SIX EXCHANGE REGULATION

Guideline of SIX Exchange Regulation AG on the Directive on Information relating to Corporate Governance dated 1 January 2023

Guideline DCG
Version as of 1 January 2025

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List of abbreviations

AG	Swiss company limited by shares (*Aktiengesellschaft*)
ANRA	Federal Act of 16 December 1983 on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents
CEO	Chief Executive Officer
CG	Corporate Governance
DC	Disciplinary Commission
ETF	Exchange-traded funds
ETP	Exchange-traded products
FMIA	Federal Act of 19 June 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading
FINMA	Swiss Financial Market Supervisory Authority
ISIN	International Securities Identification Number
LR	Listing Rules of SIX Swiss Exchange AG
ACE	Swiss Association of Commercial Employees
Guideline	Guideline DCG dated 1 January 2023
MBA	Master of Business Administration
MIS	Management information system
CO	Federal Act of 30 March 1911 on the Amendment of the Swiss Civil Code (Part Five: Code of Obligations)
DAH	Directive on ad hoc publicity
DCG	Directive on Information relating to Corporate Governance
DFR	Directive on Financial Reporting
DRRO	Directive on Regular Reporting Obligations for Issuers of Equity Securities, Bonds, Conversion Rights, Derivatives and Collective Investment Schemes
SaKo	Sanctions Commission
SER	SIX Exchange Regulation AG
SIX	SIX Swiss Exchange AG
Swiss GAAP FER	Swiss Accounting and Reporting Recommendations
URL	Uniform Resource Locator (search path)
US GAAP	United States Generally Accepted Accounting Principles

Introduction

	Note (N)
This Guideline DCG (**Guideline DCG** or **Guideline**) refers to the Directive on Information relating to Corporate Governance of 29 June 2022 (DCG), which entered into force on 1 January 2023. The Guideline was last revised as of 1 January 2025 (N 1, N 50, N 85).	1
The DCG is to be interpreted in conformity with the Swiss Federal Act on Financial Market Infrastructures and Market Conduct Rules for the Securities and Derivatives Market dated 19 June 2015 (Financial Market Infrastructure Act, FMIA) and the Listing Rules (LR). Pursuant to Art. 1 para. 2 FMIA, the interpretation is therefore aimed in particular at taking account of transparency and the equal treatment of investors.	2
The Guideline DCG contains explanations on the information that issuers have to publish pursuant to the DCG. The Guideline makes a distinction between explanatory information provided by SIX Exchange Regulation AG (SER) on the application of the relevant provisions of the DCG and the practice of the Sanctions Commission and the Board of Arbitration or previous regulatory bodies of SIX Group AG. When it comes to reviewing Corporate Governance reports, SER expects issuers to be familiar with the relevant current practice. Issuers are also required to be familiar with notices from SER or sanction decisions or notices on Corporate Governance issued after the publication of this Guideline.	3
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 articles of the Directive itself contain provisions that address, among other things, the scope of applicability, the basic principle of clarity and materiality, as well as where the relevant information is to be located in published material. The **Annex to the DCG** lists the content and scope of the specific information that is to be disclosed.	4
Of the three linguistic versions of the Guideline on the DCG (German, French and English), the German text is deemed to be the authoritative version.	5
The provisions of the DCG are cited by means of the corresponding article number (Art.), while provisions laid out in the Annex to the DCG are indicated by their respective item numbers (Points). The notes of this Guideline are cited as notes (N).	6

Point DCG	Article text	Explanatory notes	Note (N)
I General provisions			
Art. 1 – Background			
Art. 1	Under the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA), the Regulatory Board determines what information needs to be published so that investors are able to evaluate the characteristics of securities and the quality of issuers. Internationally recognised standards are taken into account (Art. 35 para. 2 FMIA). The information to be published includes details on the management and control mechanisms at the highest corporate level of the issuer (Corporate Governance).	The Regulatory Board derives its regulatory authorities to issue the Directive on Information relating to Corporate Governance (DCG) from Art. 35 FMIA as well as Art. 1, 3 et seqq. and 49 LR.	7
		The DCG governs the disclosure of information on Corporate Governance in the issuer's annual report. It does not contain any provisions pertaining to the specific details of the entity's Corporate Governance structures. The issuer is free to decide how it organises itself and how it handles shareholder rights. The DCG does however require issuers to provide a clear description of how Corporate Governance is managed within their entity. The purpose of this is to allow investors to gain an impression of how the company is governed based on the pertinent comments in the annual report.	8

Point DCG	Article text	Explanatory notes	Note (N)
Art. 2 – Purpose			
Art. 2	This Directive obliges issuers to make certain key information relating to Corporate Governance available to investors in an appropriate form.	The DCG has the aim of ensuring that investors have access to key information concerning the issuer's Corporate Governance, and this in a suitable form and in a manner that is as straightforward and standardised as possible (see Art. 5). The presentation of Corporate Governance is aimed at strengthening investor's cognisance of the law of companies listed with SIX Swiss Exchange as well as enhancing the reputation of the Swiss financial marketplace (*cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06)*).	9
		If an issuer does not disclose the information in accordance with the Annex to the DCG, it is in breach of the reporting obligation pursuant to the provisions of the LR (*cf. Decision of the Disciplinary Commission dated 18 June 2007 (DK/CG/III/06), Point 7*).	10

Point DCG	Article text	Explanatory notes	Note (N)
Art. 3 – Scope of applicability			
Art. 3	This Directive applies to all issuers whose equity securities have their primary listing on SIX Swiss Exchange Ltd ("SIX Swiss Exchange").	This provision stipulates the scope of the Directive's applicability: The Directive only applies to entities with primary listing of equity securities on one of the trading venues of SIX Group AG (e.g. shares, participation certificates). In addition to SIX Swiss Exchange AG, the DCG also applies mutatis mutandis to SDX Trading AG (Annex B, Point 1 Listing Rules of SDX Trading AG).	11
		The provisions of the DCG do not apply to issuers with secondary listing or entities that have only listed debt securities (such as bonds) on SIX Swiss Exchange. Issuers of global depository receipts are also excluded (Art. 101 LR). They also do not cover issuers that exclusively list derivative financial instruments, collective capital investments (funds, Exchange Traded Funds [ETFs] or Exchange Traded Products [ETPs]).	12
		The issuer's legal structure is immaterial. The DCG therefore applies not only to stock corporations in accordance with the Swiss Code of Obligations (CO), but also to public bodies and stock corporations covered by special legislation provided the primary listing of their equity securities is with SIX.	13
		The provisions pursuant to Art. 620–762 CO do not apply to companies without registered offices in Switzerland or Swiss issuers subject to Art. 763 CO (stock corporations covered by special legislation, e.g. certain cantonal banks). In order to ensure that these issuers also meet the disclosure obligations, the DCG contains provisions to be met by them by analogy (*please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point I.B*).	14
		Agreements on Corporate Governance structures reached with supervisory authorities and supervisory bodies, e.g. the Swiss Federal Financial Market Supervisory Authority (FINMA) or auditors, do not release issuers from their disclosure obligation as set out in the DCG. This also applies regardless of whether an audit firm assesses compliance with the provisions of regulatory law (*cf. Decision by the Sanctions Commission dated 11 June 2010 (SaKo 2010-CG-I/10), Points 8.3 and 9.4).*	15
		Examples: 1. The equities of a company with no registered offices in Switzerland have a primary listing on SIX. The equities are also listed in New York. The DCG applies.	16

Point DCG	Article text	Explanatory notes	Note (N)
		2. A company with registered offices in Switzerland exclusively has bonds listed on SIX. The DCG does not apply.	17
		3. The participation certificates of a company with no registered offices in Switzerland initially only have a primary listing on SIX. The company lists equities on the domestic exchange of its home country at a later date. The DCG applies insofar as the primary listing of the participation certificates is on SIX.	18

Point DCG	Article text	Explanatory notes	Note (N)
II Disclosure obligations			
Art. 4 – Information to be published			
Art. 4 para. 1	The information to be published in the annual report is indicated in the Annex to this Directive.	The information to be disclosed in accordance with the Annex to the DCG must be published in the **annual report** of the issuer concerned.	19
Art. 4 para. 2	Issuers listed in the regulatory standard Sparks may publish the information in the Annex to this Directive in a separate document which is not part of the annual report. In this case, the separate document shall be published on the same day as the annual report.	Option for issuers in the regulatory standard Sparks.	20

Point DCG	Article text	Explanatory notes	Note (N)
Art. 5 – Clarity and importance			
Art. 5 para. 1	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.	The information on Corporate Governance must be structured in such a way as to be comprehensible and meaningful to an **investor with an average level of understanding.** The target audience is not only existing investors but also potential investors as well.	21
		In general, information for the purposes of the DCG should follow the principle of "**substance over form**". Basing an assessment on a company's legal form despite different circumstances in practice violates the principles of clarity and materiality that apply to the DCG (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-IV-05)*).	22
		It is advisable for the Corporate Governance report (CG report or CG section) to follow the structure of the DCG or its Annex.	23
		There is no obligation to make "negative statements" on information or scenarios that are not correct. In individual cases, however, a negative statement can make things clearer, in which case it is recommended. This is the case, for example, if an investor with an average level of understanding would expect a certain scenario that does not, however, apply (e.g. information on quiet periods).	24
		References should only be used sparingly in the interests of clarity. "Reference chains" should be avoided. Within this context, care should be taken to avoid referring to a section of another document regarding a certain item of information that is to be disclosed, and for the section concerned to contain another reference to a different section. Investors should be able to find the information to be explained pursuant to the DCG within a short period of time and should not be forced to "track it down" (see also N 33 et seqq.).	25
		The information published must also be of **material** significance for investors. This is the case if the publication of this information influences the assessment of the Corporate Governance practices of the company in the eyes of the investor (*cf. Decision of the Admission Board committee dated 10 April 2006 (ZUL-CG-VI-05), decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-IV-05), Point 6, decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 2, decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10*).	26

