



2022

PROXY SEASON REVIEW SWITZERLAND

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2022

SWITZERLAND

HIGHLIGHTS



AVERAGE
QUORUM: 64%



CONTESTED
RESOLUTIONS WITH
20%+ DISSENT*



CONTESTED
RESOLUTIONS WITH
10%-20% DISSENT*



REJECTED
RESOLUTION



SHAREHOLDER
PROPOSALS

BOARD RELATED

MOST CONTESTED PROPOSALS

*Percentage based off of total number of votes

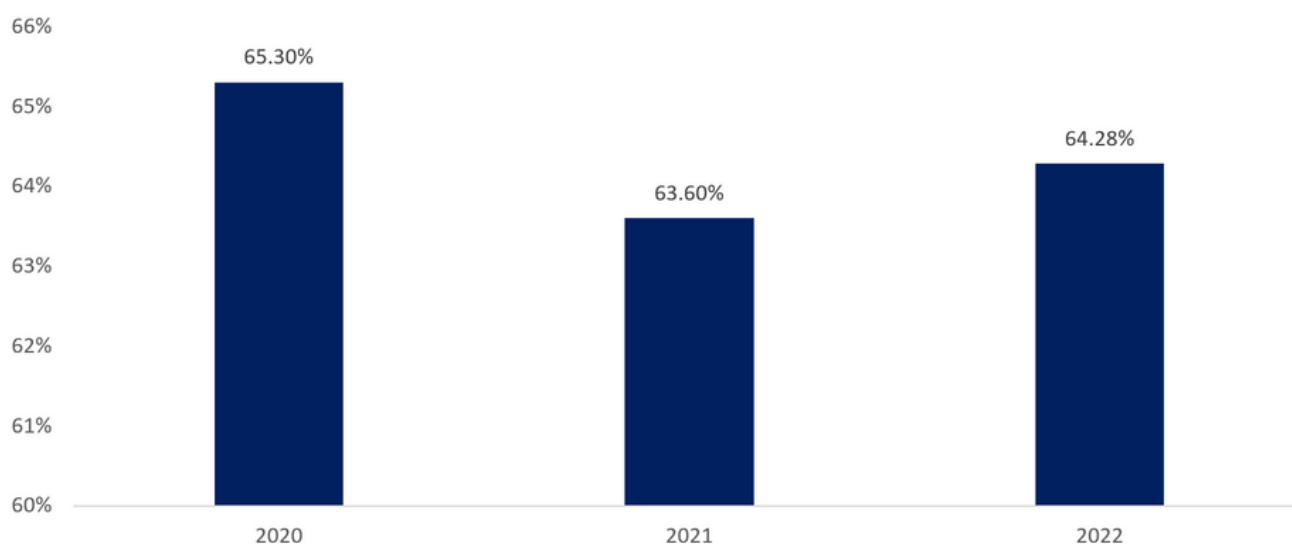
GENERAL OVERVIEW & QUORUM

CMi2i has analysed the Swiss Annual General Meeting landscape in order to identify and highlight the major trends and topics of the 2022 season.

We have gathered and reviewed the data for the main index, SMI 20 which represents 80% of the total capitalization of the Swiss equity market. Out of the 20 issuers reviewed, one company[1] did not disclose its full voting results.

During the period under review[2] 469 management resolutions were put forward across the SMI 20. The average AGM representation (quorum) for the 2022 proxy season was 64.28%, a 0.68% increase from 2021, although still lower than the participation at the peak the Covid19 pandemic.

