



SpencerStuart

2019 Switzerland
Spencer Stuart
Board Index

ABOUT SPENCER STUART

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Spencer Stuart is one of the world's leading executive search consulting firms. We are trusted by organisations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

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Foreword

The *Spencer Stuart Board Index* is an annual study that analyses aspects of board governance among major listed companies, including composition, committees and remuneration. First published 33 years ago in the US, there are now editions in 24 countries around the world, including 11 in Europe.

This is the seventh edition of the *Switzerland Spencer Stuart Board Index*. As in previous years, we have analysed the 20 companies that comprise the Swiss Market Index (SMI). In addition, we have also included the 27 companies in the SMI Mid Index. Our analysis of the companies is based on data available for the most recent fiscal year.

We hope that you will find the 2019 *Switzerland Spencer Stuart Board Index* an interesting read. We welcome your feedback and the opportunity to discuss any of the issues that arise from our research.

Marie-Pierre Rogers
Board Practice
Spencer Stuart Switzerland

Highlights

CHF 214 053

The average retainer fee for SMI 20 directors

26%

The proportion of SMI 20 directors who are women

8.2

The average number of board meetings among SMI companies

DIRECTOR REMUNERATION

Remuneration for non-executive directors has seen minimal growth during the past five years, growing by an average of 4%. If additional fees are included, then the average total non-executive pay received by SMI 20 directors rises to CHF 321 475. SMI Mid boards averaged CHF 208 043 for their non-executive total pay, some 35% below their SMI 20 peers. See page 24.

GENDER REPRESENTATION

A revision to the Swiss Code of Obligations states that each gender will have to account for at least 30% of the board of directors. The representation of women among directors on SMI 20 boards has increased by 74% during the past five years, to 26%. Female membership of SMI Mid boards is slightly lower, at 24.3%. Only two chairs among SMI boards are held by women. There is less gender diversity than in most European countries. See page 15.

BOARD MEETINGS

The average number of board meetings among SMI 20 boards has increased by 10% over the past five years, to 9.1 meetings on average. SMI Mid boards continue to meet less frequently on average, with 7.5 meetings. However, some 70% of companies met fewer than nine times on average, demonstrating that a small number of boards meet exceptionally often. See page 21.

FOREIGN DIRECTORS

The number of foreign directors on SMI 20 boards remains almost unchanged across the past five years. All except one have at least one foreign board member. SMI 20 boards continue to appoint more foreign directors, at 58.1% of all seats, compared with 49.5% of SMI Mid directors. Among all CEOs, 46.8.% are foreign, compared with only 29.8% of their counterparts who are chairs. See page 16.

53.8%

The proportion of all directors who are considered foreign among SMI boards

BOARD SIZE

Among SMI 20 companies, the average board size has decreased by 12% over the past five years. However, the average board size in both indices was stable during the past year, at 10.8 for SMI 20 boards and 8.3 for SMI Mid boards. See page 13.

9.3

The average board size among SMI 20 companies

WOMEN IN SENIOR MANAGEMENT

The percentage of women sitting on an executive committee (ExCo) has grown slightly over the past few years, to 8.6%. However, the overall ExCo population also grew by 6%. Among SMI 20 ExCos, female membership grew from 4.3% in 2014 to 9.4% in 2019. It is notable that almost half of all current SMI female ExCo members are at financial services companies, demonstrating how unevenly their participation is distributed. See page 20.

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The number of women on the executive committees of SMI companies, out of 385 executives

SMI 20 boards: Five-year trends

	2019	2014	5-year change
Board composition			
Average board size	9.3	10.6	-12%
Independent directors	87.8%	85%	3%
Combined CEO/chair	4.3%	5%	-15%
Vice chair/Lead director	87%	70%	25%
Age			
Average age non-executives	59.6	60.6	-2%
Average age executives	56.5	56.8	-1%
Foreign directors			
% foreign directors: all	58.1%	59%	-1%
Boards with at least one foreign non-executive director	95%	95%	0%
Boards with at least one foreign executive director	20%	30%	-33%
Boards with at least one foreign director	95%	95%	0%
Women directors			
% women directors: all	26%	15%	74%
% women directors: non-executives	27%	17%	63%
% women directors: executives	9.1%	0%	n/a
Female chair	5%	5%	0%
Female CEO	0%	0%	n/a
Companies with at least one female director	100%	85%	18%
% women serving on the executive committee	9.4%	4.3%	119%
Committees			
% boards with more than 3 committees	55%	60%	-8%
Tenure			
Average # of years: all	5.7	6.8	-16%
Average # of years: chair*	10.1	9.4	8%
Average # of years: CEO	4.8	5.4	-12%
Remuneration			
Average non-executive retainer	CHF 214 053	CHF 206 260	4%
Outside commitments			
Average number of listed company directorships	2.2	2.4	-10%
% chairs with outside quoted board	75%	70%	7%
Meetings and board evaluation			
% boards undertaking an external evaluation	5%	0%	n/a
Average number of board meetings	9.1	8.3	10%

* Refers to tenure on the board in any capacity

IN THE SPOTLIGHT

Overseeing board evaluations

Nominating/governance committees generally take the lead overseeing annual board evaluations, which boards are increasingly using to examine and improve their effectiveness. Annual assessments have become the norm for boards in many countries, with nearly all listed companies in Canada, France, the UK and the U.S. conducting some sort of assessment each year. Annual evaluations are also widespread in Italy and Spain and gaining attention in many Asia Pacific markets, where the issue of board effectiveness is moving up on the corporate governance agenda.