Point DCG	Article text	Explanatory notes	Note (N)
		Immaterial information may be omitted under certain circumstances without impairing the informativeness of the report on Corporate Governance. The excessive presentation of immaterial information may be detrimental to the clarity of the comments. Content-free, meaningless phrases (*"boilerplate language"*) are to be avoided.	27
		However, this must not be allowed to result in the comments being truncated to the extent that certain elements or aspects that are required to understand the circumstances to be disclosed are omitted.	28
		Materiality is assessed both with respect to individual items of information that are specifically required and also with respect to their **overall impact**. It is therefore entirely possible that various individually insignificant and therefore omitted pieces of information could indeed be material when taken as a whole.	29
		The term "significant" or "important" is used in individual provisions of the Annex to the DCG (e.g. Points 3.2 and 4.2 of the Annex). The term does not have other, distinct meanings under the aspect of materiality.	30
Art. 5 para. 2	Issuers listed in the regulatory standard Sparks may present this information on Corporate Governance in accordance with their circumstances in the separate document pursuant to Art. 4 para. 2 of this Directive.	Option for issuers in the regulatory standard Sparks.	31

Point DCG	Article text	Explanatory notes	Note (N)
Art. 6 – Place of publication			
Art. 6 para. 1	Information relating to Corporate Governance is to be published in a separate section (CG-Report) of the annual report. This section may refer to other parts of the annual report (including the remuneration report) or other easily accessible sources or sources of supply. References to web pages must include the URLs.	The information required by the DCG must be published in the issuer's annual report. For purposes of clarity, the DCG stipulates that a **separate CG section (CG report)** must be included in the annual report.	32
		Appropriate references to additional information disclosed in other parts of the annual report (such as the remuneration and financial report) may be used in the CG report. The information does not need to be repeated in the Corporate Governance report. In this case, however, the exact source must be provided (e.g. page or point) (see also N 35, *see notice No. 8/2010 issued by SIX Exchange Regulation on 17 August 2010, Point II.B, notice No. 4/2019 issued by SIX Exchange Regulation on 22 October 2019, A, decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-II/06), Point 23), decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Point 6).*	33
		Other sources of information, e.g. articles of association or rules of organisation of the company, may also be referred to as long as they can be accessed by market participants easily, quickly and free of charge. An individual inquiry followed by the delivery of the information by post or by electronic means does not qualify as quickly obtainable (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I/06), decision of the Sanctions Commission dated 11 June 2010 [SaKo 2010-CG-I/10]*).	34
		While references can be made to websites, the exact URL must be specified. It is not sufficient merely to refer to the issuer's homepage.	35
		If reference is made to websites with dynamic data, then in addition to such data, the availability of static, date-specific information must also be ensured. Like the annual reports themselves (cf. Art. 13 para. 1 of the Directive on Financial Reporting [DFR]), this information must be made available on the website (e.g. in an archive) for at least five years after the publication of the annual report. Particularly when changes are made to websites, care must be taken to ensure that all of the links still work (*please also refer to notice No. 4/2019 issued by SIX Exchange Regulation on 22 October 2019, A.*).	36

Point DCG	Article text	Explanatory notes	Note (N)
		It would therefore not be permitted, for example, to refer to relevant information on the company's website in connection with the career history of members of the board of directors or the executive committee, and subsequently remove the information on individual people from the website after they have left the body concerned.	37
		If the remuneration report (Art. 734 et seqq. CO) includes information that is required in accordance with the DCG and this report is published only after the annual report, the relevant reference in the CG report must include the publication date of the remuneration report. In this case, Art. 10 para. 1 DFR has to be observed with regard to the latest possible date of publication of the remuneration report.	38
Art. 6 para. 2	If the information on Corporate Governance is published in a separate document pursuant to Art. 4 para. 2 of this Directive, reference may be made in this document to the annual report (including remuneration report) or to other easily accessible references or sources. References to web pages must include the URLs.	Option for issuers in the regulatory standard Sparks.	39

Point DCG	Article text	Explanatory notes	Note (N)
Art. 7 – "Comply or explain"			
Art. 7	For all information prescribed in the Annex, the principle of "comply or explain" applies. If the issuer refrains from disclosing certain information, a specific reference to this effect must be included in the CG-Report, and substantial grounds must be given for each individual case in which information is not disclosed.	Issuers fulfil the provisions of the DCG (i.e. "***comply***") by disclosing the required information. Issuers may only waive disclosure of relevant information if they can substantiate their rationale for doing so (i.e. "***explain***"). If no facts have occurred with regard to the given Point, or if it does not apply to the issuer, no disclosure is necessary (regarding negative statements; see also N 24).	40
		If no information is provided, it will be assumed that no facts have occurred with regard to the given Point at the level of the issuer *(cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 8).*	41
		To make use of the "***explain***" clause, the issuer must weigh the interest of the public in the **disclosure** of the relevant information against the interest in its **non-disclosure**. The interest of the company in confidentiality (non-disclosure) must be objectively greater than the public's interest in disclosure.	42
		The explanations must be provided in a manner that enables the reader to understand how both parties' interests have been taken into consideration. **This requirement is not fulfilled by a general statement that the undisclosed information is a business secret.**	43
		Example: The Admission Board decided that opting not to disclose a control clause and any defence measures in the event of a hostile takeover, citing business secrecy as the reason, does not comply with the rules because the reasons why the company has not provided the relevant information in the CG report are not sufficiently substantiated. Investors are therefore unable to judge whether the company's interest in the non-disclosure of the information concerned outweighs the investors' interest in its disclosure (*cf. Decision of the Admission Board committee dated 10 April 2006 (ZUL-CG-VI-05)*).	44

Point DCG	Article text	Explanatory notes	Note (N)
Art. 8 – Reporting date			
Art. 8	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.	The issuer's balance sheet date is decisive as a general rule. 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 CG section under the heading of "Material changes since the balance sheet date" or in a clearly designated manner with the correspondingly designated information.	45
		For example, if the composition of the board of directors or the executive committee changes **essentially** between the balance sheet date and the copy deadline for the annual report, the CG report must contain an explicit reference to this fact. All the information required by the DCG must be provided regarding the people who were members of the board of directors and the executive committee on the balance sheet date, even if they left those bodies shortly after that date.	46
		It may also be necessary to mention important factors that had an impact during the reporting year but are no longer relevant on the balance sheet date in the CG section under certain circumstances. This applies in particular to former members of the Board of Directors or the Executive Committee who belonged to the respective board during the reporting year, but were no longer serving officers on the reporting date (*see also notice No. 4/2019 issued by SIX Exchange Regulation on 22 October 2019, B.*).	47
		The balance sheet date is also always decisive for the information on significant shareholders and their equity investments (Point 1.2). But if the company's equity investments change significantly between the balance sheet date and the copy deadline, a note to this effect must be included in the CG report. A scenario is considered significant if the changes in shareholder structure could impact the company's decision-making (also because they affect thresholds for exercising shareholders' rights).	48

Point DCG	Article text	Explanatory notes	Note (N)
III Sustainability reporting			
Art. 9 – Sustainability reporting			
Art. 9 para. 1	An issuer may report to SIX Exchange Regulation AG ("SIX Exchange Regulation") that it is producing a sustainability report (opting in in accordance with Art. 9 para. 2.03 of the Directive Regular Reporting Obligations). SIX Swiss Exchange will publish the opting in on its website.	Option to opting in the Sustainability Report.	49
Art. 9 para. 2	If the issuer has opted in pursuant to para. 1, the sustainability report must be produced in accordance with an internationally recognised standard. SIX Exchange Regulation will determine periodically which internationally recognised standards the issuer may apply.	The following international standards/regulations on sustainability reporting are recognised at present: – Global Reporting Initiative (GRI) – Sustainability Accounting Standards Board (SASB) – IFRS Sustainability Disclosure Standards (ISSB) – European Sustainability Reporting Standards (ESRS) While GRI provides for the options to report “in accordance with” or “with reference to” the standards, only the option “in accordance with” is consistent with the requirements of Art. 9 para. 2 DCG.	50

Point DCG	Article text	Explanatory notes	Note (N)
Art. 9 para. 3	The sustainability report must be published on the issuer's website within eight months of the balance sheet date for the annual financial statements. It must subsequently remain available in electronic form on the issuer's website for five years from the date of publication.		51

Point DCG	Article text	Explanatory notes	Note (N)
IV Final provisions			
Art. 10 – Entry into force			
Art. 10 para. 1	This Directive enters into force on 1 October 2014 and replaces the Directive on Information relating to Corporate Governance of 29 October 2008.		52
Art. 10 para. 2	It shall be applied for the first time to the report for that financial year which begins after 31 December 2013.		53

Point DCG	Article text	Explanatory notes	Note (N)
Art. 11 – Revision			
Art. 11 para. 1	Amendments due to the entry into force of the Financial Market Infrastructure Act and related ordinances in Annex clauses 1, 1.2 and 7.1 as of 1 April 2016.		54
Art. 11 para. 2	The revision of the DCG (new Art. 9) decreed by the resolution dated 13 December 2016 enters into force on 1 July 2017.		55
Art. 11 para. 3	The revision of Art. 9 para. 1 that was decreed by the Issuers Committee in its resolution dated 20 March 2018 enters into force on 1 May 2018.		56
Art. 11 para. 4	The revision of Art. 3 that was decreed by the Issuers Committee in its resolution of 20 June 2019 enters into force on 2 January 2020.		57
Art. 11 para. 5	The revision of Annex clause 10 that was decreed by the Issuers Committee in its resolution of 27 May 2020 enters into force on 1 July 2021.		58

