



2024 STUDY  
GENERAL MEETINGS  
AND SUSTAINABILITY REPORTS

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# Table of contents

<b>LIST OF ABBREVIATIONS</b>	<b>4</b>
<b>INTRODUCTION</b>	<b>5</b>
<b>1. MAIN RESULTS</b>	<b>6</b>
<b>2. REMUNERATION</b>	<b>10</b>
2.1 EXECUTIVE REMUNERATION	10
2.2 VOTES ON REMUNERATION	13
<b>3. BOARD OF DIRECTORS</b>	<b>15</b>
3.1 COMPOSITION	15
3.2 (RE-)ELECTIONS OF BOARD MEMBERS	16
<b>4. SUSTAINABILITY REPORTS</b>	<b>17</b>
4.1 CONTEXT	17
4.2 ETHOS REQUIREMENTS	18
4.3 VOTES ON SUSTAINABILITY REPORTS	18
4.4 QUALITY OF SUTAINABILITY REPORTS	19
<b>5. CONCLUSION</b>	<b>24</b>
<b>APPENDICES</b>	<b>25</b>
<b>APPENDIX 1: UNIVERSE</b>	<b>26</b>
<b>APPENDIX 2: ETHOS REQUIREMENTS FOR THE CONTENT OF SUSTAINABILITY REPORTS</b>	<b>32</b>
<b>APPENDIX 3: REMUNERATION METHODOLOGY</b>	<b>33</b>

# List of abbreviations

- AGM: Annual General Meeting
- BoD: Board of directors
- CEO: Chief Executive Officer
- CO: Swiss Code of Obligations
- ESRS : European Sustainability Reporting Standards
- ExE: Executive Management
- GRI : Global Reporting Initiative
- SMI: Swiss Market Index
- SMIM: Swiss Market Index Medium
- SPI: Swiss Performance Index

# Introduction

Dormakaba's Annual General Meeting (AGM) in Zurich on 10 October symbolically marked the end of the 2024 general meeting season for companies listed in Switzerland. Of the companies included in the Swiss Performance Index (SPI), only Barry Callebaut still has to hold their meeting before the end of the year (4<sup>th</sup> of December).

The publication of this study provides an opportunity to take stock of a year in which questions - and concerns - about the excessive remuneration of certain senior executives have returned. We are thinking in particular of the remuneration of Sergio Ermotti, who returned to the helm of UBS in April 2023 and could earn more than CHF 20 million per year in the future, but also that of Novartis CEO Vasant Narasimhan, who received a remuneration of CHF 13.3 million in 2023, compared with CHF 9.9 million in 2018 for his first year as CEO of the pharmaceutical company.

But this study is also and above all an opportunity for Ethos to reflect on the other highlight of the 2024 AGM season, namely the entry into force of Article 964a et seq. of the Swiss Code of Obligations (CO), which requires listed companies of a certain size to publish a sustainability report and submit it to their shareholders for approval. It not only assesses the level of transparency of the sustainability reports of Swiss-listed companies submitted to a vote, but also the quality and relevance of the environmental and social data published. All data available up to 30 September 2024 were taken into account.

## SCOPE OF THE STUDY

This study is divided into four separate chapters. The first three chapters, which deal with the main results of the 2024 AGM season, executive remuneration and board composition, are based on an analysis of all the companies that were included in the SPI index at the beginning of 2024, i.e. 205 companies (see Appendix 1).<sup>1</sup>

On the other hand, the fourth and final chapter of this study, which looks at the quality and relevance of the sustainability reports of listed companies in Switzerland, is based on an analysis of only those companies that have submitted their reports to a vote of their shareholders. This represents a total of 143 companies, 140 of which were subject to the law (art. 964a et seq. of the Swiss Code of Obligations) and three of which did so voluntarily (see point 4 for more information).

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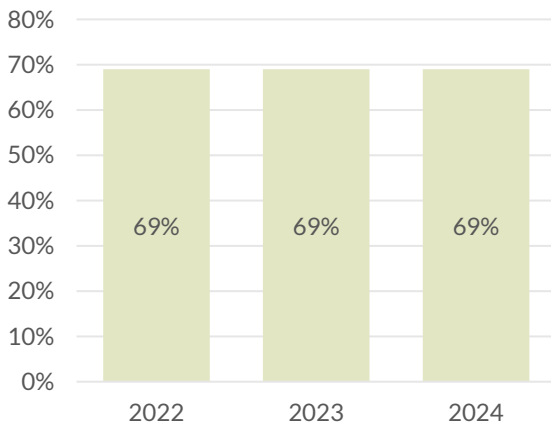
<sup>1</sup> This includes four companies without voting rights (Basellandschaftliche Kantonalbank, Basler Kantonalbank, Graubündner Kantonalbank and Thurgauer Kantonalbank), one that did not hold its

AGM (Barry Callebaut) and four that were downgraded during the year (Aluflexpack, Elma, Laliq and Swiss Steel).

# 1. Main results

Shareholder attendance at the AGMs of SPI companies is 69% this year, the same level as in 2023 and 2022. This rate has stabilised since 2014 and the entry into force of the initiative on abusive remuneration, which obliges Swiss pension funds to exercise their voting rights in respect of shares of Swiss-listed companies.

**CHART 1 : AVERAGE ATTENDANCE RATE OF SHAREHOLDERS AT AGMS**



Of all the board proposals put to a shareholder vote since the beginning of the year, the average approval rate was 95.3%, compared with 94.9% in 2023. However, while the average level of approval rate remains very high, it varies widely by subject and theme.

As in previous years, votes on remuneration reports were the most contested this year, with an average approval rate of 85.0% (2023: 86.2%). This was followed by votes on capital increases, with an average support rate of 92.4% (2023: 89.6%), the executive remuneration, with an average support rate of 93.0% (2023: 93.1%), and the (re-)election of the remuneration committee members, with 93.1% (2023: 92.8%). This shows that remuneration issues remain a key concern for shareholders.

Conversely, the votes on the annual reports and the appropriation of profits received the highest levels of support, each with 99.3% of the votes (2023: 99.2% and 99.0% respectively).

**CHART 2 : AVERAGE TOTAL APPROVAL RATE FOR ALL BOARD RESOLUTIONS**

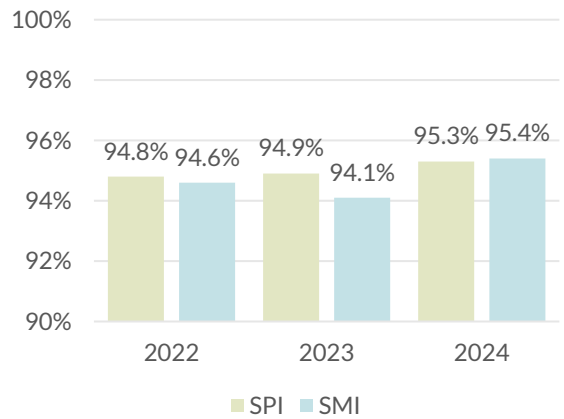




CHART 3: AVERAGE APPROVAL RATE BY TYPE OF RESOLUTION

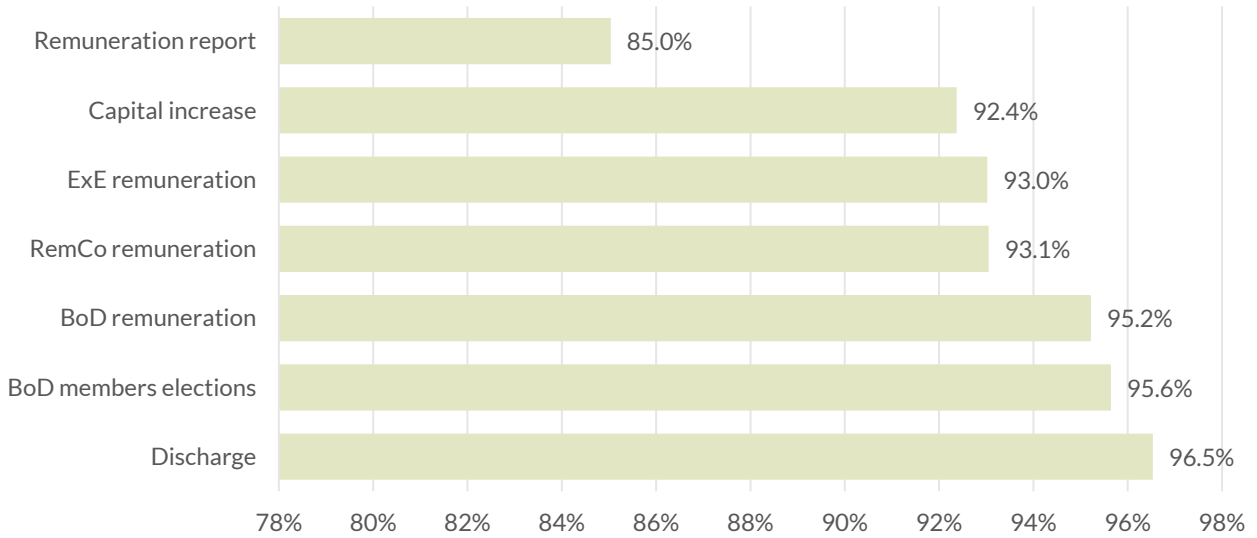
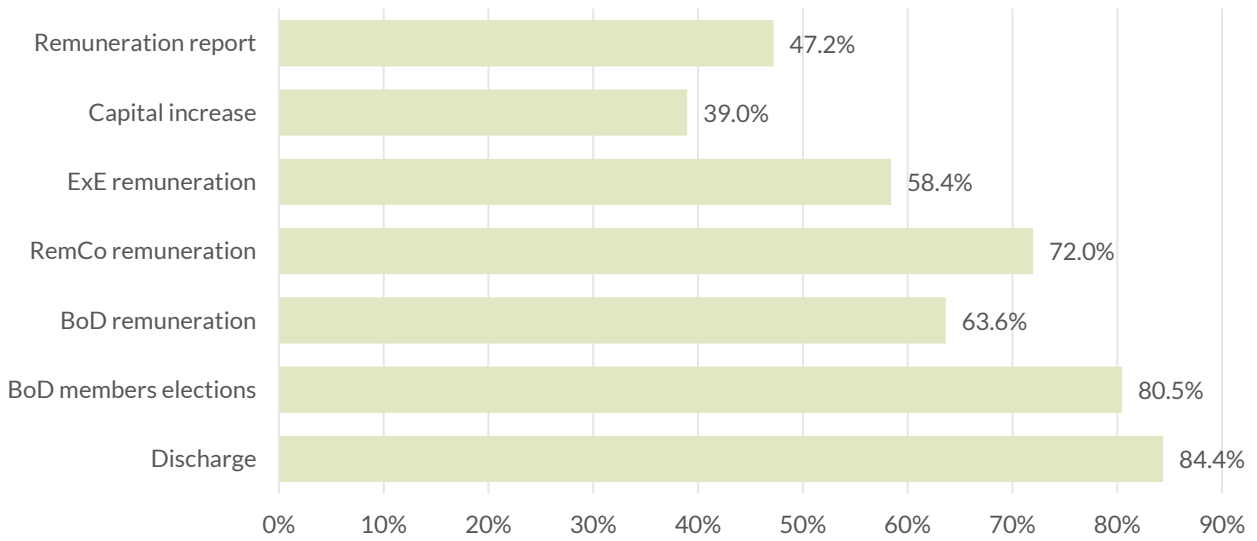


CHART 4: ETHOS APPROVAL RATE BY TYPE OF RESOLUTION

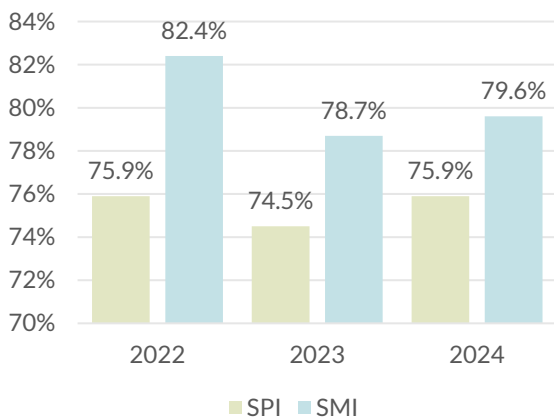


Since the beginning of the year, Ethos has issued voting recommendations for 216 AGMs of companies included in the SPI, including 16 extraordinary general meetings. This represents 4'152 items on the agenda.