Done effectively, board evaluations provide a forum for directors to review and reinforce appropriate board and management roles, highlight best practices and ensure that problem areas or gaps are identified and addressed promptly.

Since board structures, governance issues and cultural norms differ by company and country, one size does not fit all when it comes to board assessments. To be most effective, a board assessment must be tailored to a company's current business context and unique circumstances.

An independent facilitator may be engaged by the board to assist with the annual evaluation. In some markets, boards are required to engage a third party to facilitate board evaluations. Many boards hire third-party facilitators periodically or as needed in response to changing board dynamics or emerging challenges.

In our experience, boards derive the highest value from a board assessment shaped by five key principles:

1. THE BOARD AGREES ON CLEAR OBJECTIVES FOR THE ASSESSMENT

A shared agreement among directors about the goals for the assessment encourages directors to commit to the process and provide the candid feedback essential to identifying and addressing potential roadblocks to board effectiveness.

For some boards, a “triggering event,” such as the arrival of a new CEO or a change in board leadership or composition, can shape the priorities and objectives of the assessment. For example, an assessment occurring during a CEO transition can help forge an understanding between the CEO and the board about expectations and accountabilities, clarify the respective roles of the board and CEO and ensure that time is spent early in the CEO’s tenure to consider whether changes are needed in the way the board is composed, structured or operates.

2. A BOARD LEADER IS RESPONSIBLE FOR DRIVING THE PROCESS

Essential to a successful evaluation is having an independent board leader champion the assessment process. The independent board chair, chair of the nominating/governance committee or the lead independent director is in a position to drive the process and involve the right people, ask for directors’ time, schedule time on the agenda to discuss the results and ensure that the board follows up on the issues that emerge.

The board leader driving the assessment process plays a significant role in managing expectations about the process, serves as an independent resource for directors and management to turn to with concerns and may deliver feedback to individual directors, if the board is not working with a third party to facilitate the process.

3. THE PROCESS INCORPORATES PERSPECTIVES BEYOND THOSE OF DIRECTORS, INCLUDING THOSE FROM SENIOR MANAGEMENT AND BEST PRACTICES FROM OUTSIDE THE COMPANY

One way the board can limit the value of a board assessment is to look only inwardly at its own effectiveness. An emerging best practice among U.S. boards, although still less common in European boards, is to seek input from the key senior management team members who interface with the board. Soliciting input from the executives who participate in most of the board meetings—such as the general counsel, the president, the chief financial officer and head of human resources—can broaden the perspectives on the board’s effectiveness in key areas, including board/management relations. As regular board observers, these executives often have very thoughtful feedback about what the board does well and what it could do better.

Board assessments also can be more valuable when boards benchmark themselves against other high performing boards in the same industry segment or against best practices in specific areas. For example, boards often want to know how they compare to peers in areas such as committee structure, compensation and mandatory retirement age. A third-party facilitator with significant experience in the boardroom and knowledge of governance guidelines

and regulations can provide perspectives on how the board compares to its peers or measures up to the evolving standards of corporate governance by providing an up-to-date perspective on best practices.

4. THE ASSESSMENT PROCESS GOES BEYOND COMPLIANCE ISSUES TO EXAMINE BOARD EFFECTIVENESS

Done well, the assessment process can reveal a variety of issues and obstacles to high-performing boardrooms. These range from easily addressed operational complaints about meeting length or the composition of the agenda, to larger, thornier issues concerning the board's role in strategic decision making, gaps in knowledge and competencies on the board, and executive and director succession planning. Corrective actions range as well—from improving the timeliness of board materials and reducing overly long agendas to making changes in the composition and, occasionally, the leadership of the board.

While many of the concerns that surface through evaluations focus on board procedures, they sometimes go to the important relationship between the board and management, which can vary depending on the size and development stage of the company, the international makeup of the board and the current state of the business. In Europe, many boards are also re-examining the board's involvement in areas such as succession planning and strategy planning, considering whether the board should be more involved earlier in the process, for example, to review the competitive assumptions shaping management's strategic plan.

5. DIRECTORS COMMIT TO REVIEWING THE RESULTS OF THE ASSESSMENT AND PREPARING AN ACTION PLAN FOR ADDRESSING ISSUES THAT EMERGED

Assessments can fall short when boards do not commit the time to review the results and address the issues that are raised. Some boards, for compliance reasons, begin an assessment process, but then spend little or no time discussing the findings. In addition to leaving issues unresolved, this lack of follow-up can generate cynicism about the process and the board leadership's commitment to improving effectiveness in the future. Boards have to be open to the results of the assessment and committed to dealing with the findings. This involves having an open discussion among the board members about performance issues that were raised and prioritizing items that should be addressed in the coming year. Follow-up is typically delegated to the nominating/governance committee, which develops an action plan based on the board's recommendations. The board reviews its progress as part of the following year's assessment.