Point DCG	Article text	Explanatory notes	Note (N)
Art. 11 para. 6	The revision of Art. 4, 5 and 6 that was decreed by the Issuers Committee in its resolution of 18 June 2021 enters into force on 1 October 2021.		59
Art. 11 para. 7	The revision of Annex clauses 2.1, 2.2, 3.3, 3.4, 3.8, 4.3, 4.5, 5.2, 5.3, 6.1.2, 6.1.6 and 7a that was decreed by the Issuers Committee in its resolution of 29 June 2022 enters into force on 1 January 2023 and applies for the first time for reporting periods starting on or after 1 January 2023 or 1 January 2026 (clause 3.8) or 1 January 2031 (clause 4.5).		60

Annex – Subject and extent of the information relating to Corporate Governance

Point	Article text	Explanatory notes	Note (N)
1 Group structure and shareholders			
	The following information on the group structure and the shareholders must be disclosed:		61
1.1	*Group structure*		62
1.1.1	Description of the issuer's operational group structure.	The group's operating structure is to be presented based on the **actual internal management structure** ("**management approach**"). In other words, the internal group structure that forms the basis for management's decision-making is the decisive element in this disclosure obligation.	63
		If the consolidated annual financial statements already include detailed segment reporting (as required by IFRS Accounting Standards and US GAAP in particular), a corresponding reference is sufficient provided the individual segments match the actual internal management structure and are explained. In this case the exact source in the annual financial statements is to be provided in the CG report (Art. 6; see also N 35 et seqq.).	64
		The operational group structure may also be presented graphically.	65
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.	If one or more of the issuer's group subsidiaries are listed themselves, the corresponding information must also be disclosed for those companies.	66
		In the case of **listed subsidiaries** that are part of the issuer's consolidated group and **do not have their registered offices in Switzerland**, not only does the subsidiary's country of domicile need to be provided but also the place of administration.	67

Point	Article text	Explanatory notes	Note (N)
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.	In the case of group structures with a large number of subsidiaries, the most significant non-listed entities within the issuer's scope of consolidation need to be disclosed. If not all consolidated subsidiaries are listed in the CG report, an explicit reference is to be made to this fact. The criteria used to classify certain subsidiaries as material or immaterial are also to be explained. "*Dormant companies*" that have no substantial net assets are not to be itemised.	68
		In the case of **non-listed subsidiaries** that are part of the issuer's consolidated group and **do not have their registered offices in Switzerland**, not only does the subsidiary's country of domicile need to be provided but also the place where the subsidiary has its registered office (*cf. Sanction decision issued by SIX Exchange Regulation on 10 November 2011 (SER-CG-I/11), Point 47*).	69
1.2	*Significant shareholders*		70
	Significant shareholders and significant groups of shareholders and their shareholdings to the extent that the issuer is aware of them. Disclosures must be made in accordance with the information that has been published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange pursuant to Art. 120 et seqq. FMIA and the provisions of the Swiss Financial Market Supervisory Authority Ordinance on Financial Market	The purpose of this provision is to provide clarity with respect to the significant groups of shareholders and their shareholdings in the issuer. In order to provide an overview of the actual control arrangements with respect to the issuer on the balance sheet date (cf. Art. 8), significant shareholders and groups of shareholders and their shareholdings on the balance sheet date are to be listed provided and insofar as the issuer is aware of them (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.A*). On the one hand, the disclosure of significant shareholders allows a conclusion to be drawn about their influence within the company. On the other, this information can also be relevant to investors in cases in which a threshold is approached in light of Point 7.1 of the Annex pertaining to the duty to make a takeover offer (see also N 272).	71
		The duty to disclose in the CG report applies to all issuers whose participation rights (equity securities) have their primary listing on SIX, regardless of whether their registered office is in Switzerland (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.A*).	72
		If shares are held indirectly, the beneficial owner as defined by Art. 120 FMIA must at least be named (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.A*).	73

Point	Article text	Explanatory notes	Note (N)
	Infrastructures and Market Conduct in Securities and Derivatives Trading. This includes the key elements of shareholders' agreements published in this connection. The individual reports that were published during the year under review must also be listed, or a reference must be given to the relevant Disclosure Office web page.	In this context, the question of whether the voting rights acquired together with the shareholdings can be exercised or not is also immaterial.	74
		The volume of the shareholding should be given as a percentage and at least take account of the positions reported on the Disclosure Office's reporting platform. The issuer is at liberty to provide more detailed information regarding the volume of the shareholdings (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.A*). If the company has more detailed information regarding the precise volume of the shareholding that deviates from the notifications published on the platform of SIX Exchange Regulation AG's Disclosure Office – for example based on the share register – it may include the more precise figures in the CG report on a voluntary basis. It may also report transactions that do not result in a disclosure obligation pursuant to FMIA. In this case, however, reference must be made to deviations in relation to the notifications provided in accordance with Art. 120 et seqq. FMIA.	75
		In addition to the actual situation on the balance sheet date as a percentage, either the individual notifications published on the reporting platform of SIX Exchange Regulation AG's Disclosure Office during the reporting year are to be listed or a reference must be provided to the relevant website of the Disclosure Office (including the weblink, Art. 6; see also N 35 et seqq.).	76
		The issuer is under no obligation to disclose the treasury shares it holds on the balance sheet date. It is however at liberty to do so on a voluntary basis.	77
		Equity derivatives such as options or convertible bonds that must be reported in accordance with the law governing disclosure do not have to be disclosed in accordance with the DCG (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.A*).	78
		If, in connection with the publication of disclosure notifications pursuant to Art. 120 et seqq. FMIA, the key elements of shareholders' agreements have been published, among other things, then those elements are to be disclosed under Point 1.2 of the Annex. A reference may also be made to the reporting platform of the Disclosure Office, including the corresponding weblink (Art. 6, please also refer to N 35 et seqq.). This information also applies to group notifications within the meaning of Art. 121 FMIA.	79

Point	Article text	Explanatory notes	Note (N)
1.3	*Cross-shareholdings*		80
	Cross-shareholdings that exceed 5 per cent 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 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.	81
		Given the existence of cross-shareholdings that respectively exceed a threshold level of **5 per cent** of the **voting rights** and/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.	82

Point	Article text	Explanatory notes	Note (N)
2 Capital structure			
	The following information about the capital structure must be disclosed:	The respective details required are to be disclosed as they exist within the group at the holding level (individual company account).	83
2.1	*Capital*		84
	The amount of the issuer's ordinary and conditional capital, as well as the capital band defined in the articles of association on the reporting date. Amount of the capital increases from authorised capital of Swiss companies adopted prior to 1 January 2023. For authorised capital based on foreign law, the provisions on capital structure apply accordingly.	In the CG report it is sufficient to refer to the corresponding sections of the annual financial statements (Art. 6; see also N 33 et seqq.). The amount of capital increases from authorised capital of Swiss companies, adopted prior to 1 January 2023, is only to be disclosed for authorised capital still provided for in the articles of association as of the balance sheet date (Art. 8; see also N 45).	85
2.2	*Capital band and conditional capital in particular*		86
	In addition, the following information must be disclosed in connection with the issuer's capital band and conditional capital:	In addition to the information disclosed as per Point 2.1 of the Annex, Point 2.2 of the Annex requires that additional details be provided concerning the issuer's capital band and conditional capital. The information that must be disclosed in the CG report largely corresponds to the details pertaining to capital increases that are to be governed by the articles of association by law (Art. 653t and 653b CO). If the CG section contains references to the articles of association, the relevant source (e.g. weblink) must be provided (Art. 6; see also N 34 et seqq.).	87

Point	Article text	Explanatory notes	Note (N)
	a) maximum increase in conditional capital and lower and upper capital band threshold as well as the duration of the authorisation period to carry out an increase or decrease 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 equity securities corresponding to the additional capital.	Among the terms and conditions that are to be published as per Point 2.2 lit. c of the Annex are 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, a description of the group of beneficiaries, 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 association.	88
2.3	*Changes in capital*		89
	A description of the changes in capital during 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 might lead to a dilution of entitlement to assets, profit share or voting rights.	90
		The information is to be disclosed for the year under review as well as the two years prior to the given year under review. For the two financial years prior to the year under review, the inclusion of references to previous annual reports is permissible. In this case, the corresponding weblink to earlier annual reports and the relevant source in those reports are to be provided in the CG report (Art. 6; please also refer to N 35 et seqq.).	91

Point	Article text	Explanatory notes	Note (N)
		The use of the related proceeds, and hence the purpose of the changes in capital, need not be disclosed. Exceptionally, that information is to be disclosed if it is of material importance to the investor (Art. 5; see also N 26 et seqq.).	92
2.4	*Shares and participation certificates*		93
	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.	Point 2.4 of the Annex requires disclosure of information about the **type** of shares (registered or bearer) or participation certificates, as well as the main related **ownership or asset rights**.	94
		Information must also be provided regarding non-listed share categories and participation certificates. If, for example, a company has non-listed preferential shares and listed ordinary shares, this must be mentioned in the CG report.	95
		In the case of shares, 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*" is not mandatory.	96
		Issuers which have access to capital in accordance with cantonal law (e.g. the cantonal banks, which have endowment capital) must report the existence of this special type of capital in the CG report. In particular, the amount of this special type of capital must be indicated. Furthermore, in the interest of transparency, it must be disclosed that, under public cantonal law, investors do not have the same rights of co-determination as are granted to shareholders by the CO.	97
2.5	*Dividend-right certificates*		98
	The number and the main features of the issuer's dividend-right certificates.	Among the main features that must be disclosed with regard to dividend-right 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 CO).	99
		If various categories of dividend-right certificates have been issued, the relevant information is to be provided for each category.	100