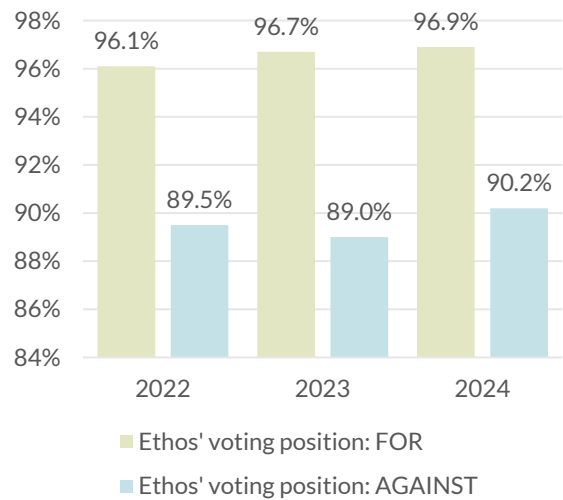
Overall, Ethos recommended approving 75.9% of the resolutions put to the vote by the board of directors, compared to 74.5% in 2023. In particular, Ethos opposed 52.8% of the remuneration reports (2023: 55.0%) and 53.8% of the sustainability reports (see chapter 4 for more details).

The resolutions supported by Ethos were approved by an average of 96.9% of the votes, while those opposed by Ethos were approved by an average of 90.2% of the votes. The difference is even greater for SMI companies: resolutions supported by Ethos were approved by an average of 97.1% of the votes, while those opposed by Ethos were approved by an average of 88.7% of the votes. In general, Ethos considers that it represents between 3% and 5% of the votes cast at the general meetings of companies listed in Switzerland.

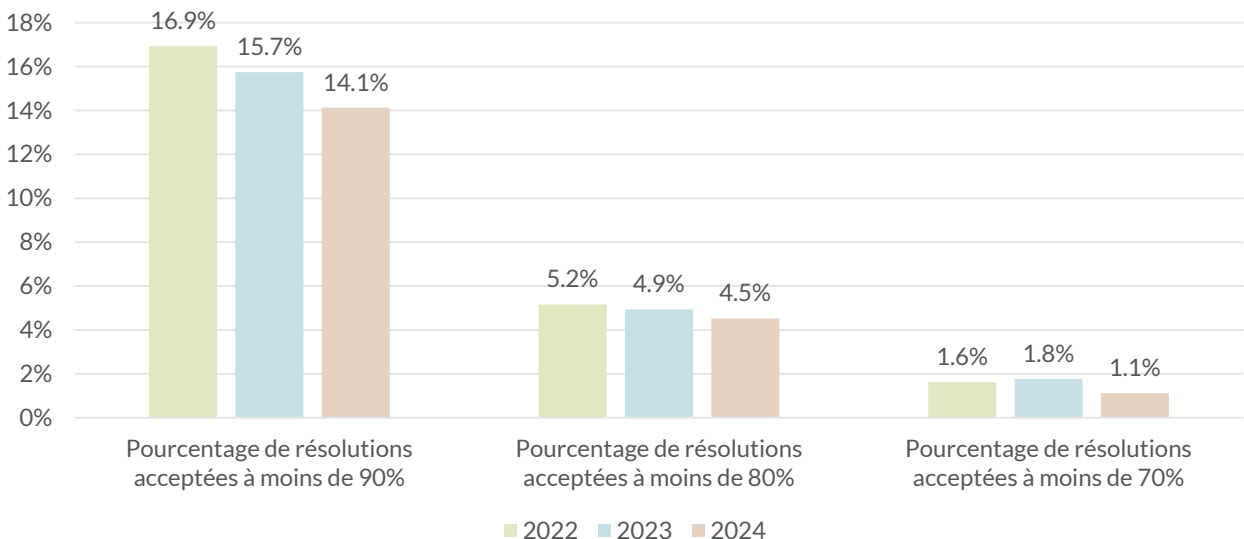
**CHART 5 : ETHOS' TOTAL APPROVAL RATE FOR ALL BOARD RESOLUTIONS**



**CHART 6 : TOTAL APPROVAL RATING BASED ON ETHOS VOTE**



**CHART 7 : MOST CONTROVERSIAL RESOLUTIONS**





Finally, 14.1% of the resolutions proposed by a board of directors were approved with less than 90% of the votes, 4.5% with less than 80% of the votes and only 1.1% with less than 70% of the votes.

After Credit Suisse in 2023, SHL Telemedicine's AGM was the most contested this year, with an average of 67.3% of votes in favour per agenda item, ahead of those of Perrot Duval (77.4%), Groupe Minoteries (77.5%), Hochdorf (79.2%) and Swatch Group (80.6%).

A total of 12 items did not receive a majority of votes and were therefore rejected by shareholders to date (2023: 16), including two at SHL Telemedicine and two at Temenos. Five of these rejections concerned remuneration reports and three concerned discharges.

<b>THE 10 MOST CONTROVERSIAL AGM IN 2024</b>	<b>AVERAGE SUPPORT RATE</b>
SHL Telemedicine	67.3%
Perrot Duval	77.4%
Flour Mills Group	77.5%
Hochdorf	79.2%
Swatch Group	80.6%
Bergbahnen Engelberg- Trübsee-Titlis	84.0%
Montana Aerospace	84.0%
OneHolding software	84.3%
DocMorris	87.6%
Lindt&Sprüngli	88.3%

# 2. Remuneration

## 2.1 EXECUTIVE REMUNERATION

The average remuneration of the CEOs of the companies included in the SPI index increased by 3.8% to CHF 2.3 million in 2023. This average is based on the 184 CEOs whose remuneration has been published.

However, the increase is higher for CEOs of SMI companies, whose average remuneration rose by 5% to CHF 8 million in 2023 (2022: CHF 7.6 million). Conversely, if we focus on SMIM companies - the 30 largest capitalisations outside the SMI - the average total remuneration of CEOs has fallen by 4.9% to CHF 3.3 million (2022: CHF 3.5 million).

The increase in the average remuneration of SMI CEOs is essentially linked to Mr Sergio Ermotti, who was the highest-paid CEO of a listed company in Switzerland in 2023, with a total remuneration of CHF 14.5 million. And this for only nine months of activity<sup>2</sup>. He was ahead of the CEOs of Novartis (CHF 13.3 million) and Nestlé (CHF 11.2 million).

The remuneration of the chairperson of the boards of directors of companies included in the SMI fell from CHF 2.2 million in 2022 to CHF 2.1 million in 2023 (-5.8%). The highest-paid chairperson in Switzerland in 2023 was Severin Schwan (Roche), with a total

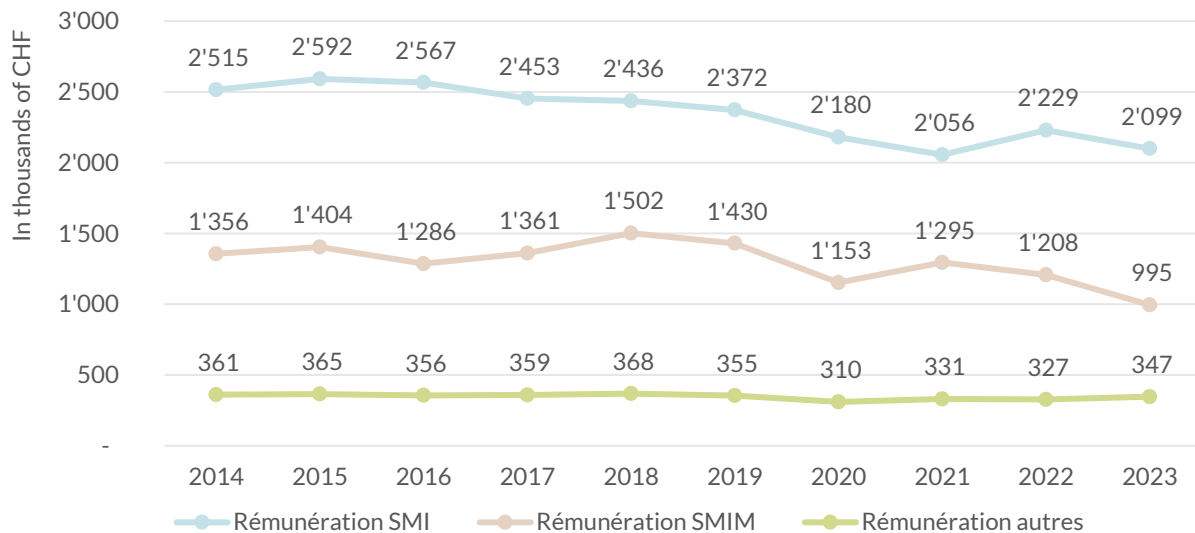
remuneration of CHF 5.8 million for a workload of 75% (excluding his salary as CEO from January to March 2023).

Looking at the trend over ten years, i.e. since the initiative against excessive remuneration came into force, we can see several trends. Firstly, while the average base salary of SMI CEOs has fallen almost continuously, from CHF 1.8 million in 2014 to CHF 1.6 million in 2023 (-14.3%), this is not the case for the average total remuneration of CEOs, which, after dropping to CHF 6.4 million in 2020, the year of Covid, rose again to reach CHF 8 million in 2023 (+24.7% in three years).

The second observation is that not all shareholders are happy with the upward trend in remuneration, and this is reflected in an increase in the number of votes against the related agenda items to AGMs. In 2024, an average of 17.7% of shareholders voted against the remuneration reports of SMI companies, compared to 13.8% in 2023 and 13.1% in 2022 (see chart 14).

Thirdly, remuneration for the chair of the board of directors has fallen sharply in ten years, from an average of CHF 2.5 million for the SMI in 2014 to CHF 2.1 million in 2023 (-16.5%) and from CHF 1.4 million to CHF 1 million for the SMIM (-29.6%).

CHART 8 : AVERAGE REMUNERATION OF CHAIRPERSONS OF THE BOARD (IN THOUSANDS OF CHF)



<sup>2</sup> Taking into account the value of the shares at the grant date.