Evaluations: Individual Director

Annual board evaluations are increasingly standard practice in boardrooms around the globe. And increasingly boards are retaining independent experts to assist with evaluations.

Despite the challenges, consensus is growing in support of conducting individual director assessments as part of the board effectiveness assessment—not to grade directors but to provide constructive feedback that can improve performance. High-performing boards expect directors to stay engaged and to contribute fully and are willing to address underperformance. They also create an environment that encourages individual directors to think critically about their contributions and the relevance of their skills to the company strategy.

The need for mechanisms, such as assessments, to provide feedback to directors is evident. PwC surveys have consistently found that significant percentages of directors believe one or more colleagues on the board should be replaced, citing reasons such as directors overstepping the boundaries of their oversight role, failing to challenge management or interacting in ways that negatively affects board dynamics.

The collegial nature of the boardroom, so vital to board effectiveness, can make peer assessments uncomfortable for directors. Because it can be difficult to share negative feedback about a fellow director, peer assessments may be avoided or can become compliance exercises that fail to address any elephants in the room.

Some boards use a formal individual director assessment or a peer assessment process. Others may implement a mentoring program for directors. Another approach is to have each director meet periodically with the chairman/lead director or nominating/governance committee chair.

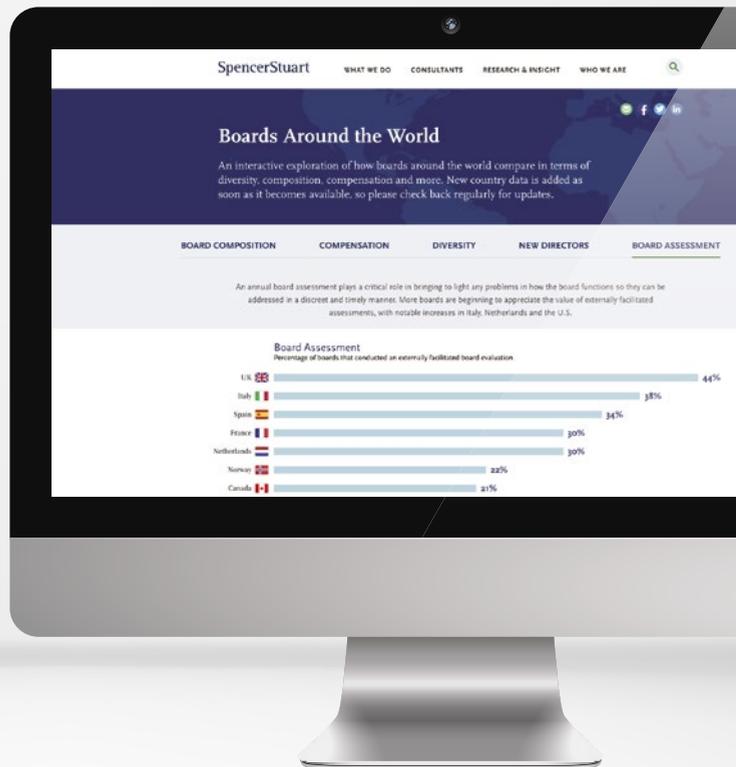
Board leadership plays a critical role in ensuring directors receive important feedback, since they frequently receive feedback on individual directors or observe behavior in meetings that can be improved. High-performing board chairs and lead directors will embrace this role.

This article is an extract from 'Nominating/Governance Committee: Oversight of Board Composition, Functions and Evaluations' by Corporate Board Member and Spencer Stuart (August 2019).

Boards Around the World

Spencer Stuart publishes Board Indexes covering more than 25 countries around the world. The majority of these Board Indexes are published annually, with a few appearing on alternate years.

We have compiled key data from all these countries into our **Boards Around the World** feature — an interactive data exploration tool.



Compare nationally aggregated data from leading companies from North and South America, Europe and Asia Pacific across a wide range of measures.

Our more detailed **International Comparison** data set, previously published in printed editions of our Board Indexes, is now available online only.

Visit spencerstuart.com/bgt for more details.

Our survey approach

The 2019 *Switzerland Spencer Stuart Board Index* is a survey of the Swiss Market Index (SMI), the 47 largest companies listed on SIX Swiss Exchange by market capitalisation, as of 30 April 2019. In line with last year's 2018 edition, the analysis includes both the SMI 20 and the SMI Mid indexes¹. Changes in the composition of our sample from last year include Novartis's Alcon spin-off moving into the SMI 20, replacing Julius Baer; the entry of Julius Baer to the SMI Mid in place of Arysza; and the admission of BB Biotech and VAT Group into the SMI Mid, replacing DKSH and Galenica.

We analysed board size and composition, committee structure, and director compensation for the 2018 financial year. Research was compiled from a combination of publicly available sources such as company annual reports and websites, minutes and agendas of general meetings, and from BoardEx.

Measured as of 31 May 2019:

- » Supervisory board composition
- » Management board composition
- » Representation of female and foreign directors
- » Independence
- » Tenure
- » Board commitments
- » Age

Measured as of 31 December 2018:

- » Board meetings
- » Board committee meetings
- » Board remuneration

¹ Companies that have listings in both indexes are counted in the SMI 20 only.

