



PROXY SEASON REVIEW

SWITZERLAND

CMi2i LETTER

I am delighted to provide you, for the third year in a row, the CMi2i Proxy Season Review, a corporate governance analysis of the main European markets. The purpose of this analysis is to allow you to better understand the latest corporate governance developments and to highlight the latest trends that are predominant in the market.

2023 marks a very important year for CMi2i, with it being our 10 year anniversary. During this time, CMi2i's Capital Markets Intelligence and insights consistently made the difference to the success of deals, AGMs, Activist Defences, IR strategies and proxy battles. We have invariably identified investors where others have not. We continue to provide unrivalled expertise and put our intelligence into context. And ultimately, giving you the edge you need to win.

When we started in 2013, the capital market environment was a very different picture than today. In particular, we have observed the rise of ESG considerations that just a few years ago were not considered as essential for issuers and investors. Today, partly driven by new responsibilities and accountability imposed by the Stewardship Codes, investors have become increasingly vocal and want to play a more active role in the companies they are investing into. Moreover, proxy advisors' influence is stronger than ever. Most resolutions that received an Against recommendation from proxy advisors often also received high shareholders dissent. Finally, more and more investors have taken the opportunity to onboard "pass-through voting initiatives" where funds

and retail investors are being given more of a voice in voting the proxies. This has made the identification of shareholders at the Fund level even more of an imperative when establishing who will support a company – as it is based on who controls the vote. As a result an AGM average quorum increase has been observed among almost all the countries analysed.

With increased scrutiny, more stringent regulations and new corporate governance requirements approved every year, CMi2i is best placed to help your next general meeting preparation in order to gather optimal AGM representation and to maximise shareholders support.

A special thanks goes to the CMi2i Proxy team that contributed to the production of this latest series of reports and to all our clients that trusted our global market intelligence services once again.



Mark Simms, CEO





METHODOLOGY

This review is a chapter of the “2023 CMi2i European Season Review”.

As every year, CMi2i gathered the Annual General Meeting data for the main European markets in order to analyse and present the predominant trends related to Governance, Sustainability and Shareholder Activism.

Continental Europe has been divided into ten main regions: Italy, Spain, Switzerland, France, Netherlands, BeLux (Belgium + Luxembourg), Germany, Nordics (Sweden + Norway + Finland), Ireland and UK. The following stock indices have been investigated: FTSE MIB 40 (Italy), IBEX 35 (Spain), SMI 20 (Switzerland), CAC 40 (France), AEX (Netherlands), BEL 20 + LUXX 10 (Belgium + Luxembourg), DAX 40 (Germany), STOXX NORDIC 30 (Nordics), ISEQ (Ireland) and FTSE 100 (UK). In the case that a company is a member of more than one index, we will consider it only as part of the market where it is headquartered.

Moreover, a brief analysis of the Secondary index will be present where relevant, especially for the bigger markets.

For editorial reasons, this review will focus only on the meetings that took place between 1 August 2022 and 31 July 2023. Only Annual General Meeting are considered, with the limit of one meeting per company, in case a issuer had multiple meetings during the period under review. Only management proposed resolutions are being counted, while shareholder proposed resolutions will be analysed separately when relevant.

Every meeting has been analysed according to company provided disclosure and public available information. The quorum gathered is the figure published by the companies; in the case a company did not disclose the meeting quorum the highest number amongst each resolution has been considered.

In order to compare markets, all the proposed resolutions have been split into 10 different main categories: Auditor, Board Related, Bylaws Amendment, Capital Related, Dividend, Financial Statement, Remuneration, E&S, M&A, Other.

Two level of shareholder dissent will be considered relevant in this review: above 10% and above 20%. Therefore, all the resolutions that gathered at least 90.1% support will not be marked as contested. Resolutions that received between 80.1% and 90% will be considered contested while resolutions receiving less than 80% support will be considered highly contested. When it comes to failed resolutions, resolutions that received below 50% support are generally considered failed. However, in some markets and cases, the threshold might be higher at 75% or 2/3 of the vote cast, in these eventuality, we will clarify the market specificity case-by-case.