CHART 9 : AVERAGE BASE SALARY OF CEOs (IN THOUSANDS OF CHF)

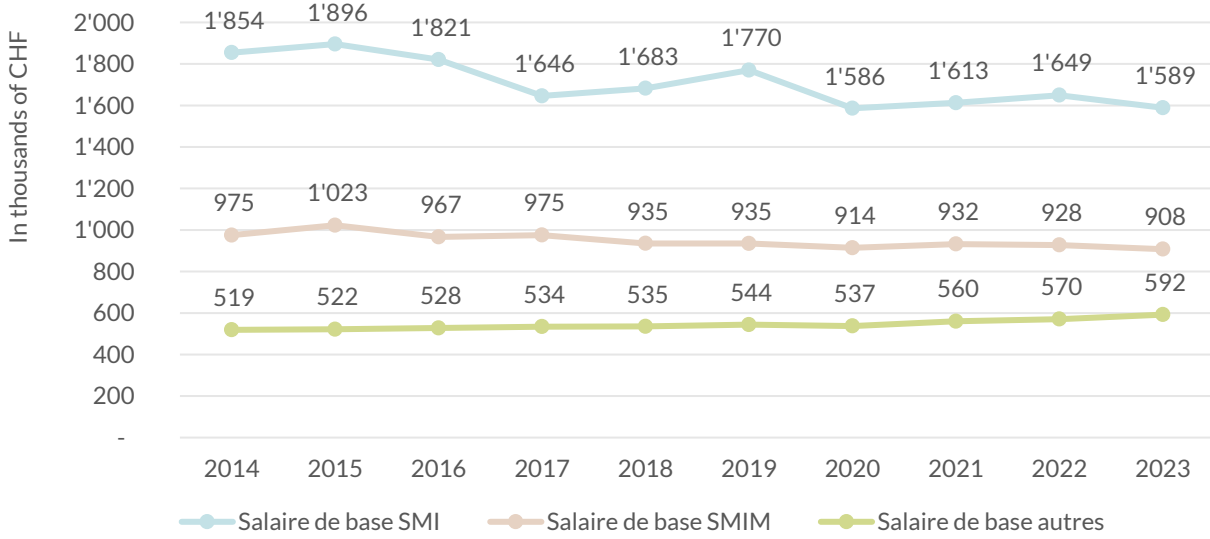


CHART 10 : AVERAGE CEO REMUNERATION (IN THOUSANDS OF CHF)

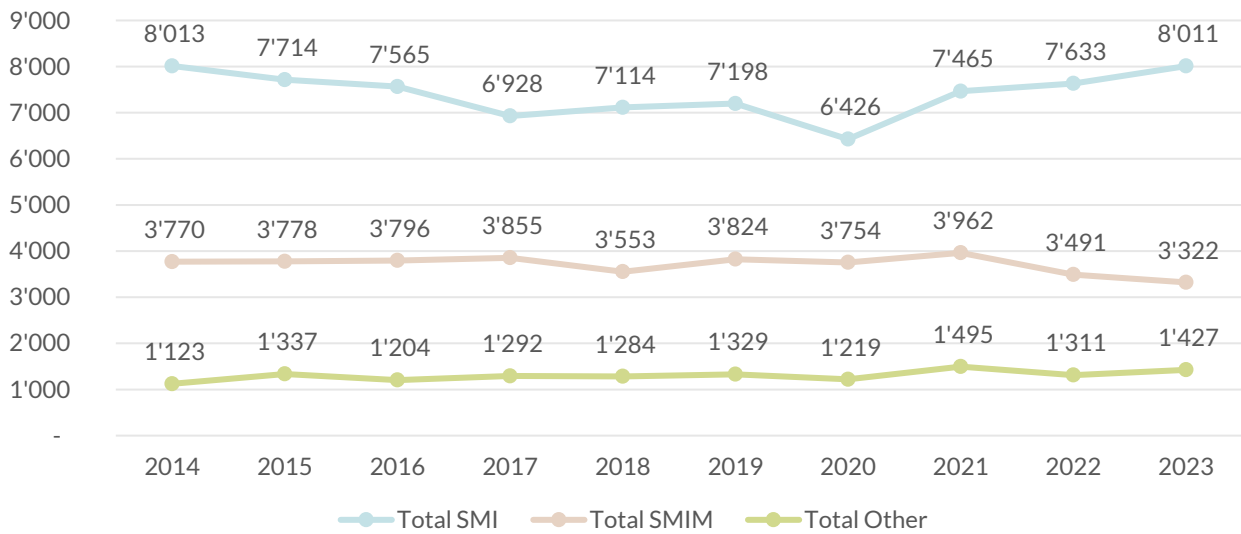


CHART 11 : TOP 15 BEST-PAID CEOs (IN THOUSANDS OF CHF)

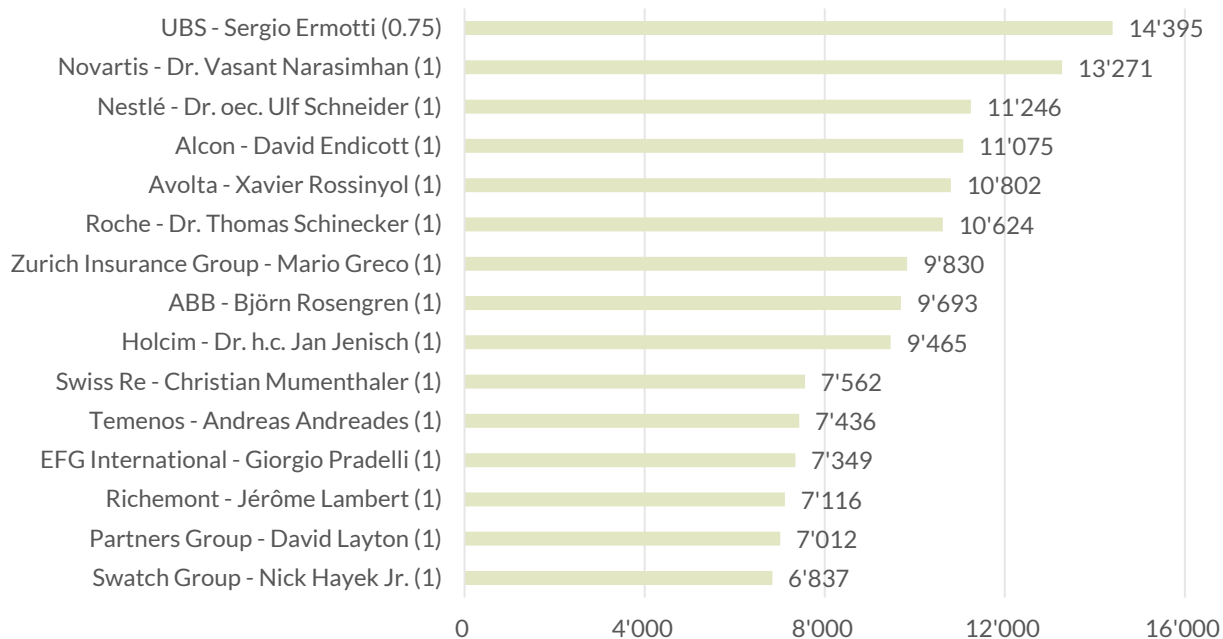
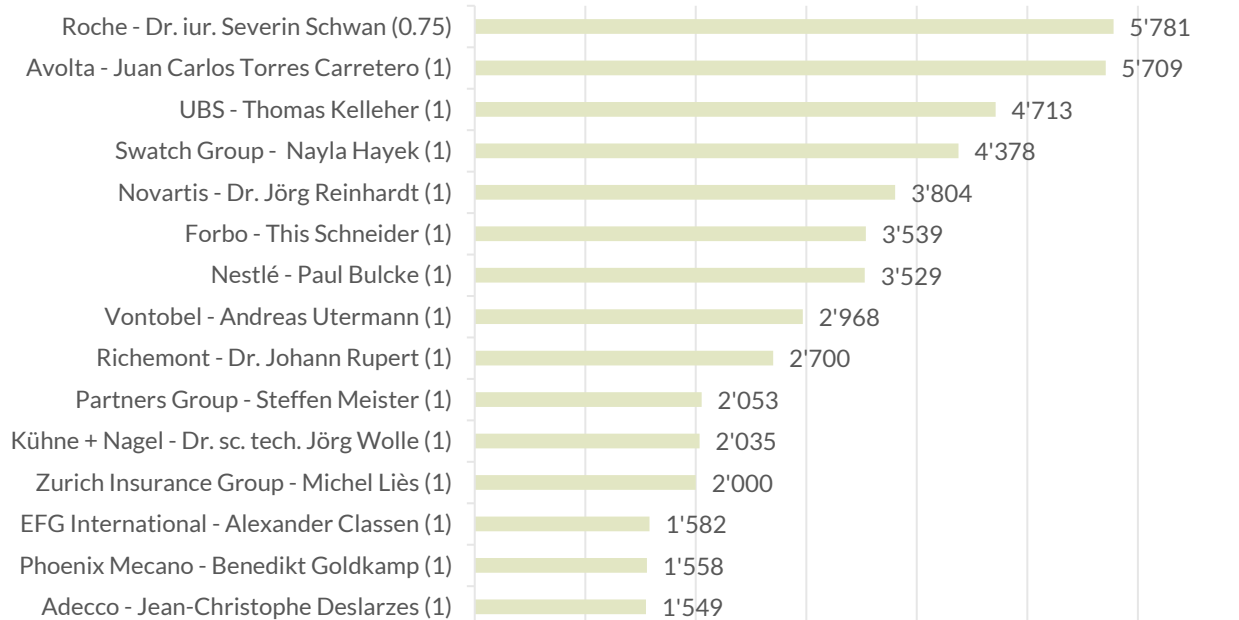


CHART 12 : TOP 15 BEST-PAID CHAIRMEN (IN THOUSANDS OF CHF)



## 2.2 VOTES ON REMUNERATION

As mentioned above, the vote on remuneration reports was the most contested item on the agenda this year, receiving an average of only 85.0% of the votes (2023: 86.2%). The level of support drops even further if we focus solely on the remuneration reports of SMI companies, which were approved with an average of 82.3% of the votes cast (2023: 86.2%). This increase in disagreements coincides with the average increase in remuneration, particularly at the 2024 AGMs, where the increase in the 2023 remuneration for SMI CEOs was directly reflected in the highest ever rejection rate (17.7%).

It should also be noted that five remuneration reports - those of Alcon (49.3%), ams-Osram (48.6%), Ascom (44.6%), DocMorris (42.2%) and Temenos (33.6%) - did not receive a majority of votes. However, as this was a consultative vote, it had no effect other than to send a strong message to the board of directors to review the remuneration system in the future.

Among the SMI companies, apart from Alcon's remuneration report, which was rejected by shareholders, Sonova was the worst performer, with an approval rate of only 51.5%. The UBS report, which will allow the CEO to receive variable remuneration of up to seven times his base salary (compared to five times previously), it was approved with 83.5% of the votes.

The remuneration of the members of the executive management, which was subject to a prospective or

retrospective vote depending on the case, was approved by an average of 93.0% of the votes (2023: 93.1%), and that of members of the boards of directors with 95.2% of votes cast (2023: 94.1%). These approval rates drop to 91.0% and 94.5% respectively for SMI companies (2023: 91.5% and 93.9%).