THREE-YEAR QUORUM COMPARISON



[1] Compagnie Financiere Richemont

[2] Data analysed was from September 2021 to September 2022

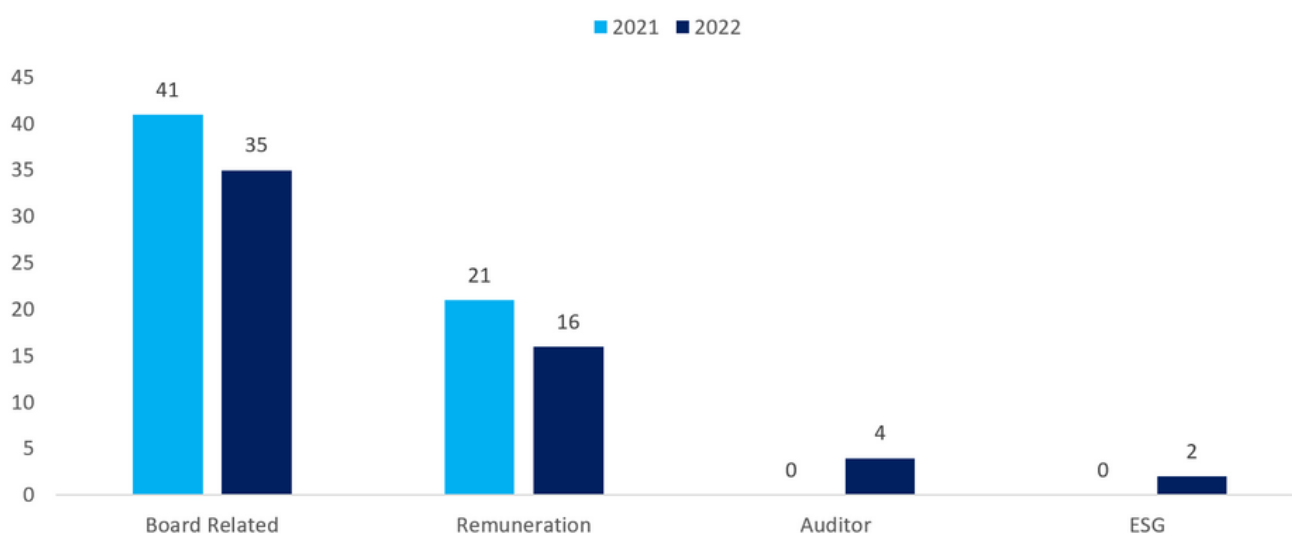


Summary of the SEASON

Based on the disclosed results, and considering 10% dissent as a threshold for opposition, Board Related resolutions were the most contested category numerically (35 contested resolutions out of 321 proposed resolutions) continuing a trend that started last year. The second most contested resolution was remuneration related proposals (16 contested proposals out of a total of 74), followed by Audit Related (4 out of 20) and ESG (2 out of 2).

In 2022, one (1) resolution failed to be approved by shareholders (ratification of board and management acts 2020 at Credit Suisse. This is reviewed in more detail in the case study).

MOST CONTESTED CATEGORY (2021 vs 2022)



This season, thirteen (13) resolutions received more than 20% shareholders' dissent. As per investors and proxy advisors' guidelines on dissent level above 20%, which is now considered as good governance practice, nine (9)[1] corporate issuers will be expected to provide a Board response, formally acknowledging shareholders' concerns ahead their 2023 AGM, and presenting a plan of action to improve their governance practices.

[1] ABB, Alcon, Credit Suisse, Holcim, SGS, Swiss Life, Swiss Re, UBS, Zurich Re

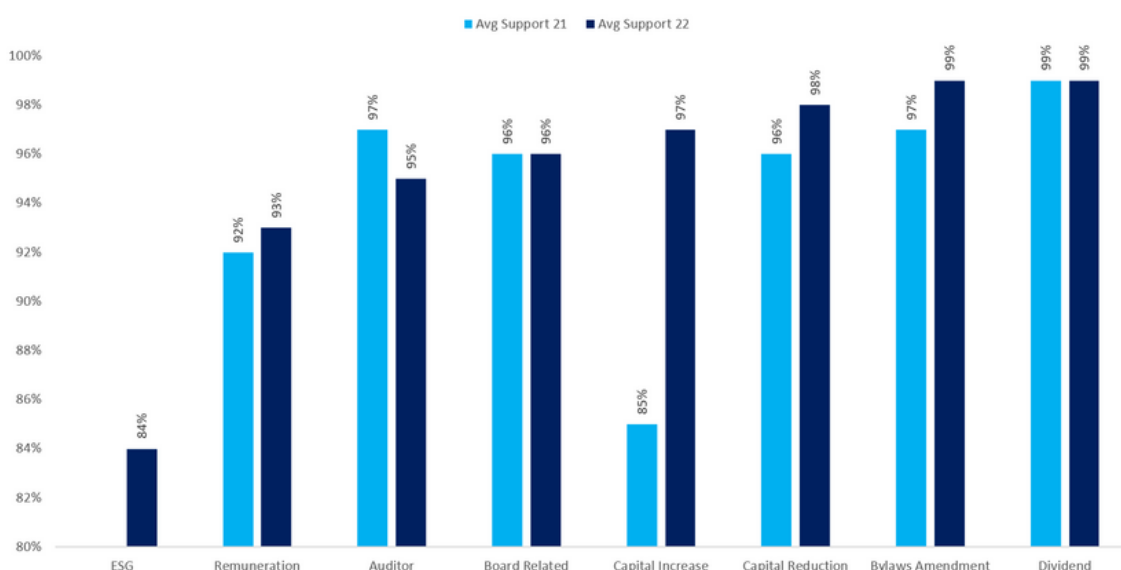


Pertaining to the average support per resolution, ESG proposals gathered the lowest approval rate this season.