Board size and composition

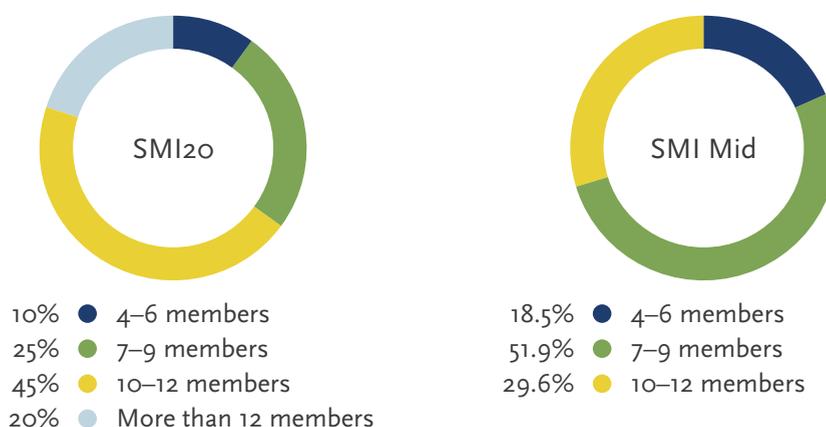
BOARD SIZE

The average number of directors on an SMI 20 board in 2019 is 10.8, rising from 10.4 in the previous year. The figure is notably smaller with respect to SMI Mid boards, which contain an average of 8.3 directors, a proportion unchanged from 2018.

BB Biotech, newly appointed to the SMI Mid in September 2018, operates the smallest board among the sample, with only four directors. Richemont's board remains the largest by a wide margin, adding one director in the course of the year to reach 20 directors.

Across the two SMI Indexes, a large majority of companies — 77% of the total sample — have boards composed of between seven to 12 directors. There are, however, sizeable differences between indices: 65% of company boards in the SMI 20 comprise 10 or more members, and 70% of company boards in the SMI Mid have nine members or fewer. No company board in the SMI Mid has more than 12 members, compared with the 20% of boards in the SMI 20 that do.

Board Size



THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

The number of companies in the SMI index whose CEOs also serve on the board increased from six to 10 in the past year: half of these companies belong to the SMI Mid and half to the SMI 20. However, only in one company — dormakaba Holding of the SMI Mid — does the chair of the board also hold a permanent position as CEO. In line with the Swiss Code of Best Practice for Corporate Governance, dormakaba has appointed a lead independent director to its board, ensuring effective control over the combined CEO and chair position. Although the boards of Clariant and ABB are currently led by executive chairs holding CEO responsibilities, they are doing so only on an interim basis and both are due to step down as executive chair and continue their tenures as non-executive chairs.²

VICE-CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

In both the SMI 20 and SMI Mid, 85% of companies hold a vice chair position on the board. Helvetia Holding is the only company among our sample with two vice chairs on the board. In addition, 17% of companies in the SMI Index have lead independent director roles on their boards; five of these companies belong to the SMI 20, and three to the SMI Mid. Among companies with lead independent director positions on their board, 88% of them have chairs who are deemed non-independent — highlighting the importance placed on the role as a counterbalance to a non-independent chair.

INDEPENDENCE

Across both indices, 87.2% of all board members in 2019 are deemed to be independent, marking a 5% increase from the previous year. Looking at the SMI 20 and SMI Mid indices separately, the figures show little variation at 88.4% and 86% respectively — although the former has increased by 6.2% since 2018, it is consistent with the figure from 2016. The proportion of independent directors is smaller with respect to chairs of the board, with only 61.7% being considered independent across the sample.

Swiss boards continue to lead independence in the boardroom. In France and Germany fewer than 70% of directors are independent; in Italy the proportion is slightly over half. Boards in the Netherlands and US sit just behind Switzerland, with 85% of directors considered independent.

Among our total sample, 64% of companies have boards comprised only of non-executive directors. Larger variations, however, are evident at the individual index level, with 70% of SMI 20 boards consisting solely of non-executive members, compared with only 52% in the SMI Mid.

² The chair of Clariant took over responsibility of the CEO as executive chair in July 2019, after our cut-off date.

Only 29 executive directors are found within our total sample, more than one-third of whom sit on the boards of Richemont and Partners Group.

WOMEN ON BOARDS

Women in 2019 hold 26% of seats across the boards of SMI 20 companies. While this marks only a marginal improvement from last year's 24%, long-term progress is evident, with female representation on boards — as a proportion of the total number of SMI 20 directors — having increased by 74% since 2014. Among SMI Mid companies, the percentage of board positions held by women is lower at 24.3%; however, that proportion does represent an improvement on the 21% recorded in 2018. Across the entire sample, women account for 25.2% of all director seats across both indices. Swiss boards lag behind in female representation, with boards in France, Germany, and Italy having more than 30% board seats held by women.