CHART 13: GRAPH: AVERAGE APPROVAL RATE FOR RESOLUTIONS RELATING TO REMUNERATION

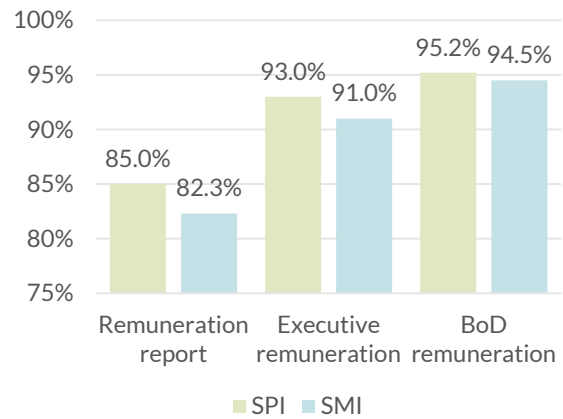
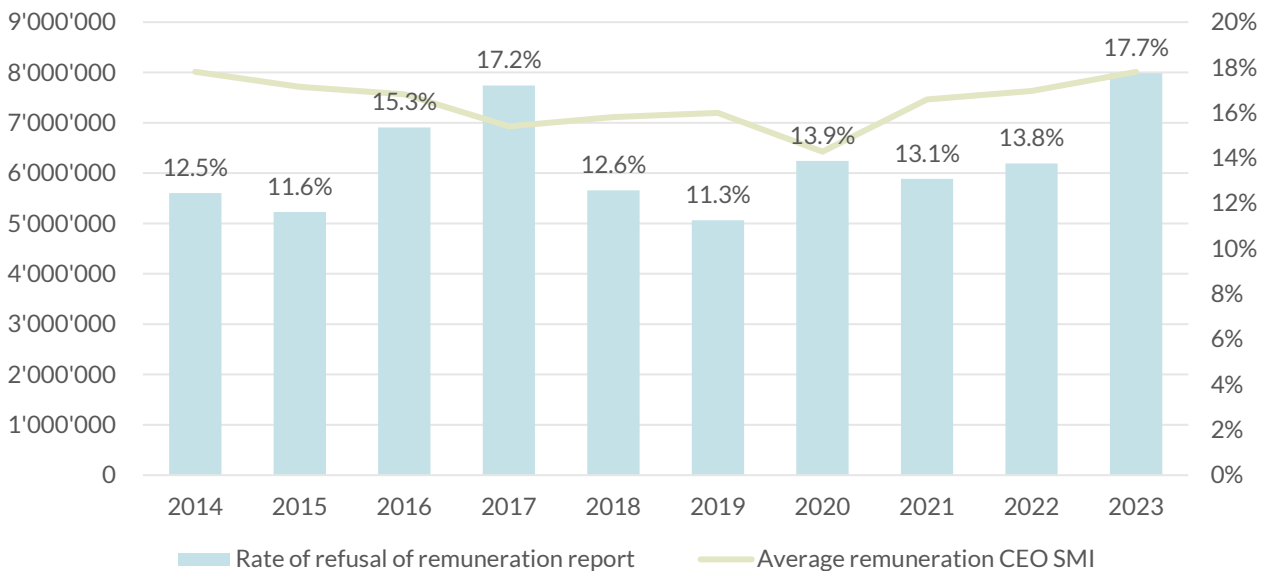
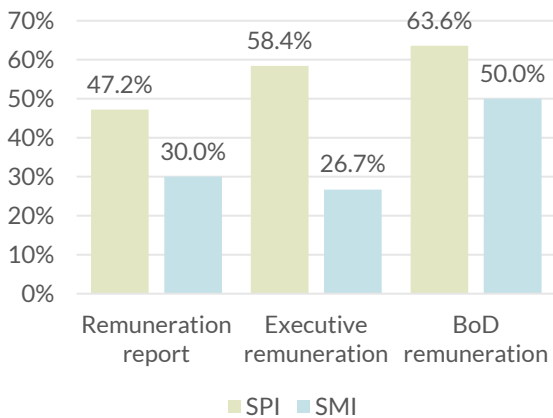


CHART 14: PAY RISES AND PROTESTS AT AGMS OF SMI COMPANIES



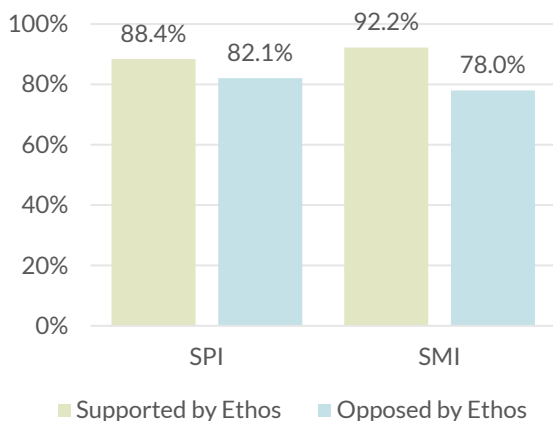
For its part, Ethos recommended approving 47.2% of the remuneration reports submitted by SPI companies this year (2023: 45.0%), including only 30.0% of the remuneration reports of SMI companies (2023: 25.0%). Ethos also recommended approving 58.4% of votes related to executive remuneration (2023: 55.9%) and 63.6% of votes related to board remuneration (2023: 59.3%). For SMI companies, these rates fall to 26.7% and 50.0% respectively.

**CHART 15 : ETHOS APPROVAL RATE FOR RESOLUTIONS RELATING TO REMUNERATION**



Finally, it should be noted that the remuneration reports supported by Ethos received an average of 88.4% of the votes, while those opposed by Ethos were approved with an average of 82.1% of the votes. For SMI companies, this difference ranges from 92.2% on average for remuneration reports approved by Ethos to 78.0% on average for those opposed by Ethos.

**CHART 16 : APPROVAL RATINGS BY ETHOS VOTE**

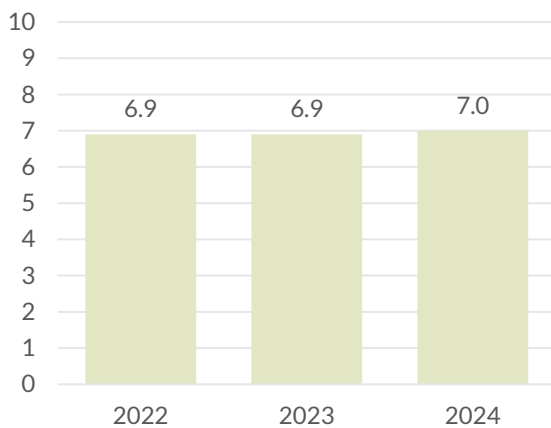


# 3. Board of directors

## 3.1 COMPOSITION

The size of the boards of SPI companies has remained relatively stable, with an average of seven members this year, compared with 6.9 in 2023. Richemont's board remains the largest with 18 members, while ten boards have only three members (two members for Evolva), which Ethos considers insufficient to carry out their duties properly.

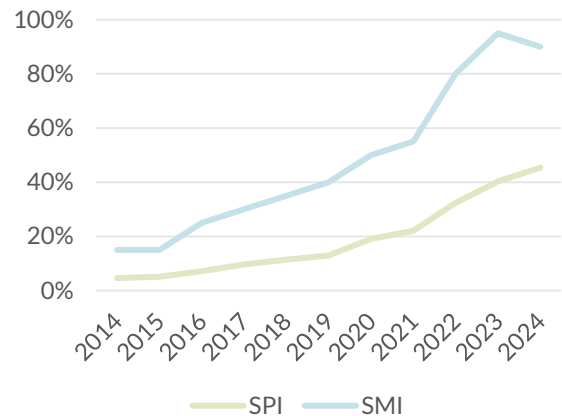
CHART 17 : AVERAGE SIZE OF BOARDS OF DIRECTORS



In terms of diversity, the average number of women on SPI boards in 2024 was 28.8% (2023: 26.3%), while the average number of women on SMI boards was 36.0% (2023: 35.0%).

In ten years, the number of companies with at least 30% women on their board, which will be a legal requirement from 2026, has increased significantly. For SMI companies, the figure has even risen from 15% to 90%. However, with just one year to go until the deadline for gender diversity set by the Code of Obligations, the majority of SPI companies (54.6%) still do not have 30% women on their boards. More worryingly, 36 SPI companies have no women on their boards.

CHART 18 : BOARDS OF DIRECTORS WITH AT LEAST 30% FEMALE REPRESENTATION



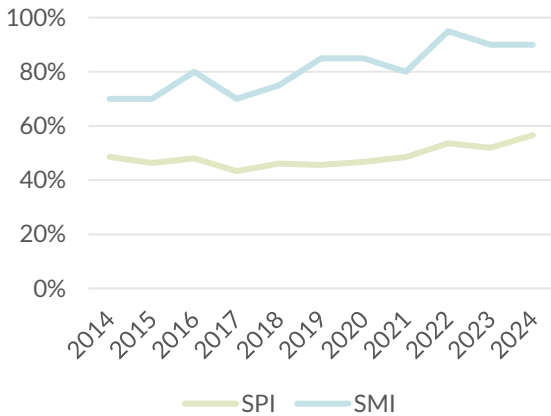
According to Ethos criteria, the level of independence of the boards of directors of SPI companies increased slightly, from 54.0% in 2023 to 56.0% in 2024. Representation of a major shareholder (24.3% of the board members) and a term of office exceeding 12 years (15.2%) remain by far the main reasons for non-independence of directors. The average tenure of a board member is 6.4 years for the SPI and 6.2 years for SMI companies alone. The average age is 59.4 years (SMI: 60.9).

Lack of independence is also the main reason for Ethos to oppose the re-election of a board member. As a reminder, Ethos considers that a board of directors should have at least 50% independent members to ensure that its mission is carried out independently, objectively and in the interests of all shareholders.

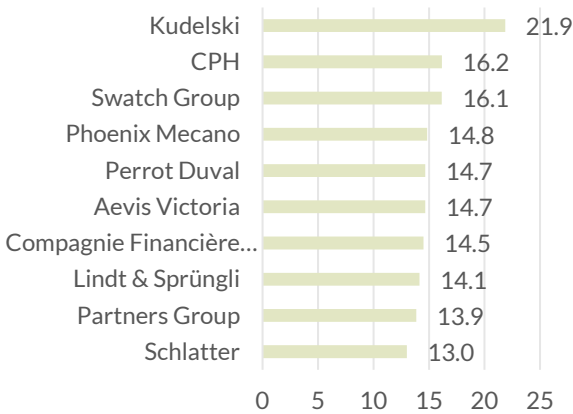
In 2023, only 56.6% of the boards of the SPI had at least 50% independent members according to Ethos criteria, a very slight increase compared to 2014 (48.6%). 90% of the boards of the SMI have at least half of their members considered independent, compared to 70% ten years ago.



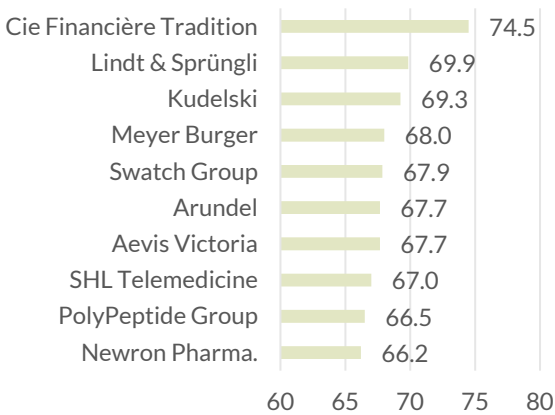
**CHART 19 : BOARDS OF DIRECTORS WITH AT LEAST 50% INDEPENDENTS**



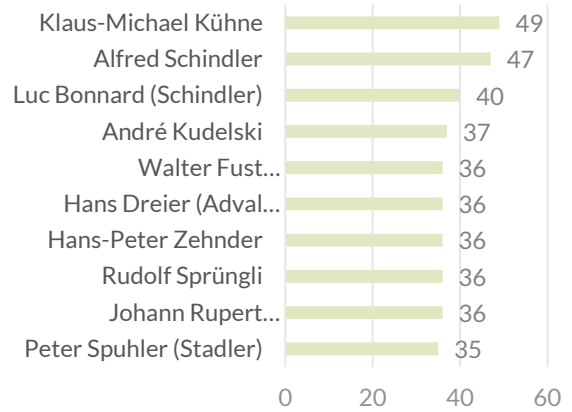
**CHART 20 : TOP 10: AVERAGE TERM OF OFFICE OF CA MEMBERS (IN YEARS)**



**CHART 21 : TOP 10: AVERAGE AGE OF BOARD MEMBERS (IN YEARS)**



**CHART 22 : TOP 10: DIRECTORS WITH THE LONGEST TERMS OF OFFICE (IN YEARS)**



### 3.2 (RE-)ELECTIONS OF BOARD MEMBERS

In terms of votes, the members of the boards of SPI companies up for (re)election this year obtained, on average, a support rate of 95.6% (2023: 95.2%). Only one director did not receive a majority of votes and was therefore not re-elected. This was Mr. Karl Zeller, a representative of a shareholder holding 5.7% of Groupe Minoterie's capital.