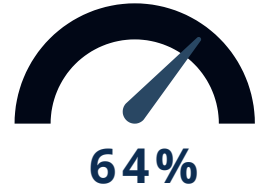
2023

SWITZERLAND

SMI 20

HIGHLIGHTS

**AVERAGE
QUORUM**



**COMPANIES
WITH
SIGNIFICANT
DISSENT***



**HIGHLY
CONTESTED
RESOLUTIONS
(>20% DISSENT)**



E&S PROPOSALS



**FAILED
PROPOSALS**



*At least one resolution with 20% or more against votes.



SWITZERLAND SMI 20 OVERVIEW

The following 20 issuers have been analysed as part of the SMI 20: ABB, Alcon, Richemont, Geberit, Givaudan, Holcim, Logitech, Lonza, Nestle, Novartis, Partners Group, Roche, Sika, Swiss Life, Swiss Reinsurance, Swisscom, UBS, Zurich Insurance, Sonova, Kuehne + Nagel.

As of the date we finalised this report, all the companies except for Kuehne + Nagel offered full disclosure of their AGM results, therefore Kuehne + Nagel will be excluded from some part of this analysis.

Compared to 2022, Credit Suisse and SGS have now left the index and been replaced by Sonova and Kuehne + Nagel.

During the 2023 Swiss Season Review 561 management resolutions were put forward across 25 companies, with an average support rate of 96%. Moreover, 0 resolutions failed to be approved, 66 were contested (with at least 10% dissent) and 7 were highly contested (with at least 20% dissent). 5 companies received significant dissent (20% or more) on at least one resolution and therefore will be required to address shareholder dissent ahead of next season AGM. These companies include: ABB, Richemont, UBS, Swiss Life and Givaudan.

The Swiss 2023 proxy season saw a number of important regulatory changes relating to the the long-awaited reform of Swiss Corporate Law, with the introduction of new provisions thorough the Swiss Code of Obligations.

Moreover, it was also heavily influenced by the issues of Credit Suisse and the consequent takeover by UBS. While the Swiss Company Law revision that entered into force on 1 January 2023 brought changes relating to shareholder meetings, shareholder rights, executive compensation, gender quotas, board mandates and E&S disclosure, the Credit Suisse collapse has shaken the SMI index composition with Sonova and Kuehne + Nagel entering the index.

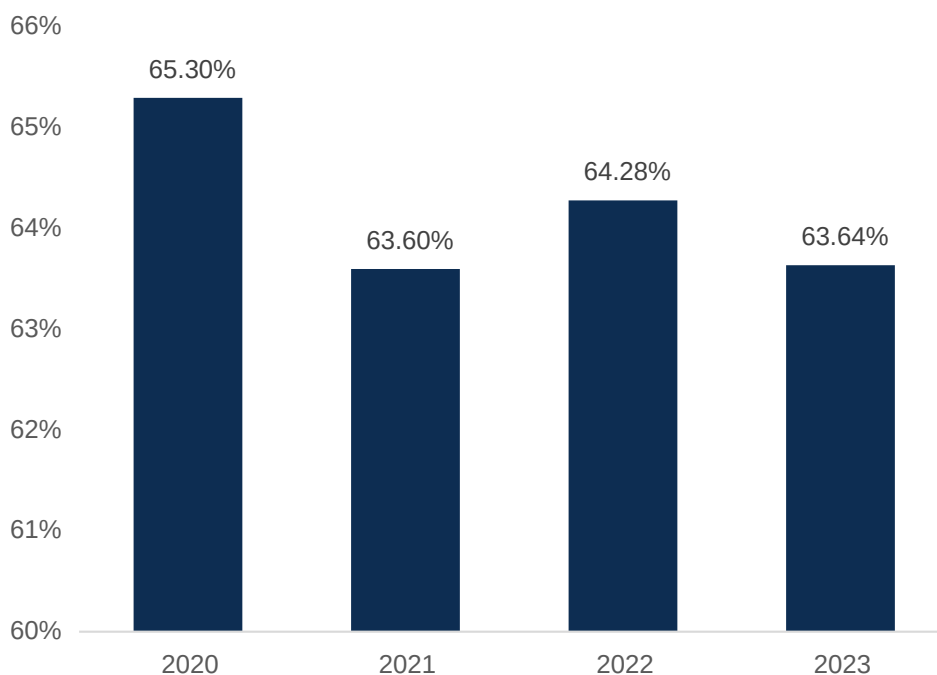
Overall, while no resolutions failed to be approved this year, as the Swiss 2023 proxy season still observed a 16% increase in the number of contested resolutions shareholder dissent is still relevant and next year the number of failed resolutions could also increase as well.

