and terms of office</i>
3.3.1	The principles of the election procedure (total renewal or staggered renewal) and limits on the terms of office.
3.3.2	The time of first election to office and the remaining term of office for each member of the board of directors.
3.4	<i>Internal organisational structure</i>
3.4.1	Allocation of tasks within the board of directors.
3.4.2	Members list, tasks and area of responsibility for each committee of the board of directors.
3.4.3	Work methods of the board of directors and its committees.
3.5	<i>Definition of areas of responsibility</i> Basic principles regarding the definition of the areas of responsibility between the board of directors and the executive committee.
3.6	<i>Information and control instruments vis-à-vis the executive committee</i> The structure of the board of directors' information and control instruments vis-à-vis the issuer's executive committee, such as internal auditing, risk-management systems and management information systems (MISs).

4	Executive committee The following information about the issuer's executive committee must be disclosed:
4.1	<i>Members of the executive committee</i> For each member of the executive committee: 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.
4.2	<i>Other activities and vested interests</i> For each member of the executive committee: a) activities in governing and supervisory bodies of important Swiss and foreign organisations, 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.
4.3	<i>Management contracts</i> Key elements of management contracts between the issuer and companies (or natural persons) not belonging to the group, including the names and registered offices of the companies, the delegated management tasks and the form and extent of compensation for the fulfilment of these tasks.
5	Compensations, shareholdings and loans The following information is to be disclosed with regard to compensations paid to and shareholdings of the members of the issuer's board of directors and executive committee as well as loans granted to those individuals:
5.1	<i>Content and method of determining the compensation and the shareholding programmes</i> Basic principles and elements of compensation and shareholding programmes for members of the issuer's board of directors as well as for its executive committee, together with a description of the authorities and procedure for determining such.
5.2	<i>Transparency of compensation, shareholdings and loans pertaining to issuers with registered offices outside Switzerland</i> Issuers whose registered offices as per Art. 3 para. 2 are not located in Switzerland and whose securities are listed on the SIX Swiss Exchange but not on an exchange in their home country must apply Art. 663b ^{bis} CO analogously.
6	Shareholders' participation The following information on the participation rights of the issuer's shareholders must be disclosed:
6.1	<i>Voting-rights and representation restrictions</i>
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.
6.1.2	Reasons for granting exceptions in the year under review.
6.1.3	Procedure and conditions for abolishing statutory voting-rights restrictions.
6.1.4	Statutory rules on participation in the general meeting of shareholders if they differ from applicable legal provisions.
6.2	<i>Statutory quorums</i> 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.

6.3	<i>Convocation of the general meeting of shareholders</i> Statutory rules on the convocation of the general meeting of shareholders if they differ from applicable legal provisions.
6.4	<i>Inclusion of item on the agenda</i> Rules for adding items to the agenda of the general meeting of shareholders, particularly with regard to time frames and deadlines.
6.5	<i>Inscriptions into the share register</i> 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	<i>Duty to make an offer</i> Existence of statutory rules on “opting out” or “opting up” (Art. 22 SESTA), along with an indication of the threshold in percent.
7.2	<i>Clauses on changes of control</i> The content of change-of-control clauses included in agreements and schemes benefiting members of the board of directors and/or executive committee as well as other members of the issuer’s management (e.g. “golden parachutes”).
8	Auditing body The following information on the auditing body must be disclosed:
8.1	<i>Duration of the mandate and term of office of the lead auditor</i>
8.1.1	Date of assumption of the existing auditing mandate.
8.1.2	Date on which the lead auditor responsible for the existing auditing mandate took up office.
8.2	<i>Auditing fees</i> The total auditing fees charged by the auditing body in the year under review.
8.3	<i>Additional fees</i> The total fees charged in the year under review by the auditing body and its related parties for additional services (e.g. management consulting) performed for the issuer or one of the issuer’s subsidiaries.
8.4	<i>Informational instruments pertaining to an external audit</i> A description of the instruments available to the board of directors that assist its members in obtaining information on the activities of external auditors. To be indicated in particular are the means by which the auditing body reports to the board of directors, as well as the number of meetings the board or audit committee has held with the external auditors.
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.).