For its part, Ethos approved the election or re-election of 80.5% of the members proposed this year, which is more than in 2023 (78.2%).

In particular, Ethos opposed the re-election of 21 chairpersons of nomination committees (or of the board of directors if there was no such committee) on the grounds of lack of diversity, i.e. the fact that the board of directors does not include at least 20% women on without satisfactory justification.

Ethos also opposed the (re)election of 31 CEOs as permanent members of the board of directors, which is contrary to good governance practices, including 12 who held the dual position of Chair and CEO of the company on a long-term basis.

Lastly, Ethos opposed the re-election of 29 directors on the grounds of their age (over the 75-year limit set in its guidelines) and the election of two persons over 80-years of age whose election was proposed by the board of directors (WISeKey) or an important shareholder (Relief Therapeutics).

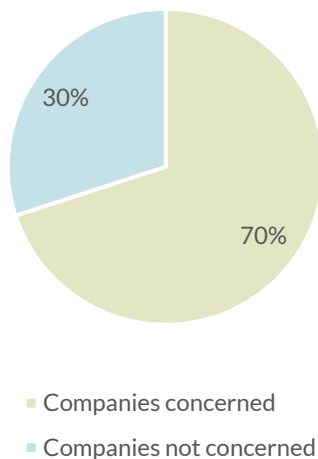
# 4. Sustainability reports

## 4.1 CONTEXT

As mentioned in the introduction, the 2024 AGM season marked a new turning point. For the first time, Swiss-listed companies with at least 500 full-time employees and annual turnover of more than CHF 40 million (or balance sheet total of more than CHF 20 million) were required to prepare and submit their sustainability report to a shareholder vote. Of the SPI companies, only 140 were affected by this new requirement.

Corporate Sustainability Reporting Directive (CSRD). In June 2024, the Federal Council presented a preliminary draft revision of the Swiss Code of Obligations, which was submitted for consultation.

CHART 23 : PERCENTAGE OF SPI COMPANIES COVERED BY ART. 964A ET SEQ. OF THE SWISS CO



This new obligation is the result of a change in legislation and, more specifically, the adoption of the indirect counterproposal to the popular initiative on responsible multinationals, which was rejected in 2020 for lack of a double majority of the people and the cantons. The resulting new provisions of the Swiss Code of Obligations (CO), in particular Article 964b, require companies of a certain size to publish information on environmental issues, including CO<sub>2</sub> targets, social issues, personnel issues, respect for human rights and the fight against corruption.

For the time being, the Swiss CO is not very prescriptive when it comes to the number of environmental and social indicators that companies must publish. However, the Federal Council has decided to further adapt the provisions of Swiss law to bring them more in line with new European legislation, which has become stricter since the beginning of the year and the application of the

## 4.2 ETHOS REQUIREMENTS

The Ethos Foundation did not wait for the introduction of regulations to encourage listed companies to publish relevant information on their environmental, social and governance (ESG) policies. In fact, it has been doing so since its creation in 1997 and its first shareholder dialogue activities.

Since 2004, Ethos has been asking companies listed in Switzerland to participate in the CDP and to disclose all their greenhouse gas emissions.

Ethos also encourages companies with a significant environmental impact to submit their sustainability report and/or climate strategy to a shareholder vote. In this respect, Ethos has specified its requirements for the approval of such reports in its voting guidelines as of 2021 (see Appendix 2). By publishing its expectations prior to the entry into force of Article 964 of the Swiss Code of Obligations, Ethos aims to engage in a constructive dialogue with companies in order to enable them to take its criteria into account in their preparation of their sustainability reports.

For Ethos, a sustainability report must first and foremost comply with an internationally recognised non-financial reporting standard, such as the Global Reporting Initiative (GRI) or the European Sustainability Reporting Standards (ESRS). Such standards enable companies' practices to be assessed and compared more effectively. Ethos also expects these reports to be verified and audited by an independent body, as is the case for annual accounts and financial results. It is essential that shareholders are able to rely on reliable and verified information.

In terms of content, Ethos expects sustainability reports to cover all material ESG issues specific to the company. With regard to the environment, the report must include data on water consumption, waste management, biodiversity and, of course, the company's climate strategy. With regard to its stakeholders, the company must provide information on its impact on local communities and the measures it takes to ensure respect for the human rights of its staff and external service providers. Regarding governance, the report must include information on the management of business ethics by the company's governing bodies and on the policies put in place on material issues specific to the company, such as corruption, money laundering or clinical trials, as well as the implementation of these policies.

Each material issue must be accompanied by objectives and contain quantitative indicators to measure progress over a period of at least three years.

Lastly, a requirement that has been reinforced in the light of the first sustainability reports submitted for approval this year is that they should be subject to a binding vote by shareholders and not a consultative vote as some have considered. For Ethos, this is in line with the spirit of the law, as an advisory vote does not have the same weight or significance as a binding vote.

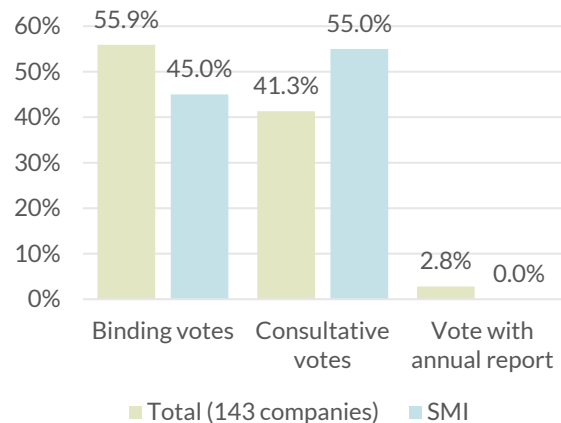
## 4.3 VOTES ON SUSTAINABILITY REPORTS

By the end of September 2024, Ethos had issued voting recommendations on 143 sustainability reports of companies listed in Switzerland. While 140 companies were legally obliged to submit their reports to a shareholder vote, three companies did so voluntarily (Intershop, EPIC Suisse, lastminute.com).

Firstly, most of the companies concerned (55.9%) agreed with Ethos that the vote was binding. Conversely, 41.3% considered the vote to be consultative. Finally, three companies preferred to submit their sustainability report to their shareholders for approval under the same agenda item as the annual report, i.e. in a combined, binding vote.

It should be noted, however, that the trend is reversed when focusing on SMI companies alone, since a slight majority - 11 out of 20 - considered this to be a consultative vote.

CHART 24 : BINDING VOTES VS. ADVISORY VOTES



Secondly, the sustainability reports received a very high level of support in this first year, as they were all approved with an average of 97.4% of votes in favour. The approval rate for SMI companies was slightly lower, but still peaked at 97.1%. The lowest approval rate was for by Banque Cantonale de Genève, with 67.4%. By way of comparison, the remuneration reports of SPI companies were approved with an average of 85.0% in 2024 (82.3% for SMI companies).

While this result may seem surprising given the poor quality of many reports (see below), it can be explained by the amount of work and analysis time required to properly assess each report and the lack of experience of investors. Apart from Spain, no other country has granted such a power to the general meeting of shareholders until now. It is therefore likely that many investors have not yet established adequate voting guidelines and have considered this to be a routine vote.

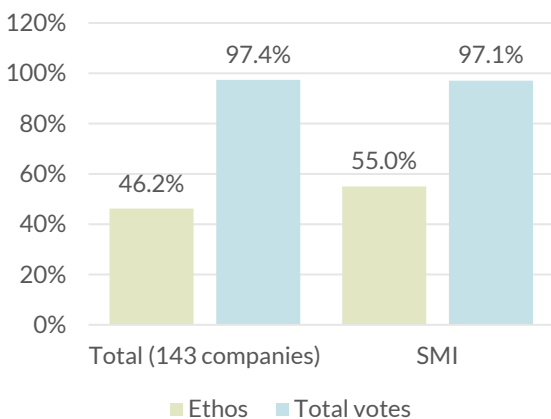
For example, Bystronic's sustainability report was approved by a large majority of 98.1% of the votes, even

though the full version of the report, including all environmental and social data for the year 2023, had not been published until July 2024 after the AGM.

In most cases, Ethos, its members and clients were among the only ones to oppose the sustainability reports of companies listed in Switzerland this year. By the end of September, Ethos had recommended the approval of 11 of the 20 sustainability reports submitted to the vote by SMI companies and less than half of the reports published by SPI companies (46.2%). Lack of transparency, insufficient quality of the data published and the lack of ambition of the environmental and social objectives set by the company were main reasons for the opposition.

By way of comparison, Ethos recommended the approval of 47.2% of the remuneration reports of SPI companies that were submitted to a consultative vote of shareholders this year, including only 30.0% of the remuneration reports of SMI companies.

**CHART 25 : AVERAGE SUPPORT RATE FOR SUSTAINABILITY REPORTS VS ETHOS SUPPORT RATE**

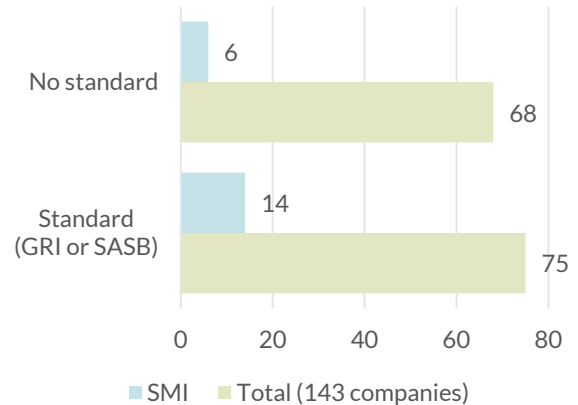


#### 4.4 QUALITY OF SUSTAINABILITY REPORTS

Looking at the quality of the data published, we see that only 75 companies subject to disclosure requirements published a sustainability report in accordance with an internationally recognised standard, in this case the GRI or SASB. Of the SMI companies, six merely referred to the GRI ("in reference") without following the standard to the letter (Alcon, Nestlé, Novartis, Partners Group, Swiss Re and Zurich Insurance Group).

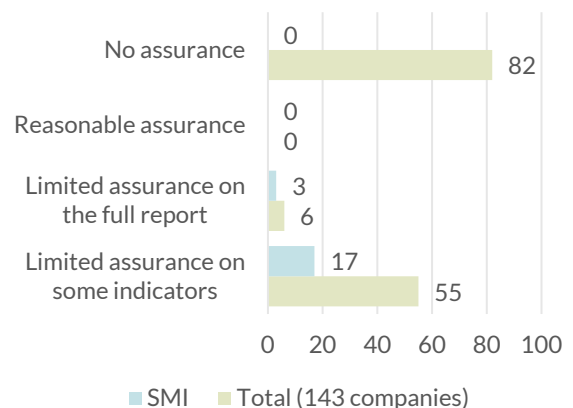
As mentioned above, the use of a recognised standard facilitates evaluation and, above all, comparison, allowing investors to ensure that the reporting of companies in which they invest or wish to invest is sufficiently detailed. In the absence of a standard, the completeness and comparability of the indicators are not guaranteed.