SWITZERLAND SMI 20 QUORUM

The overall AGM representation (quorum) for the 2023 proxy season was 63.64%, slightly down compared to last year (-0.64%), but still very close the figures observed in the last two years signalling that quorum figures have definitely readjusted after the 2020 outlier (65.30%) caused by the Covid pandemic.

A high participation level is usually seen as a positive signal for issuers. However, Swiss companies have a historically low participation level when compared to their European peers.

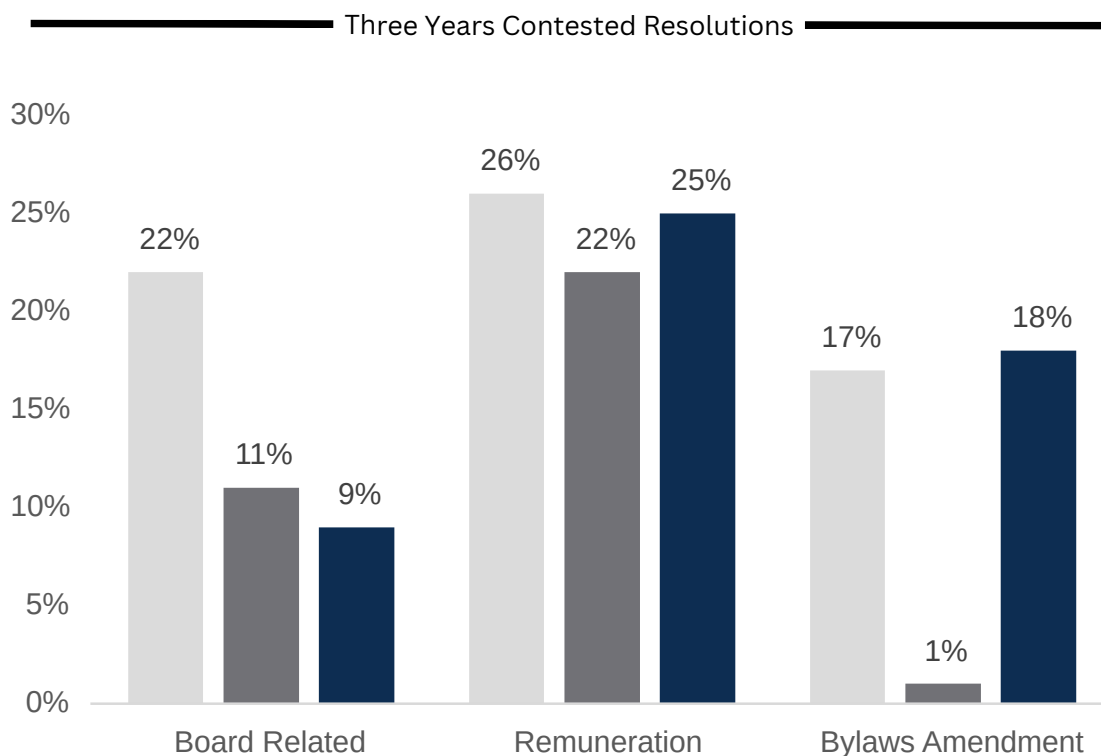
Four Years Quorum Evolution





Based on the disclosed results, and considering 10% dissent as a threshold for opposition, Remuneration related proposals were the most contested with 25% of such proposals opposed by shareholders.

Bylaws Amendment resolutions were the second most contested category with 18% of such proposals being contested by shareholders (13 contested resolutions out of 71 proposed resolutions). This year, a marked increase in the number of such resolutions that were up for a vote have been observed as a consequence of the market law update (71 proposed resolutions in 2023 vs 10 in 2022 and 6 in 2021). This resulted in a marked +17% dissent increase year-on-year.