In this edition's reporting year, Doris Russi Schurter was appointed chair at Helvetia, joining Nayla Hayek of The Swatch Group to be the only women sitting as chairs on SMI boards³. Only three companies — Adecco in the SMI 20, and EMS-Chemie Holding and Flughafen Zürich in the SMI Mid — have women as vice chairs of the board. In addition, only two women in either index hold executive board positions: Sophie Guieysse at Richemont, and Magdalena Martullo-Blocher at EMS-Chemie — the latter being the only female chief executive in our sample.

A revision to the Swiss Code of Obligations, voted in by the federal parliament in June 2019, states that each gender must account for at least 30% of the board of directors, and 20% of the executive committee, following a vote passed by the National Council of Switzerland in June 2018. The quota applies to publicly listed companies with more than 250 employees. With respect to our sample, only 40% of boards in the SMI 20, and 26% of boards in the SMI Mid, currently meet the recommended 30% female representation threshold. One company — BB Biotech — does not have a single woman on its board. A further 15% of companies have only one female director. Although concerning, there have nonetheless been improvements from last year, when only 35% of boardrooms in the SMI 20, and 19% of those in the SMI Mid, achieved minimum 30% levels of gender diversity. Although failure to meet quotas will not incur fines or similar sanctions, companies concerned will be required to explain their failure and to set out plans to overcome it.

³ Logitech International appointed Wendy Becker as chair after our cut-off date.

FOREIGN DIRECTORS

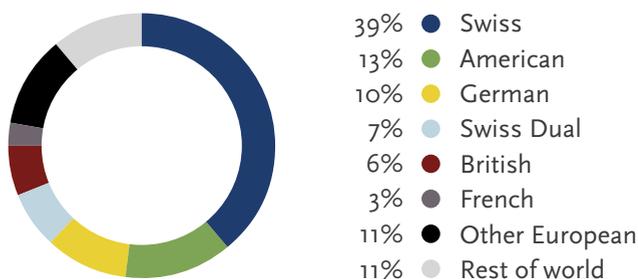
Boards in Switzerland remain highly diverse with respect to the nationalities of their directors — 53.8% of all board members in our sample come from outside the country. Looking at SMI 20 companies specifically, the proportion of foreign directors is especially high at 58.1%, which is largely consistent with figures from the past three years.

The proportion of chairs across both indices who are non-Swiss nationals is consistent with last year, at 32%. While the SMI Mid has seen increases in the percentage of boards led by foreign chairs — from 30% in 2018 to 33% in 2019 — the SMI 20 has instead seen a consistent long-term decline, from 11 foreign chairs in 2015 to only five in 2019.

Similar trends are found among SMI 20 companies with respect to the chief executive role, having decreased from 14 foreign CEOs in 2015 to only nine in 2019. In addition, the proportion of CEOs who are non-Swiss nationals among SMI Mid companies has also declined, from 52% in 2018 to 44% in 2019. Across both indices, 11 companies (23%) have non-Swiss nationals in both chair and CEO positions.

We have also analysed board composition in SMI companies by nationality. Note that in our data analysis, dual citizens are listed as a national of each respective country. To that end, the average number of nationalities on boards across both indices is 5.3 (up from 4.9 last year). Swiss nationals continue to make up the largest single group. However, some 31 individuals in the population are Swiss dual nationals. The distribution of national groups remains relatively stable, with US nationals comprising the next largest group, followed by Germans, British, and French.

Nationality of board directors in the SMI



The most internationally diverse boardrooms are found in ABB and LafargeHolcim in the SMI 20, and Temenos Group in the SMI Mid — each of which represents a total of 10 different nationalities. As with previous years, The Swatch Group remains the only company with a board composed solely of Swiss nationals. In addition, six companies — all part of the SMI Mid — have boards with representation from only one non-Swiss nationality: EMS-Chemie, Flughafen Zurich, Helvetia, Kuehne & Nagel International, PSP Swiss Property, and Swiss Prime Site.

AGE OF DIRECTORS

The average age of SMI non-executive directors (excluding chairs) in 2019 is 59.7 — almost identical to that of the previous year. The figures show little variation between company boards in the SMI Mid and SMI 20, at 59.8 and 59.6 respectively, with the latter having fallen from an average of 61.2 in the previous year.

Among SMI 20 companies, the youngest board sits at Swisscom, where the average age is 56.1; The Swatch Group has the oldest board, at an average age of 65.4. The youngest board in the SMI Mid is that of Dormakaba, with an average age of 54.7; the oldest, with an average age of 68.9, is found at Lindt & Sprüngli Group.

Chairs of companies across both indices average 63.8 years old. In the SMI 20, the youngest chair sits on the board of Roche Holding at 59 years old; the oldest chair is 73 and sits on the board of SGS, which unlike almost half the boardrooms in our sample does not enforce a mandatory retirement age (typically at 70). The youngest chair in the SMI Mid leads the board of Partners Group at 49 years old; the oldest, at 73, is at Lindt & Sprüngli.