**CHART 26 : SUSTAINABILITY REPORTS DRAWN UP IN ACCORDANCE WITH A REPORTING STANDARD**



Another requirement of Ethos is that sustainability reports should be audited and receive at least limited assurance from an independent external auditor. In this respect, we note that 61 companies, including the 20 SMI companies, have submitted their sustainability report to such a limited assurance. However, none of them subjected it to a full verification ("reasonable assurance"). Moreover, only six of them (including three SMI companies) submitted their entire report to a limited external assurance, while the others were content to have only some of the indicators verified.

**CHART 27 : REPORTS SUBJECT TO FULL INSURANCE AND LIMITED**

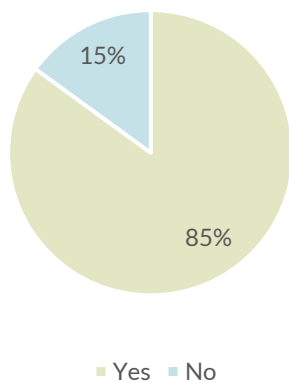


In terms of climate change, 85% of the companies analysed published their direct greenhouse gas (GHG) emissions - so-called Scope 1 emissions - and 78% published their indirect emissions linked to their energy consumption (Scope 2). It should be noted, however, that only 45% of them published their location-based Scope 2 emissions, i.e. those that reflect energy consumption

without taking into account any renewable energy purchase certificates (offsetting).

When it comes to the emissions generated in companies' value chains (Scope 3), the level of transparency is much lower. For example, only 44% of companies publish the GHG emissions of their suppliers that can be attributed to them, and only 15% publish the GHG emissions associated with the use of their products. This result is all the more worrying as Scope 3 emissions often account for the majority of a company's GHG emissions.

**CHART 28 : COMPANIES THAT PUBLISH THEIR EMISSIONS IN DOMAIN 1**



**CHART 29 : COMPANIES THAT PUBLISH THEIR EMISSIONS IN DOMAIN 2**

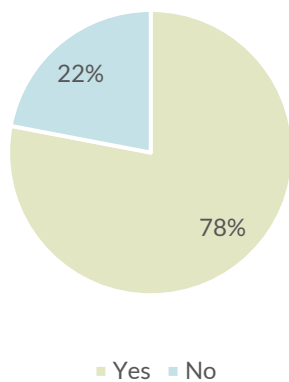


CHART 30 : COMPANIES THAT PUBLISH THEIR AREA 3 EMISSIONS (BY CATEGORY)

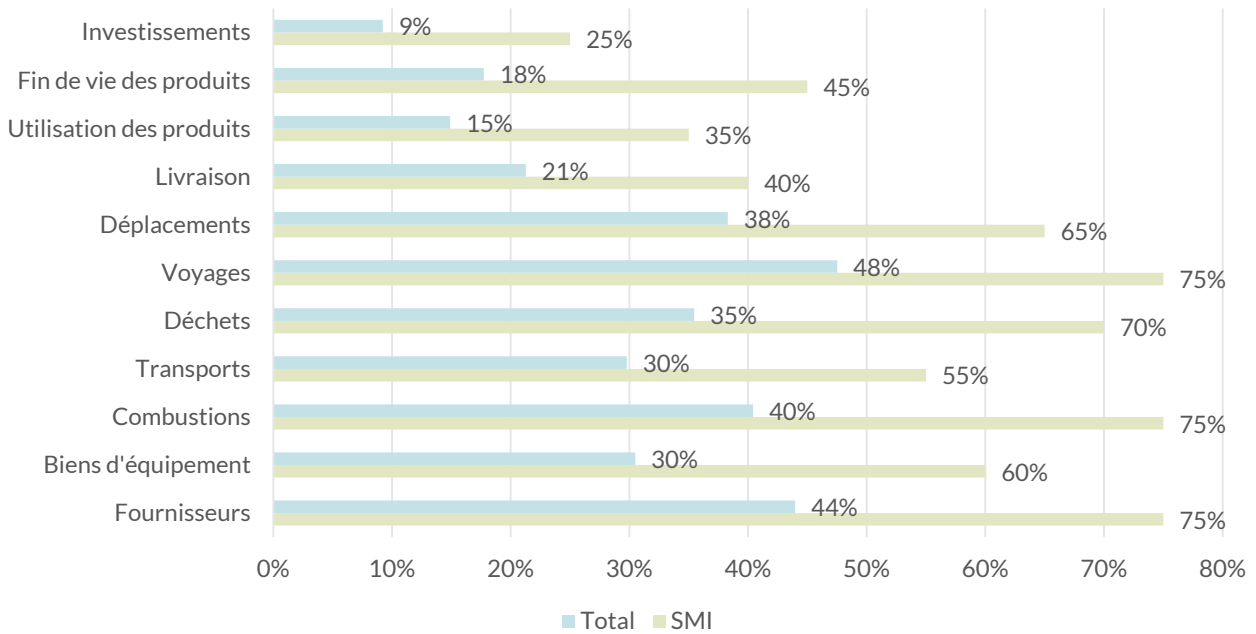
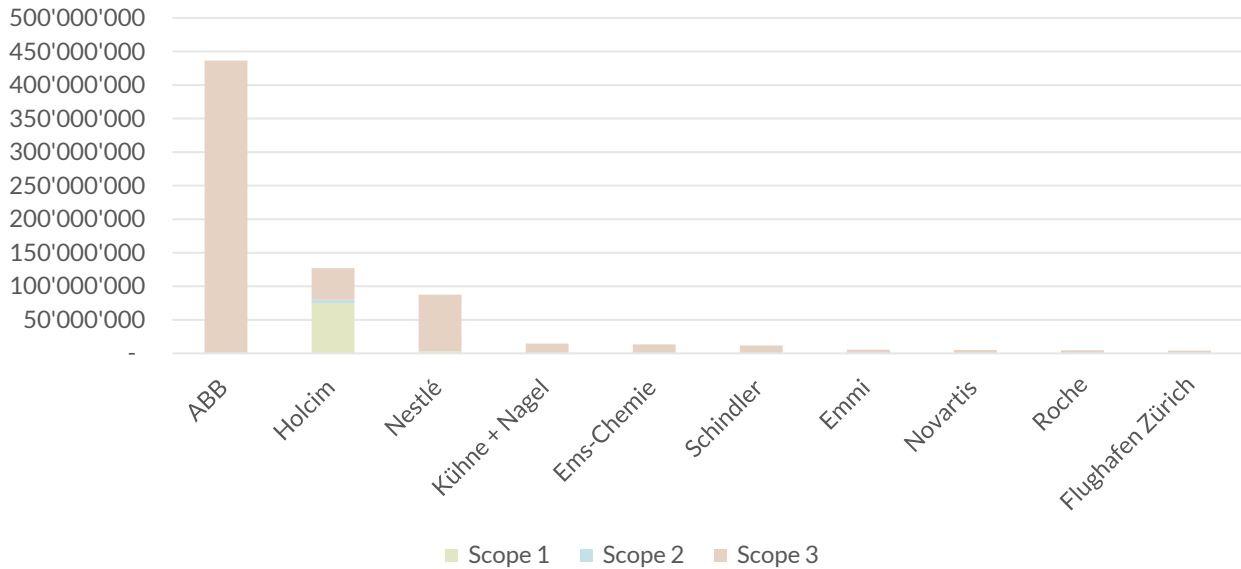


CHART 31 : TOP 10 INDUSTRIAL COMPANIES WITH THE HIGHEST GHG EMISSIONS (IN TONNES OF CO2)

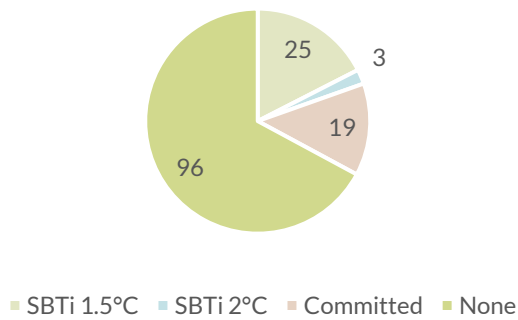


While disclosure of GHG emissions is essential, particularly as it allows investors to assess the progress made from one year to the next and to compare companies operating in the same sectors, it does not in itself guarantee that a company has an effective environmental and climate policy that is aligned with global climate objectives. For this to happen, the company must also set ambitious targets for reducing its emissions and put in place a credible climate strategy to achieve them.

However, only 28 of the companies analysed have set GHG emission reduction targets that have been validated by a scientific body (SBTi or equivalent), including 11 SMI companies. For 25 of these, the climate targets have been validated as being in line with a scenario of a maximum warming of 1.5°C by 2050 - compared to pre-industrial temperatures - while for three companies the targets are considered to be consistent with a scenario of less than 2°C global warming. It should also be noted that 19 companies have committed to setting such targets.

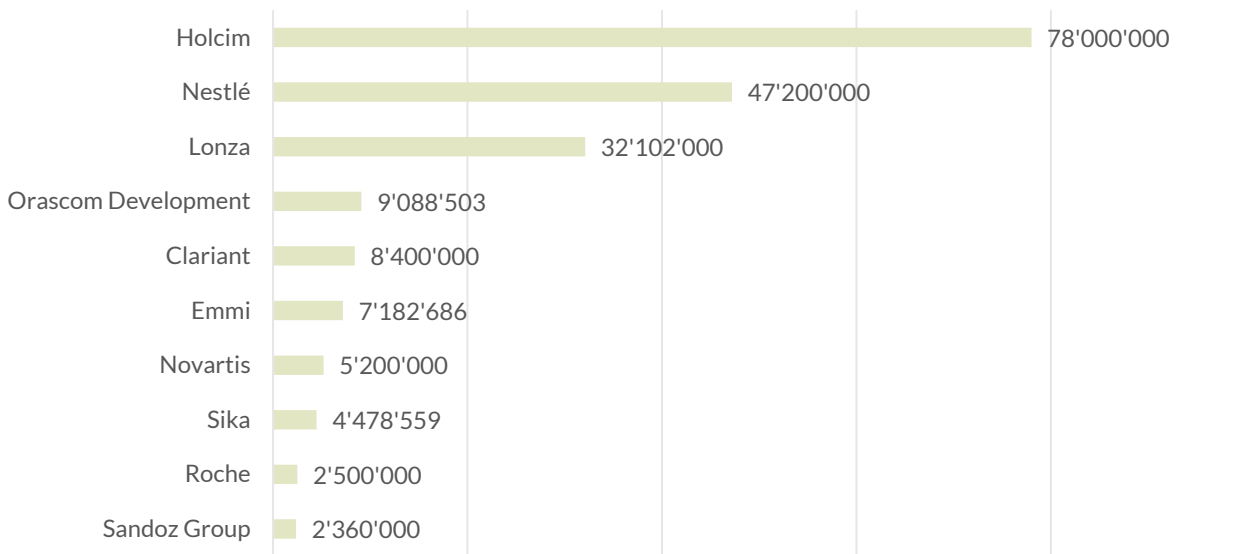
More worryingly, however, five companies in the SMI (UBS, Geberit, Swiss Life, Alcon, Partners Group), the index that includes the largest GHG emitters listed in Switzerland, have still not set any scientifically validated climate targets or even committed to doing so.

**CHART 32 : COMPANIES WITH SCIENTIFICALLY VALIDATED CLIMATE OBJECTIVES**



In addition to climate data, sustainability reports also include other important environmental data that allows investors to gain a better understanding of how companies manage their ESG issues. For example, 56.3% of the industrial companies<sup>3</sup> covered in this chapter disclose the amount of waste produced in the year under review (in tonnes), and 40.7% disclose their water consumption (in m3). On the other hand, 80.3% more of them have published their energy consumption (in MWh) for the year 2023.