Point	Article text	Explanatory notes	Note (N)
2.6	*Limitations on transferability and nominee registrations*	The limitations on transferability and other information required are to be disclosed for each category of shares.	101
2.6.1	Limitations on transferability for each share category, along with an indication of group clauses in the articles of association, if any, and rules for granting exceptions.	If there is a percentage clause within the meaning of Art. 685d para. 1 CO, the percentage is to be specified.	102
		Furthermore, if applicable, the CG report must also mention "**trustee registration**" in accordance with Art. 685d para. 2 CO.	103
		If the issuer's articles of association stipulate limitations on transferability, that relate to **special legal regulations** (please refer to Art. 4 of the concluding provisions of Section XXVI CO, for example the Swiss Federal Act on the Acquisition of Land by Persons Abroad, known as "Lex Koller"), these must also be mentioned in the CG report.	104
		If the articles of association provide for a group clause (i.e. application of the percentage clause to a group of shareholders), then such a provision is to be disclosed. However, publication of the wording of the group clause is not required. In this context, it is also sufficient to make a direct reference to the source (Art. 6; see also N 35 et seqq.).	105
		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 (in the case of a reference to a relevant set of regulations, Art. 6 must be taken into consideration; see also N 34 et seqq.). If this is a discretionary decision, this must be mentioned.	106
2.6.2	Reasons for granting exceptions in the year under review.	If exceptions were granted during the reporting year, the reasons why they were granted are to be stated in the CG report. 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.	107
2.6.3	Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions.	There are no legal regulations in Switzerland pertaining to the institution of the "*nominee*" as derived from the laws of English-speaking countries. Each company must decide for itself about the adoption of such a system and the finer details of that system.	108

Point	Article text	Explanatory notes	Note (N)
		A nominee is generally a legal entity, appearing in a commercial capacity, which acquires shares and registers them with the company. 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 principle to the company.	109
		If relevant, the percentage limit, any group clause and the registration requirements as per Point 2.6.3 of the Annex are to be disclosed.	110
2.6.4	Procedure and conditions for cancelling privileges and limitations on transferability laid down in the articles of association.	The procedure and requirements for eliminating statutory privileges and limitations on transferability must be briefly described, together with an indication of the necessary quorum.	111
2.7	*Convertible bonds and options*		112
	Outstanding convertible bonds and number of options issued by the issuer or by subsidiaries on the issuer's equity securities (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 share capital concerned.	In addition to the information required by Art. 959c para. 4 CO (amount, interest rates, maturities and other conditions) as it pertains to bonds (incl. convertible bonds) the term to maturity, conversion conditions or exercise price, the relevant exercise ratio as well as the amount of total covered equity capital.	113
		Information pertaining to the conditions of a given bond issue may also be provided in the notes to the (separate) annual financial statements in the annual report. If this is the case, a reference is sufficient (Art. 6; see also N 33 et seqq.).	114

Point	Article text	Explanatory notes	Note (N)
3 Board of directors			
	The following information about the issuer's board of directors must be disclosed:		115
3.1	*Members of the board of directors*		116
	For each member of the board of directors:	One of the purposes of this provision is to disclose the composition of the board of directors to investors. This information allows investors to assess the quality of the company's top management.	117
		Within this context, changes in the membership of the board of directors during the reporting year, including resignations, are also to be mentioned in the CG report together with the relevant dates. Details on the persons must also be made available either in the CG report itself through a specific reference to earlier reports (weblink or search path) or through a weblink to the issuer's website (please *also refer to notice No. 4/2019 issued by SIX Exchange Regulation on 22 October 2019, B.*).	118
		The background to this regulation is that the provisions of stock corporation law pertaining to the discharging of members of the board of directors for the relevant reporting year also apply to former members (Art. 698 para. 2 point 7 CO). It may also be important for investors to be aware of staff changes in the board of directors during the financial year.	119
		If the information is not merely incomplete, but is missing entirely, this is assumed to constitute a severe violation of the Directive (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 41*).	120

Point	Article text	Explanatory notes	Note (N)
	a) name, nationality, education and professional background;	The required information must be provided for every member of the board of directors as a mandatory requirement (*cf. Sanction decision of SIX Exchange Regulation dated 10 November 2011 (SER-CG-I/11), Point 48*).	121
		At minimum, the most recent **educational** level must be disclosed regardless of how long ago it was completed. Examples of education include: – Completed apprenticeship; – Completed commercial apprenticeship; – Federally recognised professional diplomas; – Baccalaureate; – Degree from a technical college, university degree; – Solicitor's degree; – MBA, etc.	122
		Uncompleted courses should not be disclosed.	123
		Aspects of the career background to date include professional (management) positions and responsibilities of at least the last ten years that are relevant to the current role in terms of the sector or management tasks. It is not sufficient to simply state how long the person concerned has been working for the company (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-II/06), Points 18 and 19*).	124
		This information has to be assessed with regard to the relevance of the position at the issuer and for the current investors. Earlier professional positions therefore become less important the further back you go. The overall impression provided by the information is also important (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-IV-05), Points 5 et seqq.*).	125
		If possible, this information should include the years/time period and the sector/company.	126
		If the issuer provides a reference to its website instead of including the necessary information in its CG report or annual report, the relevant information on former board members must be made available on the website for five years after they resign (Art. 13 para. 1 DFR; Art. 6 DCG; see also N 36 et seqq.).	127

Point	Article text	Explanatory notes	Note (N)
	b) operational management tasks for the issuer or one of the issuer's subsidiaries (executive/non-executive member);	Persons who carry out operational management tasks within the company during the reporting period are deemed executive members of the board of directors.	128
		For board members **with executive responsibilities**, a brief description should be given of the responsibilities in question unless this information can be derived from the information on the members of the company's management pursuant to Point 3.5.1 of the Annex (see also N 150 et seqq.).	129
	c) For each non-executive member of the board of directors:		130
	– 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;	For information on the concept of company management, see N 171 et seqq.	131
	– whether he or she has significant business connections with the issuer or one of the issuer's subsidiaries.	Understood to be "business relationships" in this regard are all contracts that involve remuneration.	132
		If such business 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 to be material and therefore must be disclosed. The fact that a board member regularly receives important tasks from the company, for example, can influence that board member's independence. By the same token, a board member may also grant a loan to the company, which in turn places the issuer in a situation of dependency on the board member concerned.	133
		Important business relationships must be described in brief (Art. 5; see also N 21 et seqq.).	134

Point	Article text	Explanatory notes	Note (N)
3.2	*Other activities and vested interests*	Whereas Point 3.1 of the Annex addresses the relationships between the company and its board members, Point 3.2 of the Annex has the objective of disclosing the board members' network of relationships with third parties. The name of the third party must be provided as this is the only way for investors to assess whether there are any conflicts of interest or dependencies. Moreover, investors should be enabled to assess whether a given board member has sufficient time available to perform his or her duties of office.	135
	For each member of the board of directors:		136
	a) activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law;	The terms "significant" and "important" as they are used in lit. a and b of Point 3.2 of the Annex are to be assessed within the context of materiality (Art. 5; see also N 26 et seqq.).	137
		Deemed to be significant private and **public organisations** (in Switzerland, primarily companies and cooperatives) are 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.	138
		The term "significant" is also to be assessed in relation to the issuer. 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 organisation appears to be of little importance. The same applies to organisations or foundations with which the company has significant business dealings. If other activities are not significant in relation to the issuer, they do not need to be mentioned either.	139
	b) permanent management and consultancy functions for important Swiss and foreign interest groups;	Similarly to Point 3.2 lit. a of the Annex, the importance of an interest group is to be assessed from the perspective of the economy as a whole and from the perspective of the issuer.	140

Point	Article text	Explanatory notes	Note (N)
	c) official functions and political posts.	The disclosure of official functions and political posts required by Point 3.2 lit. c of the Annex is also to be based on the criterion of materiality (Art. 5; see also N 26 et seqq.). 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.	141
3.3	*Number of permitted activities:*		142
	Provisions in the articles of association with regard to the number of permitted activities.	Issuers may either provide the information in the CG section or include a reference to their articles of association that explicitly states the source (e.g. weblink) (Art. 6; see also N 34 et seqq.).	143
3.4	*Elections and terms of office*	In accordance with Point 3.4 of the Annex, the CG report must include a description of the procedure for electing members of the board of directors and the regulations governing their terms of office.	144
	The time of first election to office, and any restriction on term of office, for each member of the board of directors.		145

Point	Article text	Explanatory notes	Note (N)
	Additionally for issuers subject to the provisions of the company law pursuant to Art. 620 - 762 CO: Any rules in the articles of association that differ from the statutory legal provisions with regard to the appointment of the chairman, the members of the compensation committee and the independent proxy.		146
	Additionally for issuers not subject to the provisions of the company law pursuant to Art. 620 - 762 CO: The principles of the election procedure (specifically the term of office, individual election or election as a group, total renewal or staggered renewal).	Issuers not subject to the provisions set out Art. 620 to 762 CO may, at least under Swiss law, elect the members of their board of directors *in globo* rather than individually. The corresponding information on the election process must therefore be provided in the CG section. The same applies to the terms of office for the board members.	147
3.5	*Internal organisational structure*	The purpose of this norm is to foster transparency with regard to the internal organisation and work methods of the board of directors. If the rules of organisation of the board of directors do not correspond to actual practices, the latter must be disclosed ("***substance over form***", Art. 5; see also N 22 et seqq.). Information on the board's internal organisation should provide investors an overview of the structure of the top management level as well as the board's internal procedures and distribution of responsibilities (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 43*).	148

Point	Article text	Explanatory notes	Note (N)
		If the issuer would like to include a reference to the rules of organisation, the source (e.g. weblink) is to be explicitly provided in the CG report (Art. 6; see also N 34 et seqq.).	149
3.5.1	Allocation of tasks within the board of directors.	To be indicated here are, for example, the chairman, vice-chairman, delegates of the board of directors and, if such exist, the additional functions of individual board members.	150
3.5.2	Members list, tasks and area of responsibility for each committee of the board of directors.	Issuers subject to the provisions set out Art. 620 to 762 CO must at least have a remuneration committee, the authorities of which are to be governed by the articles of association (Art. 733 para. 5 CO). If the company refers to the corresponding provision in its articles of association in this regard, the source must be explicitly stated in the CG report (Art. 6; see also N 34 et seqq.).	151
		The functions of the board committees are to be described in brief. This information is to be provided for each committee, and care is to be taken to ensure that all of the committees are covered. The actual organisational structure must be disclosed ("**substance over form**"; Art. 5; see also N 22 et seqq., *please also refer to notice No. 9/2007 issued by the Admission Board on 26 October 2007, Point II., decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Points 21 and 30*).	152
		Investors must be able to see what tasks and authorities the board of directors has delegated to a committee, and the extent to which it has done so (*please also refer to notice No. 9/2007 issued by the Admission Board on 26 October 2007, Point II.*). Specifically, with regard to the principal areas of responsibility, an indication must be made for each such area of responsibility as to: – whether the 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.	153
3.5.3	Working methods of the board of directors and its committees.	The working methods of the entire board of directors and each individual board committee must be described separately (*please also refer to notice No. 9/2007 issued by the Admission Board on 26 October 2007, Point II.*).	154