LENGTH OF SERVICE

Across both SMI indexes, directors have an average board tenure of 6.4 years, a slight decrease from 6.6 years in 2018. In the SMI 20, if we exclude Alcon — a recent spin-off from Novartis that appointed all 10 of its board directors in the past year — the average increases to 6.5 years. For non-executives average tenure is 5.9 years, with some variation between the boards of companies in the SMI 20 (5.6) and those in the SMI Mid (6.1).⁴

The average board tenure of female non-executive directors is 3.5 years — significantly lower than the 6.8 years of their male counterparts.⁵

⁴ Figures exclude chairs and members of Alcon's board

⁵ Idem

In the SMI 20, The Swatch Group has on average the longest board tenure of non-executive directors at 12.6 years, having appointed only two new non-executive directors over the past nine years. The shortest is found at Swisscom with an average tenure of only 2.8 years. In the SMI Mid, non-executive directors at Kuehne & Nagel have the longest average board tenure at 16.1 years, with two directors having sat on the board for over 40 years. Furthermore, the board of GAM has the shortest average tenure at 1.3 years.

The average chair tenure of the entire sample is 10.9 years, slightly up over last year's 10.7 years. The average tenure of chairs on SMI 20 company boards is 10.1 years, of which 5.9 are spent as chairs. Companies in the SMI Mid index show similar figures, with chairs serving an average of 11.5 years on the board, with 5.8 years spent in the chair role.

At the senior management level in SMI companies, the average tenure for CEOs is 4.5 years — and is slightly longer among SMI 20 companies (4.8) than in SMI Mid companies (4.3). Across both indices in the 12-month period ending on 31 May 2019, six CEOs were newly appointed: at ABB, Alcon, and Richemont in the SMI 20, and at Clariant, GAM⁶, and Georg Fischer in the SMI Mid.

NEW DIRECTORS

In this year's edition of the Switzerland Spencer Stuart Board Index, we examine that portion of directors who were newly appointed to SMI boards in the 12 months prior to 31 May 2019.

In the past year, 68 directors were appointed to the boards of SMI companies, creating a 16.6% rate of refresh. Of these, 66 sit as non-executives. Taking each index separately, 33 non-executive directors were newly appointed to the boards of SMI 20 companies — an increase from the 28 and 19 new board member appointments that occurred in 2018 and 2017. The increase, however, is in part due to the recent addition to the SMI 20 of Novartis's Alcon spin-off, bringing with it 10 new board directors.

Boards of SMI Mid companies also saw 33 newly appointed non-executive directors recruited during the past 12 months. Given that the SMI Mid index has been included for analysis only in the past two editions of this Board Index, we do not have sufficient data to assess more long-term board trends among SMI Mid companies.

Among the 68 directors newly appointed to SMI boards, 63 — or 90% of the group — are deemed to be independent — and the figures in each respective SMI index are almost identical.

⁶ David Jacob was appointed as Interim Group CEO

In the SMI 20, 10 women were appointed as non-executives over the past year — accounting for only 30% of the total intake of non-executive directors into SMI 20 boardrooms. This highlights a significant break from the improving trends of previous years, where women represented 44%, 37%, 32% and 29% of all newly appointed directors to the SMI 20 in the years 2018, 2017, 2016 and 2015 respectively. Thus, while female representation on SMI 20 boards is at its highest level since this Board Index was first published six years ago — with women holding a total of 26% of seats in the boardroom — the intake of women into new board positions has slowed considerably in 2019.

Similar trends are found among the intake of women into board positions in SMI Mid companies, albeit to a smaller degree. Of the 33 non-executive directors newly appointed to SMI Mid boards in the year under review, 42% are women, a proportion that represents a decline on the 47% recorded in the preceding year. This decreasing trend comes even in the face of proposed corporate law reform which states that if one gender is represented by less than 30% on the board of a listed company, the company must disclose the reasons as well as the measures it is taking to correct the under-representation.

We have also analysed the intake of foreign directors in 2019. Non-Swiss nationals made up 64.7% of all 68 new director appointments into SMI boards, which is largely consistent with last year's figure of 64%. Thirty-three companies appointed at least one new director; among these, 14 appointed only foreign directors. At the individual index level, the proportion of newly appointed directors who are foreign has increased across SMI Mid boards from 45% in 2018 to 60% in 2019. However, among SMI 20 boards, the figure has fallen from 79% in 2018 to 66% in 2019. This sizeable drop is even more pronounced once we exclude board member appointments to the newly formed Alcon, a former US-based company with a large majority of American board members. This brings down the percentage of foreigners among newly appointed directors in 2019 to 64%.

FIRST-TIME NON-EXECUTIVE DIRECTORS

In addition to looking at new directors, we have analysed in more detail the first-time non-executives. In the past year, 29% of new non-executives were first-time directors. Almost three-quarters of first-time directors were appointed to SMI Mid boards. This group of directors had an average appointment age of 54.3 years, significantly lower than new directors in general, who averaged 56.2 years. Nearly half (42%) of this group are women and 79% are foreign nationals. Executive experience in the financial services sector makes up the largest sector background, held by 37% of first-time directors; experience of other sectors was more evenly distributed.