Holcim and UBS which both presented a Climate Action Plan for shareholder approval, obtained 89% and 77% support at their AGMs respectively. UBS shareholders were dissatisfied with the lack of clarity in the proposed plan and highlighted the lack of science-based target setting and the fact that the report did not cover at least 90% of indirect scope 3 emissions. At Holcim’s AGM approximately 10% of shareholders criticised the company’s short- and medium-term goals which were not aligned with the maximum global warming of 1.5 degrees.

The second most contested category was Remuneration, (despite +1% support compared to 2021), while the third most contested resolution was Auditor Related.

AVERAGE SUPPORT (2021 vs 2022)



CONCLUSION

The Swiss 2022 AGM season slightly stood out from the rest of Europe with regard to predominant trends. Whilst remuneration remains one of the most challenged topics, similar to other market trends, Board Related resolutions (i.e. Board elections and ratifications) and ESG proposals were more heavily scrutinised by shareholders this year.

As seen in recent years, issuers are facing greater shareholder pushback on their climate transition proposals. Some companies are considered not to do enough with respect to their net-zero strategies, notably on Scope 3 emissions. As such investors are becoming more rigorous in their assessment of Say-on-Climate proposals which results in lower support levels of the resolutions.

In 2023, companies can expect further scrutiny of their transitions plans as more transparency and further alignment to the Paris Agreement will be demanded. Furthermore, the nine companies mentioned above that received significant (above 20%) shareholders dissent will be under the spotlight next season and will also be required to address their investors ahead of their next AGM in order to avoid receiving more contentious votes.

Finally, ahead of 2023 AGM season, with the current unstable global economy, the high inflation rates and the impacts of the war in Ukraine, companies should be mindful of their remuneration practices, with particular focus on increase to compensation packages notably in relation to their pay ratio which may spark renewed criticism over excessive executive pay.

CREDIT SUISSE

KEY ISSUES

- Discharge bundled into a single item
- Range of risks and control issues revealed by investigations and settlements
- Substantial monetary and reputational costs for the shareholders.
- Failure of management controls

OVERVIEW

- Following a string of controversies at Switzerland's second largest bank (insider trading, bribery, fraud, illegal actions), recent investigations during the year uncovered serious defects in the corporate management and in the supervision by the Board of Directors which entailed substantial monetary and reputational costs for the company
- Both the leading proxy advisory firms, ISS and Glass Lewis, had recommended a vote against the Board discharge
- Ethos, the Swiss domestic proxy advisor and a shareholder of Credit Suisse co-filled a shareholder's resolution at the 2022 AGM that requested a special audit of the bank in connection with the Greensill affair. It recommended against the discharge to the bank governing bodies in light of the serious governance failings for the FY 20 and FY21
- Shareholders could reasonably hold the board and executives accountable for the identified deficiencies in the company's risk and control framework
- Shareholder criticised the bundled proposal to discharge / ratify the entire Board and would prefer approval is sought for each individual director.

MOST CONTESTED RESOLUTION



Ratification of Boards Act 2020

KEY TAKEAWAYS

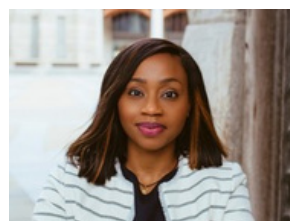
- The company failed to get the discharge resolution approved by its shareholders obtaining only 35.88% support
- This proposal was the sole resolution rejected in SMI 20 index in 2022
- The company will be expected to thoroughly address and respond to shareholders' concerns ahead of 2023 AGM
- Credit Suisse is the only issuer in this season with shareholders' proposals on the agenda (relating to Special Audit and Climate Change Strategy and disclosures)
- Shareholders might look for substantial changes in the way the company is being managed and controlled in order to avoid further risks
- The company released a statement in which the Chairman expressed his commitment to strengthen Credit Suisse and re-build the trust that the stakeholders deserve.

NON-SUPPORTERS





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