Point	Article text	Explanatory notes	Note (N)
		Among other things, information should be provided on the usual frequency of meetings (weekly, monthly, quarterly, etc.) as well as 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. It is sufficient if the number of meetings can be derived from the frequency of meetings in the year under review (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Points 22 and 43*).	155
		A brief description should be given with regard to the interaction between the full board and its committees, as well as the division of authorities.	156
		Information must be provided on whether and how often the entire board of directors or individual committees invited members of the executive committee or external consultants to attend their meetings (*please also refer to notice No. 9/2007 issued by the Admission Board on 26 October 2007, Point II.*). The information can be kept general in nature. It is sufficient if investors can gain an impression of how the board of directors operates (*cf. Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Points 7.2 et seqq.*).	157
3.6	*Definition of areas of responsibility*		158
	Basic principles regarding the definition of the areas of responsibility between the board of directors and the executive committee.	The purpose of Point 3.6 is the disclosure of the extent to which board responsibilities have been delegated to the executive committee (*cf. Decision of the Admission Board committee dated 10 April 2006 (ZUL-CG-VI-/05), Points 7 et seqq., decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 3*). Rather than details, issuers must disclose information that is material to investors as per Art. 5. This is the case if the essential features are described and specific information (including figures) is provided for the most important delegated functions (*cf. Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Point 8.2*).	159
		As in Point 3.5 of the Annex, the actual practices are to be disclosed ("***substance over form***"; Art. 5; see also N 22 et seqq.).	160

Point	Article text	Explanatory notes	Note (N)
		If the board of directors has decided to delegate the management of business to one of its members or the executive committee, this fact must be disclosed in the CG report. In the case of such delegation, it is sufficient to report that the board of directors has delegated the management of business to one of its members or the executive committee.	161
		However, if reference is made to rules of organisation or some other body of regulations in connection with the delegation of authority, or if the board of directors implements regulations that limit the delegation again, Art. 6 requires that these regulations must either be easy for investors to access (i.e. quickly, free of charge and with instructions on where and how) or an outline of the regulations must be provided in the CG section (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Points 12 and 17*).	162
		Those tasks of the board of directors which are non-transferable and irrevocable are set out in Art. 716a CO. There is no need for the paraphrasing of the norm without providing specific details of what are effectively the most important activities. By contrast, additional authorities on the part of the board of directors that are not covered by Art. 716a CO must be listed in the CG report (*cf. Decision by the Sanctions Commission dated 11 June 2010 (SaKo 2010-CG-I/10), Points 7.2 et seq., decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Point 14*).	163
3.7	*Information and control instruments vis-à-vis the executive committee*		164
	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 (MIS).	The purpose of Point 3.7 of the Annex is to document how the board of directors exercises the control function within the meaning of Art. 716a CO. The presentation of the structure of the board of directors' information and monitoring systems with respect to the executive committee is important to market participants in that it allows them to assess the work method and the company's internal control and monitoring systems between the company's executive management bodies ("***checks and balances***") (*cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 4*).	165
		Supervisory and control instruments include information on the existence of any internal audit function, a risk management system or a management information system.	166

Point	Article text	Explanatory notes	Note (N)
		As a minimum requirement for the satisfactory publication of information and control instruments, the individual instruments are to be listed and their essential features outlined (e.g. frequency of reporting or meetings, *cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 24*).	167
		A description of the work method contains, for example, a brief description of the instrument (for internal audit functions: the mechanism and structure), the frequency with which it is applied, who the information is addressed to (entire board of directors or committee) and any measures taken on this basis. Among other things, an explanation must be given of the risks registered and how they are dealt with (*please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.C, and notice No. 9/2007 issued by the Admission Board on 26 October 2007, Point II.*).	168

Point	Article text	Explanatory notes	Note (N)
3.8	*Gender guidelines*		169
	Additionally for issuers not subject to the provisions of the company law pursuant to Art. 620 - 762 CO exceeding the thresholds pursuant to Art. 727 para. 1 point 2 CO: If it is not the case that every gender has at least 30 per cent representation on the board of directors, the remuneration report must state why the genders are not represented as intended and, at the same time, disclose the measures planned or already implemented to promote the under-represented gender.	The purpose of this norm is to illustrate what the composition of the board of directors should be in terms of gender and – if the required gender guidelines are not adhered to – to describe which measures have been taken to promote the under-represented gender.	170

Point	Article text	Explanatory notes	Note (N)
4 Executive committee			
	The following information about the issuer's executive committee must be disclosed:		171
4.1	*Members of the executive committee*		172
	For each member of the executive committee:	The purpose and content of this provision largely correspond to Point 3.1 of the Annex. Thus, reference can be made to those specific comments with regard to the purpose (see also N 115 et seqq.).	173
		Members of the executive committee are those individuals who hold positions of responsibility at the highest level of management, are normally appointed by the board of directors and answer directly either to the board or the CEO.	174
		Primarily, the person's decision-making authority and not his or her formal title is decisive in this regard ("***substance over form***"). An excessive broadening of the circle of people defined as the executive committee is not consistent with the principles of clarity and materiality. The concept of "the executive committee" is to be applied uniformly in the CG section (Art. 5; see also N 22 et seqq., *cf. Decision of the Disciplinary Commission dated 30 September 2004 (DK/CG/I/04), Points 7 and 9*).	175
	a) name, nationality and function;	Aside from the information on each board member required by Point 3.1 lit. a of the Annex, Point 4.1 lit. a also calls for a designation and brief description of the function and organisational position of each member of the executive committee.	176
	b) education and professional background;	The information to be disclosed is generally identical to that for members of the board of directors (see also N 121 et seqq.).	177
	c) any tasks previously carried out for the issuer or one of the issuer's subsidiaries.	In contrast to Point 3.1 lit. c of the Annex, Point. 4.1 lit. c of the Annex involves no time limitation, however any previous activities of the individual are to be documented in accordance with the principle of materiality (Art. 5; see also N 26 et seqq.).	178

Point	Article text	Explanatory notes	Note (N)
4.2	*Other activities and vested interests*		179
	For each member of the executive committee:		180
	a) activities in governing and supervisory bodies of important Swiss and foreign organisations, institutions and foundations under private and public law;	See comments relating to Point 3.2 of the Annex above with regard to the purpose and content of this norm (please refer to N 137).	181
	b) permanent management and consultancy functions for important Swiss and foreign interest groups;	See comments relating to Point 3.2 of the Annex above with regard to the purpose and content of this norm (please refer to N 140).	182
	c) official functions and political posts.	See comments relating to Point 3.2 of the Annex above with regard to the purpose and content of this norm (please refer to N 141).	183
4.3	*Number of permitted activities*		184
	Rules in the articles of association on the number of permitted activities.	Issuers may either provide the information in the CG section or include a reference to their articles of association that explicitly states the source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	185

Point	Article text	Explanatory notes	Note (N)
4.4	*Management contracts*		186
	Key elements of management contracts between the issuer and companies (or natural persons) not belonging to the group, stating the names and registered offices of the companies, the delegated business 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. The intention is to create transparency with respect to investors regarding the subject of which people exercise executive management functions within the company and under what conditions (*please also refer to notice No. 2/2013 issued by Six Exchange Regulation on 26 August 2013, Point II.B*). Management contracts can be found for example in turnaround situations, with companies that are counselled by venture capitalists, and with investment companies.	187
		Understood as being "key elements" in this regard are a characterisation 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 and the duration/terminability of the given contract.	188
		The key elements of all management contracts must be disclosed. This also applies to cases in which only certain elements of operating management have been delegated to a third party (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.B.*).	189
		A functional perspective is to be applied to the distinction of whether a natural person or legal entity qualifies as a member of the executive committee or an external third party (*principle of "**substance over form**", Art. 5; please also refer to N 22 et seqq.*). This is determined not so much by the title, the contractual basis for the collaboration, the entry in the commercial register or any time limits on the mandate as it is by the actual performance of management functions for the issuer (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point B.II*).	190

Point	Article text	Explanatory notes	Note (N)
		For companies whose shares are listed on a stock exchange, operating management may only be delegated to natural persons (Art. 716b para. 2 CO). The complete outsourcing of operating management is likely to be rare for companies listed on the stock exchange. However, this kind of arrangement must not result in a situation in which the issuer is not required to disclose information pursuant to Point 5 of the Annex (compensation, shareholdings and loans), which primarily applies to members of the executive committee and the board of directors. In this case, the information required by Point 5 of the Annex must also be disclosed analogously for people who perform their management activities on the basis of a management contract (*please also refer to notice No. 2/2013 issued by SIX Exchange Regulation on 26 August 2013, Point II.B, decision of the Sanctions Commission dated 8 December 2011 (SaKo-2011-CG-I/11), Points 16 et seqq. and 21 et seq*.).	191
		In accordance with Art. 716b para. 2 CO, the management of assets may also be delegated to legal entities. This provision is relevant for investment companies. This provision allows them to delegate operating management functions to legal entities. In this case, too, the information required by Point 5 of the Annex must also be disclosed analogously for people who perform their management activities on the basis of a management contract (see also N 195 et seqq.).	192