ADDED PERSPECTIVE

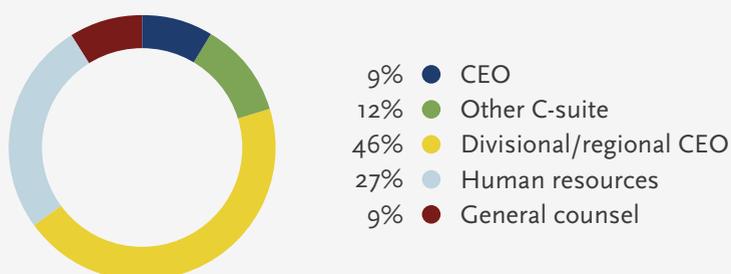
Gender diversity on the executive committee

The scarcity of female representation is even more pronounced at the senior management level, with only six companies in our sample having an executive committee composed of more than 20% women. Overall, just two companies satisfy the 30% gender diversity recommendations on both their boards and executive committees: GAM (SMI Mid) and Zurich Insurance (SMI 20). Both these companies also score highest regarding female representation on boards, at 57% and 46% respectively.

Women occupy only 8.6% of executive committee seats across the sample, less than half of the representation seen on ExCos in France or the UK. SMI 20 ExCos have slightly higher representation at 9.4%; their counterparts at SMI Mid companies held only 7.7% of positions. In total, 33 women occupied roles, up from 26 last year. All-male ExCos are still common, with nearly half the sample (47%) lacking a single female member on their ExCo.

There were 69 new ExCo members appointed in the past year, with 17% of these new members being female. Although the total sample is small, 55% of female ExCo members have P&L responsibility.

Executive experience of women on executive committees



Board governance

BOARD MEETINGS

SMI companies across both indices held an average of 8.2 meetings in 2018. However, in the SMI Mid if we exclude GAM — whose board reported having held 31 meetings in 2018 — the average falls to 7.7, close to the 2017 figure (7.6). With the inclusion of ad-hoc meetings and/or additional conference calls held in 2018, the total average (including GAM) increases to 10.2.

The boards of companies in the SMI 20 meet, on average, more frequently than those in the SMI Mid. In 2018 SMI 20 companies held on average 11.8 meetings, including conference calls and ad-hoc occasions, compared with an average of 8.3 across companies in the SMI Mid.

In the SMI 20, the board of directors at UBS — as in the three years prior — convened most frequently, holding 24 meetings in 2018. Both SGS and The Swatch Group met the least often, on only six occasions. In the SMI Mid 20, GAM held the most meetings at 31, and PSP Swiss Property and Kuehne & Nagel the least, both holding only four meetings over the year.

BOARD COMMITTEES

The average number of committees in SMI 20 boards is 3.6, while in SMI Mid companies the average is 3.2. While these figures show minor differences from the 2017 averages (3.7 and three respectively), this is most likely a result of changes in the composition of our company sample from the previous year. The number of board committees per company ranges between two and five, with all companies operating both an audit and remuneration committee.

Women in 2019 hold 17% of chair positions in the audit committees of SMI boards. There are though striking differences between indices, with women taking 35% of audit committee chair roles in SMI 20 companies, compared with just 3.7% among SMI Mid boards. However, women occupy a larger proportion of chair roles in the remuneration committees of boards in the SMI Mid than in the SMI 20, at 33% and 10% respectively. Due to the lack of female chairs in the sample, it is unsurprising that the greatest gender disparity is found in the nomination committee chair role, which is held by women only in 5.6% of SMI 20 companies and 11.5% of SMI Mid companies.

A further 22 committees operate across SMI boards, either as stand-alone committees or in combination with others; the most common concentrates on risk. Eight companies in the sample had a risk committee separate from the audit committee, with three of these companies designating the risk committee as a standalone body (as opposed to e.g. risk and investment).

Committees of SMI 20 boards

	Number of committees			
	2	3	4	5
SMI	15%	30%	40%	15%
SMIM	22%	44%	26%	7%

Audit committees in SMI boards held an average of 6.1 meetings in 2018. Among them, the Credit Suisse audit committee convened most frequently, with 18 meetings. Its counterparts at The Swatch Group, Richemont, and Flughafen Zurich met the least frequently, on only three occasions. Some 81% of company audit committees are stand-alone (up from 79% in 2017) — the remaining portion are combined with other committees, such as finance or risk.

Twenty-seven companies have stand-alone remuneration committees (down from 30 in 2017), and 17 combine it with a nomination committee. The average number of remuneration committee meetings in 2018 is 4.5. The Credit Suisse and UBS remuneration committees met the most frequently, on nine occasions each, and PSP Swiss Property met the least often, convening once over the full year.

BOARD EVALUATION

Twenty companies in our sample did not disclose their board assessment process in their annual report on corporate governance; the vast majority of which (18) are part of the SMI Mid. Among the companies that did disclose, 26 reported having carried out an internal board self-assessment. Only one company — Roche in the SMI 20 — had its board evaluation conducted by an external third-party in 2018. This is in stark contrast to neighbouring France, where nearly three-quarters of boards conduct an externally facilitated board evaluation

BOARD COMMITMENTS AND EXPERIENCE

In Switzerland just as in other parts of Europe, shareholders have expressed growing concern about overboarding. Likewise, there is concern about the time commitment for non-executive directors who have executive roles elsewhere.