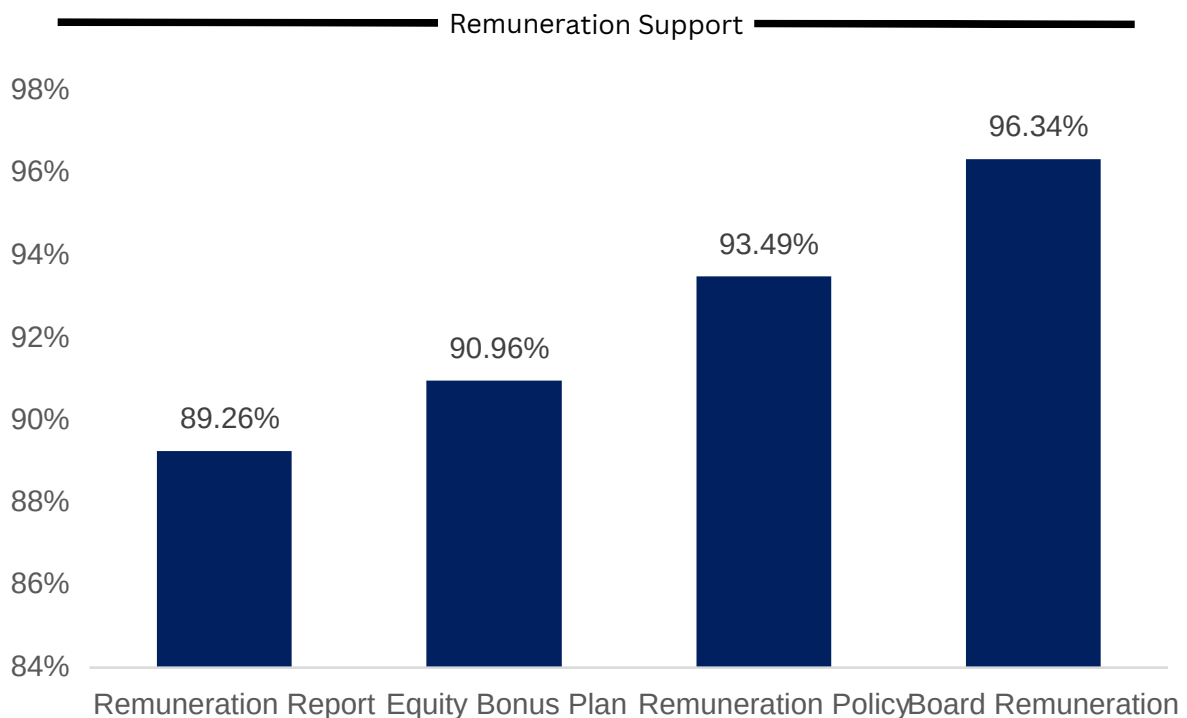


SWITZERLAND SMI 20 REMUNERATION

Compensation concerns once again led institutional investors' agendas. In fact, out of 76 remuneration related proposals, 19, equivalent to 25%, received 10% or more shareholder dissent. A total of 6 remuneration policies and 11 remuneration reports received significant dissent.

Proxy advisors and institutional investors had major issues linked with remuneration at some of Swiss AGMs this season. Notably, pay for performance alignment, bonus payments and total pay quantum were common issues this year amongst the SMI 20.

Among the proposed resolutions, Remuneration Report appeared to be the one gathering lowest support (89%) followed by Equity Bonus Plans (91%), Remuneration Policy (93%) and Board Remuneration (96%).