Point	Article text	Explanatory notes	Note (N)
4.5	*Gender guidelines*		193
	Additionally for issuers not subject to the provisions of the company law pursuant to Art. 620 - 762 CO and that exceed the thresholds pursuant to Art. 727 para. 1 point 2 CO: If it is not the case that every gender has at least 20 per cent representation in the executive committee, the remuneration report must state why the genders are not represented as intended and, at the same time, disclose the measures planned or already implemented to promote the under-represented gender.	The purpose of this norm is to illustrate what the composition of the executive committee should be in terms of gender and – if the required gender guidelines are not adhered to – to describe which measures have been taken to promote the under-represented gender.	194

Point	Article text	Explanatory notes	Note (N)
5 Compensation, shareholdings and loans			
	The following information is to be disclosed with regard to compensation 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:		195
5.1	*Content and method of determining the compensation and the shareholding programmes*		196
	Basic principles and elements of compensation and shareholding programmes for serving and former members of the issuer's board of directors and executive committee, together with a description of the authorities and procedure for determining such.	The DCG does not require the introduction of a particular compensation process or impose any other requirements on the structure of the process for determining the amount of compensation paid. It merely requires the situation in effect to be disclosed in a way that is accurate and comprehensible (*cf. Sanction decision issued by SIX Exchange Regulation on 10 November 2011 (SER-CG-I/11), Point 42*).	197
		The purpose of Point 5.1 of the Annex is the disclosure of the responsibilities and procedures involved in determining the compensation and share ownership programmes for board members and senior managers, as well as the principles and elements of compensation and share ownership programmes, in a **manner as transparent and comprehensible** as possible (*please also refer to notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point I., notice No. 4/2019 issued by SIX Exchange Regulation AG on 22 October 2019, C*). The comments must be structured so as to allow investors to gain a clear impression of the process's architecture and mechanism (Art. 5; see also N 21 et seqq., *cf. Decision of the Sanctions Commission dated 8 December 2011 (SaKo 2011-CG-I/11), Point 16*).	198

Point	Article text	Explanatory notes	Note (N)
		Among other things, the remuneration arrangements should allow market participants to assess whether the chosen compensation model is appropriate in terms of the performance incentives offered. They must be able to identify the reasons for changes in compensation over the course of the financial year. As part of this retrospective disclosure (the CG report must provide a description of the structure of the compensation system in the past financial year), the information provided should also indicate why compensation fell or rose in the year under review in comparison to the preceding year (*please also refer to notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point I.*).	199
		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 executive committee of the group, and thus not to the board members and senior managers of subsidiaries.	200
		Hybrid or unconventional compensation schemes are to be subsumed and described under Point 5 of the Annex. In assessing such schemes, the principle of "***substance over form***" applies (Art. 5; see also N 22 et seqq.).	201
		With respect to providing an accurate description of the compensation system, it may be advisable to disclose the relevant information for non-executive members of the board of directors and for the executive members of the board of directors and members of the executive committee separately (*please also refer to notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.*).	202
		In contrast to Art. 734a para. 1 CO, Point 5.1 of the Annex does not require the disclosure of the amount of compensation paid out, but rather the way in which this amount is determined (*cf. Sanction decision issued by SIX Exchange Regulation on 10 November 2011 (SER-CG-I/11), Point 44*).	203
		SER is not responsible for checking the compliance of Swiss stock corporations with the provisions of Art. 734a para. 1 CO. If, however, the company **does not have its registered offices in Switzerland** or in the case of a legal entity domiciled in Switzerland but not subject to the pertinent provisions of CO, the amount of compensation must be disclosed in the CG report as with Art. 734a para. 1 CO. In this case, SER checks whether the compensation was disclosed in accordance with regulations (*cf. Point 5.3 of the Annex, please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.B*).	204

Point	Article text	Explanatory notes	Note (N)
		The more complex the compensation and share ownership programmes are structured, the more extensive and detailed their disclosure must be.	205
		If the information on the basic principles and elements, the procedure, or the responsibilities for individual members of the board of directors or the executive committee differs considerably from other members, the required information on these individual members must be disclosed separately.	206
		References to other sections of the annual report that contain the information required in accordance with Point 5.1 of the Annex are permitted. Specifically, the CG report may include references to the remuneration report (Art. 6; see also N 33 et seqq.).	207
		In connection with the question of **responsibility** and the **procedure for determination**, an outline of the relevant procedure(s) for determination must be provided. Information must also be provided on the decision-making bodies involved (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Point 24, decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 18*).	208
		Specifically, the following information must be disclosed:	209
		– Which involved body (board of directors, compensation committee, etc.) has which authorities in connection with the setting of compensation and the share ownership programmes. This means that information is to be provided on whether the body merely acts in an advisory or preparatory capacity, or whether it has decision-making authority (*please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.A; notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.A*).	210
		– Whether external advisors are consulted on the determination of the compensation and share ownership programmes, and whether these advisors have been awarded additional mandates by the issuer.	211

Point	Article text	Explanatory notes	Note (N)
		– Whether and how often the compensation committee informs the entire board of directors about the progress of the determination procedure and compensation process if it is not the entire board of directors that determines the compensation and share ownership or the corresponding agenda items for the annual general meeting. In the case of issuers subject to the provisions of the law on companies limited by shares pursuant to Art. 620 to 762 CO, the annual general meeting has certain non-transferable authorities in this respect (Art. 698 para. 3 CO). There is no need to make explicit reference to this fact. In accordance with Art. 733 para. 5 CO, the articles of association must contain information on the duties and responsibilities of the compensation committee. The CG section may contain a reference to the articles of association in this regard (Art. 6; see also N 34 et seqq.).	212
		– Whether the compensation and share ownership programmes are determined by the relevant bodies once or periodically (and at what intervals) (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Point 24, decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 18*).	213
		– Whether the members of the board of directors and the executive committee 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.	214

Point	Article text	Explanatory notes	Note (N)
		The **basic principles** include in particular:	215
		– Explanations regarding the breakdown (i.e. allocation) of stocks or options that are assigned to members of the board of directors and/or the executive committee as part of their compensation. **Example:** With respect to the stock option plan for the executive committee, an issuer stated the following in its CG report: *"Each year, senior managers receive stock options with a maturity of five years. The number of stock options depends on the respective management grade according to the Watson/Wyatt Global Grading System. These options are vested upon issue, one-third of them subsequently becoming eligible for exercise each year. The conversion ratio is 1:10 but only cash can be paid out for options granted since 2006."* No further explanations of the system were provided. There was no specific indication of how the plan was implemented. These comments proved insufficiently detailed as there were no references to targets, components, etc. (*cf. Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Point 9.8*).	216
		– Whether a new member of the board of directors or the executive committee received special compensation ("golden handshake") upon joining the company (see also N 197 et seqq.; *please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.A).*	217
		– Whether any agreements have been entered into regarding payments or other benefits that have been or are to be provided to members of the board of directors and the executive committee of issuers that are not subject to the provisions of the law on companies limited by shares pursuant to Art. 620 to 762 CO upon their departure from the company. This includes agreements regarding special periods of notice for termination or contracts with long terms (in excess of 12 months), the elimination of blocking periods for stocks and options, the reduction of the vesting period or additional contributions to the company pension (Point 7.2 of the Annex; see also N 275).	218
		– This information must be included in the CG report even if it only relates to individual members of the top executive bodies. The people concerned do not have to be referred to by name.	219

Point	Article text	Explanatory notes	Note (N)
		– A duty of disclosure also applies if the conditions and benefits concerned were not agreed in advance but were instead granted in the year under review when the member of a body left the company.	220
		– If these kinds of agreements also apply in the event of a change of control, the corresponding information must also be provided in the comments pursuant to Point 7.2 of the Annex, although the issuer is at liberty to use references (Art. 6; see also N 33 et seqq.; *please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012*).	221
		– Which goals are taken into account when structuring compensation and share ownership programmes (e.g. turnover and revenue goals, personal performance goals).	222
		– Which other components are taken into account (changes in the share price, etc.).	223
		– If benchmarks are used, their details or composition are to be described in brief (e.g. changes in the company's share price in comparison to an index or competitors, etc.; *please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.A; notice No. 4/2019 issued by SIX Exchange Regulation AG on 22 October 2019, C*).	224
		– If the compensation paid out by other companies is used for the purpose of comparison (pay comparisons), the specific names of the companies ("peers") are to be provided or they are at least to be described (e.g. by providing information such as the sector/nature of business, size/economic significance and the geographic area in which the companies concerned operate). Terms such as "international companies", "companies of the same size", "similar industry companies" or general references to a basic salary that is in line with market practice are inadequate due to the general nature of these terms (*see also notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.A, notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.A.1, notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.A, notice No. 4/2019 issued by SIX Exchange Regulation AG on 22 October 2019, C; decision of the Sanction Commission dated 11 June 2010 (SaKo 2010-CG-I/10), Point 8.2*).	225

Point	Article text	Explanatory notes	Note (N)
		– If reference is made to the typical market conditions (reference markets), the market concerned and its underlying conditions are to be described in more detail (*please also refer to notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.A.2, decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Points 9.2 et seqq.*).	226
		– Phrases such as "in line with market practice" or "basic salary in line with the market" are too general and prevent investors from forming a clear picture of the criteria for setting compensation (*cf. notice No. 4/2019 issued by SIX Exchange Regulation AG on 22 October 2019, C, decision of the Sanctions Commission dated 30 November 2010 (SaKo 2010-CG-IV/10), Point 29, decision of the Sanction Commission dated 11 June 2010 (SaKo 2010-CG-I/10), Points 8.2 et seq.*).	227
		– What forms of compensation (basic salary, additional remuneration such as variable compensation or bonus models, etc.) exist and whether they are fixed or variable. The variable criteria are to be described in greater detail (*cf. decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 18, decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Point 24*).	228
		– If both fixed and variable compensation is paid out, the ratio between the fixed and variable components of compensation must be set out. It is sufficient to state a range or a maximum value (e.g. "the variable remuneration paid out to senior managers ranged from 50 to 150 per cent of the fixed pay component", *please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.A, notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.A.3, decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Points 9.2 et seqq.*).	229
		– If different regulations apply to individual members of the board of directors or the executive committee, this must be disclosed separately (*please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.A, notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.A, sanction decision issued by SIX Exchange Regulation on 10 November 2011 (SER-CG-I/11), Point 39*).	230