**CHART 33 : TOP 10 LARGEST INDUSTRIAL WATER CONSUMERS (IN M3)**



<sup>3</sup> Not including financial companies.

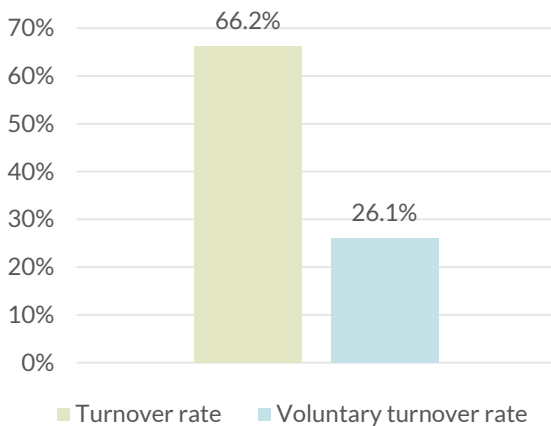


In terms of social indicators, 93.0% of the companies analysed publish the percentage of women in their workforce and 99.3% the percentage of women in management. Four companies (Roche, Logitech, Sandoz Group and MedMix) had 50% women in their executive management at year-end 2023, while only seven SPI companies had a female CEO (CI Com, Emmi, Ems-Chemie, Logitech, SGS, Sulzer and Vontobel).

Another very important social indicator for Ethos is the employee turnover rate, more specifically the voluntary turnover rate (as opposed to the involuntary turnover rate, i.e. dismissals). This information gives an idea of the social climate within the company and its popularity with employees. A high voluntary turnover rate is therefore essentially a negative indicator that can signal levels of insecurity and dissatisfaction among employees.

Of the companies analysed, 66.2% have published their staff turnover rate for 2023, but only 26.1% have published their voluntary turnover rate. The lowest voluntary turnover rates were reported by GAM Holding (18%) and Dätwyler (19.4%). Conversely, the lowest rates were reported by Roche (4.6%) and SKAN Group (4.8%).

**CHART 34 : COMPANIES THAT PUBLISH THEIR VOLUNTARY/INVOLUNTARY TURNOVER RATE**



**ETHOS SUPPORTED 100% OF SHAREHOLDER RESOLUTIONS ON CLIMATE, ENVIRONMENTAL AND SOCIAL ISSUES IN 2024**

As part of its activities, Ethos also issues voting recommendations for companies listed abroad. Since the beginning of 2024, it has covered more than 550 general meetings (GMs) of European, American and Asian companies. Some of these companies have submitted their climate plan or strategy to their shareholders for approval. At the end of September, the [Forum for Sustainable Investment \(FIR\)](#) had listed 26 "Say on Climate" agenda items worldwide (2023: 27), 21 of which were held by European companies.

However, presenting a "Say on Climate" is not a guarantee of a blank cheque from shareholders. According to FIR figures, the average approval rate fell slightly from 89.3% in 2023 to 87.4% in 2024, showing that investors are becoming more demanding of the companies in which they hold shares. In France for instance, TotalEnergies' "Say on Climate" received 79.7% of the votes, compared with 88.8% in 2023, while in Australia, the oil company Woodside Energy's climate strategy rejected was rejected, with only 41.6% of approval.

For its part, Ethos recommended the approval of only 9 of the 16 "Say on Climate" votes for which it issued recommendations this year, including that of Holcim (the only one in Switzerland).

Shareholders can also submit resolutions relating to climate, environmental or social issues to the agenda of an AGM. Ethos' policy is to approve them provided they aim to improve the company's social and environmental responsibility practices. Thus, since the beginning of the year, Ethos has recommended the approval of 100% of shareholder resolutions that were climate-friendly, i.e. 181 resolutions worldwide.

In addition, in the United States in particular, a growing number of shareholder resolutions are aimed at getting the company to abandon their environmental or social objectives or at least to refrain from setting binding ones. These resolutions are said to be "anti-ESG". In accordance with its voting guidelines, Ethos has recommended opposing 100% of these resolutions since the beginning of the year, representing 46 resolutions.

# 5. Conclusion

This study on the 2024 AGM season is significant because it highlights the generally poor quality of the sustainability reports of the largest listed companies in Switzerland, both in terms of content and transparency. However, these reports are essential, since they allow investors and other stakeholders to better assess the non-financial performance of companies and, consequently, to direct capital more effectively towards those companies that manage their environmental, social and governance (ESG) issues with conviction.

As evidence of this lack of quality, Ethos recommended the approval of less than half of the sustainability reports submitted to the vote of shareholders for the first time this year.

Given the urgency of the current climate situation, and the importance of reporting in enabling investors to make informed decisions, but also in encouraging companies towards greater consideration of sustainability issues and related risks, Ethos believes that Swiss regulations need to be strengthened.

In this respect, the draft amendment to the Swiss Code of Obligations, and in particular its provisions on transparency in relation to sustainability issues, is a step in the right direction. Firstly, it provides for all public interest companies to be subject to the reporting obligation, without exception. Until now, only listed companies of a certain size - the conditions being cumulative - were subject to this obligation, with the result that almost a third of the companies included in the SPI were not obliged to publish a sustainability report or to submit it to a shareholder vote this year. Ethos is therefore in favour of this amendment.

Secondly, the draft amendment provides for companies to follow a certain reporting standard in the future, which is still too often lacking today, as the results of this study show. Standardisation is necessary to ensure that the content of the reports is as comprehensive and reliable as possible from one company to another and, above all, to guarantee their comparability.

For the time being, reference is being made to European Union rules (ESRS) and other equivalent standards that will be designated at a later stage. Companies will therefore be able to choose between several standards. However, Ethos considers that the Federal Council should quickly indicate which standards will be applicable and limit itself to a maximum of two or even three. While for some observers consider that the incorporation of European standards into Swiss law represents the best solution, as it would save time thanks to the comparability of information and simplify administration for companies, Ethos considers that the GRI, which are already applied by

many Swiss companies, is an acceptable alternative. Above all, it is important for the Federal Council to clarify the situation as soon as possible.

For Ethos, it is crucial that the standards adopted incorporate the principle of double materiality, which is the case with the European standards. Investors need to know the impact of sustainability issues on the company's business, performance and situation, as well as the impact of the company's activities on sustainability.

Thirdly, the draft amendment under consultation provides for sustainability reports to be subject to control and validation by an external auditor. Ethos is obviously in favour of this point, at least as far as listed companies are concerned. Such a revision would not only guarantee the reliability of the content, but would also reduce the risk of "greenwashing".

Finally, it is essential for Ethos that the new law stipulates that the sustainability report must be submitted to a binding shareholder vote and not to an advisory vote as some companies have considered this year. It is essential that there is no room for interpretation on this issue and that, from next year, the vote be binding for all companies listed in Switzerland.

Ethos hopes that the current tightening of regulations and the standardisation of sustainability reporting will enable shareholders to better assess the non-financial performance of companies in the future and to exert stronger and more effective pressure on those that underperform in this area.



# APPENDICES

# Appendix 1: Universe

NAME	INDEX AS OF 31.12.2023	AGM DATE	TYPE OF VOTE IN THE SUSTAINABILITY REPORT
ABB	SMI	21.03.2024	Advisory
Accelleron Industries	Other	07.05.2024	Advisory
Addex Therapeutics	Other	28.06.2024	No obligation
Adecco	SMIM	11.04.2024	Advisory
Adval Tech	Other	16.05.2024	Advisory
Aevis Victoria	Other	27.05.2024	Binding
Airesis	Other	22.07.2024	No obligation
Alcon	SMI	08.05.2024	Advisory
Allreal	Other	19.04.2024	No obligation
Also	Other	21.03.2024	Binding
Aluflexpack*	Other	22.05.2024	Advisory
ams-Osram	SMIM	14.06.2024	No obligation
APG SGA	Other	25.04.2024	No obligation
Arbonia	Other	19.04.2024	Binding
Arundel	Other	29.05.2024	No obligation
Aryzta	Other	24.04.2024	Binding
Ascom	Other	16.04.2024	Advisory
ASmallWorld	Other	26.04.2024	No obligation
Autoneum	Other	09.04.2024	Advisory
Avolta	SMIM	15.05.2024	Advisory
Bachem	Other	24.04.2024	Binding
Baloise Holding	SMIM	26.04.2024	Binding
Banque Cantonale de Genève	Other	23.04.2024	Binding
Banque Cantonale du Jura	Other	30.04.2024	No obligation
Banque Cantonale du Valais	Other	26.04.2024	Binding
Banque Cantonale Vaudoise	Other	25.04.2024	Binding
Barry Callebaut	SMIM	04.12.2024	NR
Basellandschaftliche Kantonalbank	Other	No voting rights	NR
Basilea	Other	24.04.2024	No obligation
Basler Kantonalbank	Other	No voting rights	NR
BB Biotech	Other	21.03.2024	No obligation
Belimo	SMIM	25.03.2024	Advisory
Bell Food Group	Other	16.04.2024	No obligation
Bellevue Group	Other	20.03.2024	No obligation
Bergbahnen Engelberg-Trübsee-Titlis	Other	21.02.2024	No obligation

NAME	INDEX AS OF 31.12.2023	AGM DATE	TYPE OF VOTE IN THE SUSTAINABILITY REPORT
Berner Kantonalbank	Other	21.05.2024	Binding
BKW	SMIM	22.04.2024	Advisory
SNB	Other	26.04.2024	No obligation
Bossard	Other	08.04.2024	Advisory
Bucher Industries	Other	18.04.2024	Binding
Burckhardt Compression	Other	05.07.2024	Advisory
Burkhalter Holding	Other	14.05.2024	Binding
BVZ Holding	Other	12.04.2024	Joint vote with the annual report
Bystronic	Other	17.04.2024	Advisory
Calida	Other	05.04.2024	Binding
Carlo Gavazzi	Other	30.07.2024	Binding
Cembra Money Bank	Other	24.04.2024	Binding
CI Com	Other	29.07.2024	No obligation
Cicor Technologies	Other	18.04.2024	Advisory
Clariant	SMIM	09.04.2024	Advisory
Coltene	Other	17.04.2024	Binding
Comet Holding	Other	19.04.2024	Binding
Compagnie Financière Tradition	Other	21.05.2024	No obligation
Cosmo Pharmaceuticals	Other	24.05.2024	No obligation
CPH	Other	20.03.2024	Binding
Curatis Holding	Other	21.06.2024	No obligation
Dätwyler	Other	14.03.2024	Binding
DKSH	Other	26.03.2024	Advisory
DocMorris	Other	02.05.2024	Binding
dormakaba	Other	10.10.2024	Binding
Dottikon ES Holding	Other	05.07.2024	Binding
Edisun Power Europe	Other	26.04.2024	No obligation
EFG International	Other	22.03.2024	Binding
Elma Electronic*	Other	18.04.2024	Advisory
Emmi	Other	11.04.2024	Binding
Ems-Chemie	SMIM	10.08.2024	Binding
EPIC Switzerland	Other	25.04.2024	Joint vote with the annual report
Evolva	Other	12.04.2024	No obligation
Feintool International	Other	23.04.2024	Binding
Flughafen Zürich	SMIM	22.04.2024	Binding
Forbo	Other	05.04.2024	Binding
Fundamenta Real Estate	Other	10.04.2024	No obligation
Galderma Group	Other	NR	NR
Galenica	SMIM	10.04.2024	Binding
GAM Holding	Other	15.05.2024	Advisory
Geberit	SMI	17.04.2024	Binding