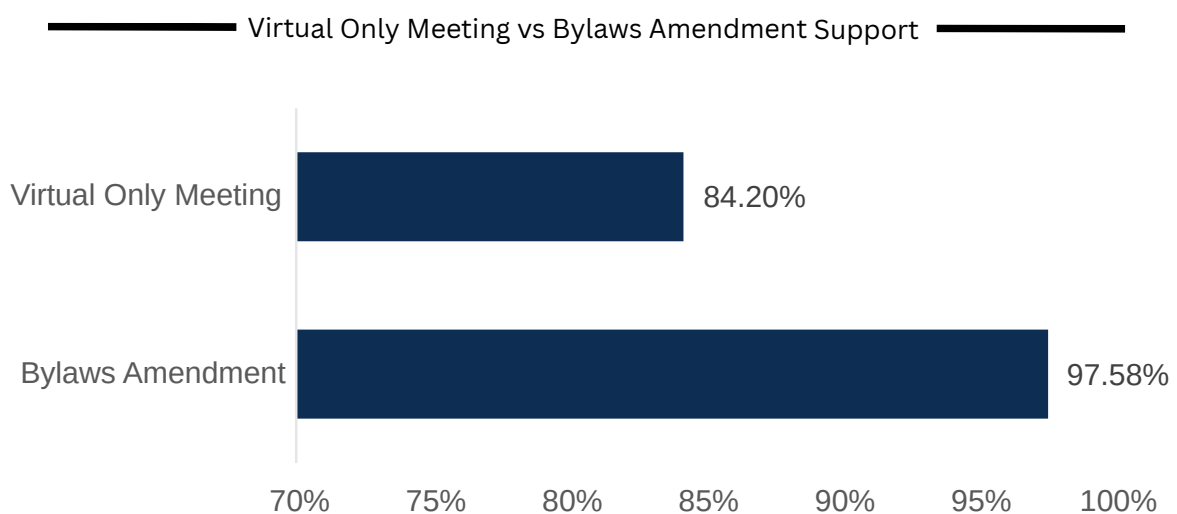


SWITZERLAND SMI 2023 VIRTUAL AGMs

As covered earlier in this report and as a consequence of the market law update, 2023 marked an increase in the number of bylaws amendment resolutions up for a vote. It is interesting to observe that, among all the bylaws amendment that have been voted on, most of the contested examples were all related to the introduction of virtual-only meetings.

On average, such proposals received 13% lower support than the rest of bylaws amendment resolutions signalling that shareholders are not favorable to the possibility for companies to avoid physical interaction at their AGMs.

In particular, companies with the likes of UBS, ABB and Sonova, received high dissent on such resolutions. with UBS and ABB receiving more than 20% of votes against and therefore will need to address investors dissent ahead of next year AGM.





SWITZERLAND SMI 20 CONCLUSIONS

This year's Swiss AGM season was more contested than the previous one, despite no resolutions actually failing to be approved. The trend of the season was surely the virtual general meetings of shareholders, introduced as a possibility by the Corporate Law Reform, and the consequent investors discontent. On top of this, the situation concerning Credit Suisse Group resulted in an index composition shake and further dissent at related companies.

Next year, the Swiss landscape will likely be under scrutiny even more, with the introduction of mandatory sustainability reports for issuers. This season, only two issuers put forward Say on Climate votes. Therefore, high dissent on E&S proposals is expected for 2024.

POSITIVES

- No resolutions failed to be approved this year.
- Only 5 companies received significant dissent.
- Dissent on Board Related proposals has decreased again year-on-year.
- Reform of Swiss Corporate Law improved Swiss Governance standards.

NEGATIVES

- Quorum has decreased compared to 2022.
- Dissent over Remuneration has increased.
- Dissent over Bylaws Amendment has increased substantially.
- Only 2 companies submitted a Say-on-Climite vote.



CONTACTS

CMi2i is a capital markets intelligence firm headquartered in London that specialises in helping issuers and their advisers to identify debt and equity investors and to understand their behaviour. Our senior team brings decades of experience in market data analysis, investor identification, targeting, Corporate Governance advisory and proxy solicitation, drawn from detailed working knowledge of the key capital market participants, corporate governance, and regulation. Our bondholder and shareholder identification reports are used by issuers and their advisers to plan day-to-day IR activities as well as to successfully navigate corporate actions, including debt restructurings, consent solicitations, tender offers, refinancing, and M&As. CMi2i also provides bondholder and shareholder identification reports designed to meet regulatory and tax certification requirements, including withholding tax exemption rules and SEC Rule 802. Over the years we have provided support and advice to over 500 of the largest, most structurally complex companies in the world, and our team has worked on over 1000 transactions, analysing over \$200billion worth of bondholders in the secondary market.



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CMi2i

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