Point	Article text	Explanatory notes	Note (N)
		– If **criteria are used to set compensation**, certain information must be provided on these criteria and their **weighting**. Information must also be provided on whether the statements relate to both the fixed and variable components. If complete discretion is used in the weighting of the criteria, the explanations of the criteria must include a reference to this fact (*please also refer to notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.B.1, notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.A, Decision of the Sanctions Commission dated 28 October 2010 (SaKo 2010-CG-III/10), Points 4.5 et seqq., Decision of the Sanctions Commission dated 11 June 2010 (SaKo 2010 CG-I-10), Point 8.3, decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Point 18, Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Points 9.1 et seqq., Decision of the Sanctions Commission dated 11 June 2010 (SaKo 2010 CG-I-10), Point 8.3, Decision of the Sanctions Commission dated 8 December 2011 (SaKo 2011-CG-I/11), Point 14, decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 14*).	231
		– With respect to any variable component, information must at least be provided on which factors this variable component depends on, such as revenue or profit, and objective or personal goals. Information must also be provided on whether a portion of compensation can be received as stocks or options. The allocation criteria, blocking periods and other possible information must also be disclosed. If stocks are allocated at the discretion of the board of directors, this must also be mentioned (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Point 24*).	232
		– If personal performance targets are used as criteria for setting remuneration, unlike the individual targets (such as revenue, profit, etc.) these individual personal performance targets of the various members of the board of directors and executive committee do not have to be disclosed (*see also notice No. 6/2010 issued by the Regulatory Board on 24 November 2010, Point II.B.1*).	233

Point	Article text	Explanatory notes	Note (N)
5.2	*Additionally for issuers subject to the provisions of the company law pursuant to Art. 620 - 762 CO:*		234
5.2.1	Rules in the articles of association on the principles applicable to performance-related pay and to the allocation of equity securities, conversion rights and options, as well as the additional amount for payments to members of the executive committee appointed after the vote on pay at the general meeting of shareholders.	The issuer may either state the relevant statutory requirements in the CG report or include a reference to the provisions concerned stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.). If the issuer summarises the content of the relevant articles of association in the CG report, it must be ensured that all essential information is contained in the summary (Art. 5; see also N 26 seqq.).	235
5.2.2	Rules in the articles of association on loans, credit facilities and post-employment benefits for members of the board of directors and executive committee.	cf. above N 235	236
5.2.3	Rules in the articles of association on the vote on pay at the general meeting of shareholders.	cf. above N 235	237

Point	Article text	Explanatory notes	Note (N)
5.3	*Additionally for issuers not subject to the provisions of the company law pursuant to Art. 620 to 762 CO:*		238
	Remuneration report in line with Art. 734a to 734d CO. Disclosures on remuneration for members of the board of directors and executive committee, in line with Art. 734a to 734c CO (remuneration report), which may be listed in the remuneration report.	The pertinent provisions of the Swiss Code of Obligations (Art. 620 to 762 CO) do not apply to all issuers. In particular, issuers with no registered offices in Switzerland or certain cantonal banks are excluded (see also N 97). In order to still provide the relevant information to investors, these issuers must disclose the amounts of compensation paid out in the CG report as required by Art. 734a to 734c CO. In this case, SER checks whether the compensation was disclosed in accordance with regulations (*please also refer to notice No. 3/2011 issued by SIX Exchange Regulation on 23 August 2011, Point II.B*). The provisions of Art. 958d para. 2 OR are not to be observed.	239
		The company must base the individual items of information to be disclosed on the practice that has developed with respect to the contents of the remuneration report.	240
		Compensation in the form of monetary payments should preferably be stated gross (compensation before deduction of employee social security contributions), since investors are essentially interested in the overall volume of remuneration from the issuer's perspective.	241
		Compensation is to be disclosed in accordance with the "*accrual principle*". Pursuant to this internationally applied accounting principle, 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 compensation is not accounted for at the time it is received or transferred, but rather allocated to the specific periods to which they are attributable in economic terms. If, for example, a company paid members of the executive committee in 2015 for bonuses they effectively earned for their performance in the 2014 financial year, then those bonus payments must be disclosed in the Corporate Governance section of the 2014 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.	242

Point	Article text	Explanatory notes	Note (N)
		Compensation in kind that does not include shares or options (incl. "*fringe benefits*") is 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 using a model. 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. The method used for the calculation of the theoretical value must be disclosed.	243

Point	Article text	Explanatory notes	Note (N)
6 Shareholders' participation rights			
	The following information on the participation rights of the issuer's shareholders must be disclosed:		244
6.1	*Voting rights restrictions and representation*		245
6.1.1	Rules in the articles of association on restrictions to voting rights, along with an indication of group clauses and rules on granting exceptions, as well as exceptions actually granted during the year under review.	Should it be the case that the articles of association provide for a percentage limit on the number of registered shares that may be owned by any given party (cf. percentage clause in accordance with Point 2.6.1 of the Annex; see also N 102) or some other limitation on voting rights, the following information must be provided: – the percentage limit or details of the other limitation on voting rights; – the rules for granting exceptions; and – the actual exceptions granted during the year under review, if applicable.	246
		If the articles of association include a group clause (Point 2.6.1 of the Annex; see also N 105), it suffices to provide the information that such a clause exists. Publication of its precise wording is not necessary. A direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	247

Point	Article text	Explanatory notes	Note (N)
6.1.2	**Additionally for issuers not subject to the provisions of the company law pursuant to Art. 620 - 762 CO:**		248
	Disclosures on restrictions to voting rights and rules on granting exceptions for institutional proxies, as well as exceptions actually granted during the year under review.	Should it be the case that the articles of association provide for a percentage limit on the number of registered shares that may be owned by any given party (cf. percentage clause in accordance with Point 2.6.1 of the Annex) or some other limitation on voting rights, the following information must be provided: – the percentage limit or details of the other limitation on voting rights; – the rules governing the granting of exceptions, in favour of institutional investors in particular; and – the actual exceptions granted during the year under review, if applicable.	249
		Institutional proxy representatives can be permissible on a larger scale for companies that are not subject to the provisions of the law on companies limited by shares pursuant to Art. 620 to 762 CO. Any relevant provisions are to be disclosed (see also N 147).	250
		If the articles of association include a group clause (please also refer to Point 2.6.1 of the Annex), it suffices to provide the information that such a clause exists. Publication of its precise wording is not necessary. A direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	251
6.1.3	Reasons for granting exceptions in the year under review.	The reasons for the exceptions from voting right limitations actually granted must be disclosed to investors in a way that is clearly comprehensible.	252
6.1.4	Procedure and conditions for abolishing voting rights restrictions laid down in the articles of association.	The procedure and requirements for eliminating statutory limitations on voting rights must be briefly described, together with an indication of the necessary quorum. A direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	253

Point	Article text	Explanatory notes	Note (N)
6.1.5	Rules in the articles of association on participation in the general meeting of shareholders, if they differ from the statutory legal provisions.	Pursuant to Art. 689b para. 1 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 association may provide for restrictions in this regard. If such restrictions exist, they must be disclosed (in the form of a summary if necessary). Alternatively, a direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	254
6.1.6	**Additionally for issuers subject to the provisions of the company law pursuant to Art. 620 - 762 CO:**		255
	Information on any rules which might be laid down in the articles of association on the issue of instructions to the independent proxy, and any rules in the articles of association on the electronic participation in the general meeting of shareholders.	If the articles of association contain provisions regarding the issuing of instructions to independent voting right representatives or electronic participation, these must be disclosed in the CG report. Alternatively, a direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	256

Point	Article text	Explanatory notes	Note (N)
6.2	*Quorums required by the articles of association*		257
	Resolutions of the general meeting of shareholders which, under the issuer's articles of association, can only be carried by a majority greater than that required by the statutory legal provisions, along with an indication of the size of the majority for each case.	Pursuant to Art. 703 para. 1 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 association may contain divergent rules. Point 6.2 of the Annex requires disclosure of deviating statutory rules. Alternatively, a direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	258
		If the issuer is a company without registered offices in Switzerland or a Swiss issuer that is not subject to CO, analogous information is to be provided insofar as the applicable provisions of the law are deviated from.	259
6.3	*Convocation of the general meeting of shareholders*		260
	Rules in the articles of association on the convocation of the general meeting of shareholders, if they differ from the statutory legal provisions.	Pursuant to Point 6.3 of the Annex, the issuer's statutory rules on convening the general meeting of shareholders must be disclosed if they deviate from the provisions of the law in accordance with Art. 699 et seqq. CO. Alternatively, a direct reference to the articles of association may also be made, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq.).	261

Point	Article text	Explanatory notes	Note (N)
6.4	*Inclusion of items on the agenda*		262
	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.	263
		The modalities must be described in the CG report even if they do not diverge from the applicable legal provisions. One of the purposes of this disclosure obligation is to inform investors who are unfamiliar with the applicable company law (e.g. Swiss stock corporation law) about the modalities of implementation (*cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 6*).	264
		If the issuer is a company without registered offices in Switzerland or a Swiss issuer that is not subject to CO, analogous information is to be provided regarding the law for adding items to the agenda.	265
6.5	*Entries in the share register*		266
	Rules governing the deadline for the entry of registered shareholders in the issuer's share register in view of their participation in the general meeting of shareholders, as well as any rules on the granting of exceptions.	If the articles of association or some other documents contain a pertinent provision, this must be disclosed in the CG report. Alternatively, a direct reference may be made to the document, stating the exact source (e.g. weblink) (Art. 6; see also N 35 et seqq., *cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 7*).	267
		If there is no regulation to be found in the articles of association or the company's other documents, information must be provided on how the date is determined.	268
		The date on which the share register is closed must be reported to SER using the "Connexor Reporting" electronic reporting tool as part of the regular reporting obligations as soon as it has been set (Art. 9 Point 3.02 DRRO).	269