NAME	INDEX AS OF 31.12.2023	AGM DATE	TYPE OF VOTE IN THE SUSTAINABILITY REPORT
Georg Fischer	SMIM	17.04.2024	Advisory
Givaudan	SMI	21.03.2024	Binding
Glarner Kantonalbank	Other	26.04.2024	No obligation
Graubündner Kantonalbank	Other	Without voting rights	NR
Flour Mills Group	Other	15.05.2024	No obligation
Gurit	Other	18.04.2024	Binding
Helvetia	SMIM	24.05.2024	Advisory
HIAG Immobilien	Other	18.04.2024	No obligation
Highlight Event and Entertainment	Other	28.06.2024	Binding
Hochdorf	Other	15.05.2024	No obligation
Holcim	SMI	08.05.2024	Advisory
Huber+Suhner	Other	27.03.2024	Binding
Hypothekarbank Lenzburg	Other	16.03.2024	No obligation
Idorsia	Other	13.06.2024	Advisory
Implenia	Other	26.03.2024	Advisory
Ina Invest Holding	Other	03.04.2024	No obligation
Inficon	Other	04.04.2024	Advisory
Interroll	Other	03.05.2024	Binding
Intershop	Other	27.03.2024	Consultative (voluntary)
Invested	Other	18.04.2024	Binding
IVF Hartmann	Other	23.04.2024	No obligation
Julius Bär	SMIM	11.04.2024	Binding
JungfrauBahn	Other	17.05.2024	Advisory
Kardex	Other	25.04.2024	Advisory
Klingelberg	Other	20.08.2024	Binding
Komax	Other	17.04.2024	Binding
Kudelski	Other	19.04.2024	Binding
Kühne + Nagel	SMI	08.05.2024	Binding
Kuros Biosciences	Other	17.04.2024	No obligation
Lalique Group*	Other	28.06.2024	Binding
Landis+Gyr Group	Other	25.06.2024	Binding
lastminute.com	Other	20.06.2024	Consultative (voluntary)
Leclanché	Other	27.06.2024	No obligation
Lem	Other	27.06.2024	Advisory
Leonteq	Other	28.03.2024	Advisory
Liechtensteinische Landesbank	Other	19.04.2024	No obligation
Lindt & Sprüngli	SMIM	18.04.2024	Advisory
Logitech	SMI	04.09.2024	Binding
Lonza	SMI	08.05.2024	Binding
Luzerner Kantonalbank	Other	15.04.2024	Binding

NAME	INDEX AS OF 31.12.2023	AGM DATE	TYPE OF VOTE IN THE SUSTAINABILITY REPORT
MCH Group AG	Other	21.05.2024	Advisory
Medacta Group	Other	07.05.2024	Binding
Medartis Holding	Other	17.04.2024	Binding
MedMix	Other	24.04.2024	Advisory
Meier Tobler	Other	09.04.2024	Binding
Metall Zug	Other	26.04.2024	Binding
Meyer Burger	SMIM	25.06.2024	Advisory
Mikron	Other	23.04.2024	Binding
mobilezone	Other	03.04.2024	Advisory
Mobimo	Other	26.03.2024	No obligation
Molecular Partners	Other	17.04.2024	No obligation
Montana Aerospace	Other	21.05.2024	Advisory
Nestlé	SMI	18.04.2024	Advisory
Newron Pharmaceuticals	Other	17.04.2024	No obligation
Novartis	SMI	05.03.2024	Advisory
Novavest Real Estate	Other	20.03.2024	No obligation
OC Oerlikon Corporation	Other	21.03.2024	Advisory
Orascom Development	Other	13.05.2024	Binding
Orell Füssli	Other	07.05.2024	Advisory
Orior	Other	23.05.2024	Binding
Partners Group	SMI	22.05.2024	Binding
Peach Property Group	Other	14.05.2024	No obligation
Perrot Duval	Other	26.09.2024	No obligation
Phoenix Mecano	Other	24.05.2024	Advisory
Pierer Mobility	Other	19.04.2024	No obligation
Plazza	Other	03.04.2024	No obligation
PolyPeptide Group	Other	10.04.2024	Advisory
Private Equity Holding	Other	03.06.2024	No obligation
PSP Swiss Property	SMIM	04.04.2024	No obligation
R&S Group Holding	Other	28.05.2024	Binding
Relief Therapeutics	Other	27.06.2024	No obligation
Richemont	SMI	11.09.2024	Binding
Rieter	Other	17.04.2024	Advisory
Roche	SMI	12.03.2024	Advisory
Romande Energie	Other	29.05.2024	Binding
Sandoz Group	SMIM	30.04.2024	Binding
Santhera Pharmaceuticals	Other	18.06.2024	No obligation
Schindler	SMIM	19.03.2024	Advisory
Schlatter	Other	07.05.2024	No obligation
Schweiter Technologies	Other	10.04.2024	Advisory
Sensirion Holding	Other	13.05.2024	Binding



NAME	INDEX AS OF 31.12.2023	AGM DATE	TYPE OF VOTE IN THE SUSTAINABILITY REPORT
SF Urban Properties	Other	11.04.2024	No obligation
SFS Group	Other	24.04.2024	Binding
SGS	SMIM	26.03.2024	Binding
SHL Telemedicine	Other	08.02.2024	No obligation
Siegfried	Other	18.04.2024	Binding
SIG Group	SMIM	23.04.2024	Binding
Sika	SMI	26.03.2024	Binding
SKAN Group	Other	07.05.2024	Advisory
SoftwareOne Holding	Other	18.04.2024	Binding
Sonova	SMI	11.06.2024	Advisory
Spexis	Other	28.06.2024	No obligation
St.Galler Kantonalbank	Other	01.05.2024	Binding
Stadler Rail	Other	22.05.2024	Advisory
StarragTornos Group	Other	20.04.2024	Binding
Straumann	SMIM	12.04.2024	Advisory
Sulzer	Other	16.04.2024	Advisory
Swatch Group	SMIM	08.05.2024	Joint vote with annual report
Swiss Life	SMI	15.05.2024	Advisory
Swiss Prime Site	SMIM	19.03.2024	Joint vote with annual report
Swiss Re	SMI	12.04.2024	Advisory
Swiss Steel Holding	Other	23.05.2024	Binding
Swisscom	SMI	27.03.2024	Binding
Swissquote	Other	08.05.2024	Binding
Tecan	SMIM	18.04.2024	Binding
Temenos	SMIM	07.05.2024	Binding
Thurgauer Kantonalbank	Other	Without voting rights	NR
TX Group	Other	19.04.2024	Binding
U-blox	Other	18.04.2024	Advisory
UBS	SMI	24.04.2024	Advisory
Valiant	Other	22.05.2024	Advisory
Varia US Properties	Other	24.04.2024	No obligation
VAT Group	SMIM	14.05.2024	Advisory
Vaudoise Assurances	Other	06.05.2024	Binding
Vetropack	Other	25.04.2024	Binding
Villars Holding	Other	15.05.2024	No obligation
Vontobel	Other	09.04.2024	Binding
VP Bank	Other	26.04.2024	No obligation
VZ Holding	Other	08.04.2024	Binding
V-Zug Holding	Other	23.04.2024	Binding
Wartec Invest	Other	29.05.2024	No obligation
WISeKey	Other	27.06.2024	No obligation

<b>NAME</b>	<b>INDEX AS OF 31.12.2023</b>	<b>AGM DATE</b>	<b>TYPE OF VOTE IN THE SUSTAINABILITY REPORT</b>
Xlife Sciences	Other	28.06.2024	No obligation
Ypsomed	Other	26.06.2024	Binding
Zehnder Group	Other	11.04.2024	Binding
Züblin Immobilien	Other	27.06.2024	No obligation
Zug Estates	Other	09.04.2024	No obligation
Zuger Kantonalbank	Other	18.05.2024	No obligation
Zurich Insurance Group	SMI	10.04.2024	Advisory
Zwahlen & Mayr	Other	24.04.2024	No obligation

\*Companies which were delisted during the year 2024.

# Appendix 2: Ethos requirements for the content of sustainability reports

In general Ethos recommends to oppose the sustainability report at the AGM if one of the following conditions applies:

- The report has not been established according to a recognised standard in terms of extra-financial reporting.
- The report and/or relevant indicators were not verified by an independent third party.
- The report does not cover all material topics with quantitative indicators.
- The report does not include ambitious and quantitative targets for material topics.
- The company does not consistently meet its targets or there is a deterioration in key indicators on material issues over a three-year period.
- The company does not submit its climate report to an annual vote and does not comply or has not committed to complying with the criteria of point 2.3.
- There are significant doubts on the quality, veracity and completeness of the information provided.
- The sustainability report was not made available sufficiently in advance of the general meeting.
- The board of directors refuses to disclose important information or responds to legitimate requests for supplementary information in an unsatisfactory manner.
- The company is subject to serious controversies which are not addressed in the sustainability report.

# Appendix 3: Remuneration methodology

## 1. DATA SOURCES

The basic information used to calculate remuneration was gathered from sources accessible to investors and the general public, in particular from the annual reports and websites of the companies analysed, as well as through direct contact with the companies.

## 2. REMUNERATION COMPONENTS

There are essentially two types of remuneration: fixed and variable. Ethos has made the following subdivisions for the remuneration of the members of the Executive Board:

- **Fixed remuneration**
  - Basic salary
  - Employer contributions to the pension fund (compulsory and supplementary insurance)
  - All other types of remuneration (e.g. benefits in kind or the amount of the discount on the purchase of company shares).
- **Variable remuneration**
  - Annual bonus (rewarding performance over the past year). It can be paid in cash (immediate or deferred payment), shares or options (usually blocked).
  - Long-term plans (whose definitive award depends on future conditions). In the vast majority of cases, they are paid in the form of shares or options. There are two types of long-term plan:
    - Retention plans: The final allocation (at the end of a predetermined blocking period) depends solely on a service condition. The beneficiary will receive all the shares/options initially allocated if he/she remains employed by the company, regardless of the performance achieved.
    - Performance plans: The final allocation (at the end of a predetermined performance period) depends on a service condition and one or more performance conditions. At the end of the performance period, the beneficiary may receive either less than the number of

shares/options initially allocated (or none at all, if the performance target has not been met), or the number initially allocated (if the target has been met), or more than the number initially allocated (if the target has been exceeded, in the case of a leveraged plan).

## 3. VALUATION OF SHARES AND OPTIONS

In order to ensure the comparability of the companies analysed, Ethos has, as far as possible, valued shares and options at their fair value at the grant date. For shares, the fair value corresponds to the stock market value. For options, it corresponds to the value obtained using a recognised valuation model (Black & Scholes or binomial model). For long-term performance-based plans, the fair value may take into account the probability of achieving the objectives.

For long-term plans, where companies make grants each year, Ethos has taken into account the market value of all the shares granted during the period concerned. On the other hand, when companies make a single grant for several years, Ethos has spread the value calculated over this period. For example, if a company grants a certain number of shares every three years, Ethos includes 1/3 of the value of the grant in the remuneration for each of the years concerned.

## 4. EXCHANGE RATES

All data is calculated and published in Swiss francs (CHF). Some companies publish remuneration in US Dollars or Euros. For the amounts of remuneration granted in 2023, Ethos has used the average exchange rates for the corresponding period in accordance with the principles of expense recognition.

## 5. HIRING BONUSES AND SEVERANCE PAY

Severance pay and commitment bonuses have not been included in the remuneration presented in this study.

## 6. PREVIOUS YEARS' PLANS

The effective value of remuneration paid under previous share/option plans that is definitively received at the end of the performance period has not been included in the remuneration presented in this study. Swiss companies do not systematically disclose this information.

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