Point	Article text	Explanatory notes	Note (N)
7 Changes of control and defence measures			
	The following information on changes of control and defence measures must be disclosed:		270
7.1	*Duty to make an offer*		271
	Rules in the articles of association on opting out (Art. 125 para. 3 and Art. 4 FMIA) and opting up (Art. 135 para. 1 FMIA), stating the percentage threshold.	The purpose of this provision is to reveal to investors whether a major shareholder would, upon reaching the legally prescribed threshold (Art. 135 para. 1 FMIA: 33⅓ per cent of the voting rights), be required to make a public tender offer for the issuer or if the issuer has raised that limit in its statutes ("***opting-up***" [Art. 135 para. 1 FMIA]), or if it has waived the duty of a potential acquirer to make such a full tender offer on the basis of its statutes ("***opting-out***" [Art. 125 para. 3 4 FMIA]).	272
7.2	*Clauses on changes of control*		273
	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.	The purpose of this provision is to indicate to market participants whether agreements or plans for the benefit of the company's management (members of the board of directors, the executive committee and other executives) include "change of control" clauses. It covers people who hold key functions within the company, although the people concerned do not need to be referred to by name (*please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.B*).	274

Point	Article text	Explanatory notes	Note (N)
		It is necessary to disclose whether and to what extent the people concerned are “protected” by contractual provisions against (hostile) takeovers. This information should allow market participants to judge whether an acquisition triggers particular obligations with respect to the members of upper management. Since certain forms of compensation in the event of departure (“*golden parachutes*”) are essentially prohibited under Art. 735c para. 1 CO and long periods of notice are essentially prohibited under Art. 735b para. 2 CO, these can only arise as an issue for issuers not subject to the provisions of the law on companies limited by shares pursuant to Art. 620 to 762 CO (see also N 218). Information must be provided on special provisions to dissolve contractual relationships, agreements relating to special periods of notice or contracts with long terms (more than 12 months), the absence of blocking periods for options, reductions in the vesting period, additional contributions to pension funds, etc. (*please also refer to notice No. 2/2012 issued by SIX Exchange Regulation on 23 July 2012, Point II.B*). This information allows market participants to assess the independence of the members of the issuer’s governing bodies as well as its other executive managers.	275
		Clauses on changes of control must be described in the CG report so that investors can 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).	276

Point	Article text	Explanatory notes	Note (N)
7a Transparency on non-financial matters			
	Additionally for issuers not subject to the CO meeting the size criteria set out in Art. 964a para. 1 points 2 and 3 CO, provided they do not prepare an equivalent report under foreign law:	Issuers that are not subject to this provision but that exceed the size criteria set out in Art. 964a para. 1 points 2 and 3 CO must also ensure transparency on non-financial matters provided they do not prepare an equivalent report under foreign law. If an equivalent, separate report on non-financial matters (sustainability report) is published at the same time as, or prior to, the annual report, a reference is permissible.	277
	To create transparency on non-financial matters, a report must be submitted on environmental matters (in particular CO2 targets), social matters, employee matters, respect for human rights and anti-corruption measures pursuant to Art. 964b CO.	With regard to climate-related matters (in particular CO_2 targets), non-financial reporting is to be based on the recommendations set out by the *Task Force on Climate-related Financial Disclosures* (TCFD).	278

Point	Article text	Explanatory notes	Note (N)
8 Auditors			
	The following information on the auditors must be disclosed:	The purpose of the disclosure obligations pursuant to Point 8 of the Annex 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.	279
8.1	*Duration of the mandate and term of office of the lead auditor*		280
8.1.1	Date of assumption of the current audit mandate.	Deemed to be the date of assumption of the existing auditing mandate is the year in which the auditors or, as the case may be, the group auditors are formally elected (Art. 730a CO). Alternatively, the precise date on which the auditors (or group auditors) were entered into the commercial register may be disclosed.	281
8.1.2	Date on which the lead auditor responsible for the current audit mandate took up office.	Deemed to be the lead auditor is the individual who bears responsibility for the audit or, as it were, group audit (*cf. Decision of the Admission Board committee dated 29 November 2005 (ZUL-CG-V-05), Points 35 et seq.*).	282
8.2	*Auditing fees*		283
	The total auditing fees charged by the audit firm in the year under review.	Fundamentally, only the fees paid to the company auditors as remuneration for the performance of their **legally prescribed duties** are to be qualified as auditing fees in accordance with Point 8.2 of the Annex (*please also refer to notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.C*).	284
		By way of example, the following elements are to be taken into account in disclosing the total amount of auditing fees:	285
		1. **Auditing fees for the audit of the consolidated financial statements:** 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.	286

Point	Article text	Explanatory notes	Note (N)
		2. **The following audit fees are also to be taken into account:** – **those of 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). – **those of the external auditors** for the audit of the individual company accounts prepared in accordance with CO as well as the individual company accounts prepared in accordance with an accounting standard that is recognised by SIX (e.g. Swiss GAAP FER, IFRS Accounting Standards or US GAAP), if the listing company is not the holding company.	287
		3. **Auditing fees paid to specialists** (tax experts, insurance actuaries, real estate evaluators, legal consultants, etc.).	288
		4. **Auditing fees** paid for work conducted by the external auditors by virtue of a legal obligation imposed by supervisory authorities (e.g. FINMA).	289
8.3	*Additional fees*		290
	The total fees charged in the year under review by the audit firm and/or its related parties for additional services (e.g. management consulting) performed for the issuer or one of the issuer's subsidiaries, stating the nature of such additional services.	If, in addition to the performance of the audit per se, the external auditors provide other services for the issuer, the corresponding payments must be disclosed separately (*please also refer to notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.C*).	291
		Information on *non-audit services* can be informative with respect to the (group) auditors' independence, or regarding potential conflicts of interest.	292
		The total amount must be broken down into its main components (e.g. tax advice, legal advice, transaction advice [incl. *due diligence*]). General wordings such as "advisory services" do not suffice because they are devoid of meaning (*please also refer to notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.C, Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Point 10.4).*	293
		To be disclosed as additional fees are, in particular, fees for consultancy services (e.g. for corporate, IT, tax and legal consulting) that have been charged by the auditors and their related parties.	294

Point	Article text	Explanatory notes	Note (N)
		Any fees paid for *due diligence services* (audits, 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 (group's) auditors.	295
		Any fees for extraordinary audits are also to be considered additional fees because external auditors are not required by the Swiss Code of Obligations to conduct extraordinary audits.	296
8.4	*Information instruments pertaining to the external audit*		297
	A description of the instruments available to the board of directors that assist its members in obtaining information on the activities of external auditors. This includes, in particular, the means by which the auditing body reports to the board of directors, as well as the number of meetings the board of directors as a whole or audit committee has held with the external auditors.	The comments regarding the instruments available to provide information on the activities of external auditors must be structured in a way that allows investors to draw conclusions about the extent to which the board of directors obtained information on the auditing firm's activities during the relevant financial year and dealt with their performance *(cf. Decision of the Sanctions Commission dated 8 December 2011 (SaKo 2011-CG-I/11), Point 23, decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-II/06), Point 31).*	298
		The CG report should not only state that the board of directors gains an impression of the external audit's effectiveness, but also describe how it does so (*cf. Decision of the Admission Board committee dated 23 November 2006 (ZUL-CG-I-06), Points 36 et seq.*).	299
		If the board of directors has used one of the criteria below to assess the auditors' performance and the fees paid for the audit services provided, these are to be mentioned in the CG report.	300

Point	Article text	Explanatory notes	Note (N)
		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) (*cf. Decision of the Disciplinary Commission dated 18 June 2007 (DK/CG/III/06), Point 5*). – 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.).	301
		The aspects listed are a non-exhaustive list of supervisory and control instruments (*cf. Decision of the Sanctions Commission dated 30 July 2010 (SaKo 2010-CG-II/10), Point 10.2)*.	302
		If new auditors have been appointed to audit the financial statements, it would be necessary to explain why the change was made (*please also refer to notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.C*).	303
		The boards of issuers subject to supervision by FINMA must fulfil their obligations under stock corporation law pursuant to CO, irrespective of said supervision. They are therefore required to deal with the activity of the external auditors and their payment. The disclosure obligations of Point 8.4 of the Annex apply to them. The fact that they have to provide certain information to FINMA regarding their external auditors does not release them from these obligations (*please also refer to notice No. 4/2009 issued by SIX Exchange Regulation on 11 August 2009, Point II.C*).	304

Point	Article text	Explanatory notes	Note (N)
9 Information policy			
	The following details pertaining to the issuer's information policy must be disclosed: The frequency and form of information that the issuer provides its shareholders, 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).	The issuer's information policy must be disclosed to investors in a way that is transparent *(cf. Decision of the Disciplinary Commission dated 26 April 2006 (DK/CG/I/06), Point 9)*.	305
		Information to be provided: – 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 (Swiss Official Gazette of Commerce, letters to shareholders, newsletters, electronic documents, etc.); – Provision of push and pull links for distributing ad hoc notices pursuant to the Directive on ad hoc publicity (Art. 8 et seq. DAH); – Indication of the issuer's website; – The address of the issuer's main registered offices; – Contact addresses, e-mail addresses, phone numbers, etc. This is a non-exhaustive list.	306

Point	Article text	Explanatory notes	Note (N)
10 Quiet periods			
	Information on general quiet periods (e.g. deadlines, recipients, scope, exceptions).	The CG report must information on general quiet periods (“blackout periods”; e.g. deadlines, recipients, scope, exceptions) during which individuals with potential access to insider information are prohibited from trading in shares in the listed company.	307

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