The average number of listed company boards on which an SMI board director sits is two, a slight increase over the previous year. Among SMI Mid companies, director commitments remain stable at 1.8 on average, while SMI 20 directors hold 2.2 boards on average, up from 2.1 in 2018. Among chairs, the average number of boards has decreased by 13%, to 1.9 boards. Among SMI Mid chairs, the average fell to 1.6 from 1.9, while SMI 20 chairs dropped to 2.2 from 2.4 boards on average.

SGS and LafargeHolcim again have the highest number of additional board seats per director, this year at 2.6 each (down from 3.8 and 3.4, respectively). The Swatch Group has the smallest average in the sample, at 0.2 outside boards per director.

Going plural is becoming more common — this year fewer than half (48.1%) of directors held a full-time executive role in addition to their board seat. This marks a decrease from last year's figure of 53%. Among directors appointed in the past year, the proportion is slightly lower, with 44.1% of new directors holding a full-time job. These figures also vary significantly across the indices, with SMI 20 directors less likely to be current executives (36.7%) than their SMI Mid counterparts (58.2%).

Remuneration

Remuneration details⁷ for each company can be found in the company tables on pages 40–43.

In contrast to most European neighbours, the majority of SMI companies remunerate board directors, at least in part, with shares. In our sample, 33 companies remunerated directors with a mix of shares and cash. Thirteen companies paid cash only; one company remunerated in shares only⁸.

The average retainer fee for non-executive directors in the past year amounted to CHF 196 612⁹. This figure represents a 3.4% increase over the past year. However, for 72% of our sample, the retainer fee is unchanged from the previous year. Among SMI 20 companies the average retainer fee dropped by almost 0.6% to CHF 214 053, while in the SMI Mid it increased by 7.5% to CHF 182 659. As the majority of companies in our sample remunerate directors at least in part by shares, the average total payout is susceptible to changes in average share price. The average non-executive cash retainer decreased by 1.9% across the sample, while the average retainer paid in shares decreased by 1.4%.

Barry Callebaut, a constituent of the SMI Mid, again pays its board members the highest retainer fee — at CHF 409 645 the figure is unchanged from last year. At CHF 325 000, UBS pays the second-highest retainer fee for non-executives and the highest among SMI 20 constituents. Those companies paying the lowest retainer fees are also some of the smallest companies in our sample: ams¹⁰ (€65 000), PSP Swiss Property, and VAT Group (both CHF 75 000).

Retainer fees form the base and majority of a director's total pay in Switzerland. Nine companies disclosed the payment of an additional board meeting attendance fee¹¹, up from seven companies in last year's sample. The majority of companies in our sample also paid fees for committee membership. If all these elements are aggregated, the average total fee paid to non-executives is CHF 254 895. This is a 4% increase over the previous year. Among SMI 20 company boards, the average total non-executive fee increased by 1.6% to 321 475. SMI Mid companies saw an 8.3% average increase to CHF 208 043.

7 Social contributions are excluded from our analysis. Figures reported in currencies other than Swiss Francs are converted using the appropriate yearly average.

8 Except for the chair, who was remunerated in both cash and shares

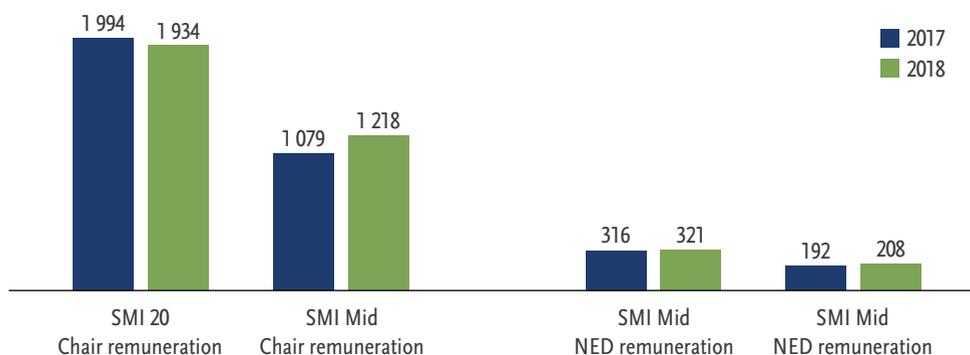
9 This figure excludes chairs and vice chairs

10 ams is an Austria-based company that remunerates in Euros

11 Four companies do not disclose the meeting attendance fee policy.

While the average total payout to non-executives increased over the past year, the range of payments has also increased. UBS continued to pay the highest average remuneration to non-executives¹² at CHF 671 875. At the other end of the spectrum, as already noted, ams paid the lowest average total fees, at €65 000. Compared with the previous year, the top end grew by 6.4%, while the bottom of the range is unchanged.

Director remuneration (CHF 000)



COMMITTEE REMUNERATION

The majority of SMI companies remunerate committee work. Only seven companies do not disclose remuneration or whether they remunerate committee work. The average compensation awarded to audit committee chairs in the SMI 20 is CHF 134 474, a 1.3% increase over the past year. In the SMI Mid, the average audit chair fee is CHF 43 459, roughly two-thirds lower than their SMI 20 peers. Among audit committee members, the average fee is CHF 42 643. SMI 20 audit members receive CHF 56 842 on average, compared with SMI Mid members who average CHF 25 781.

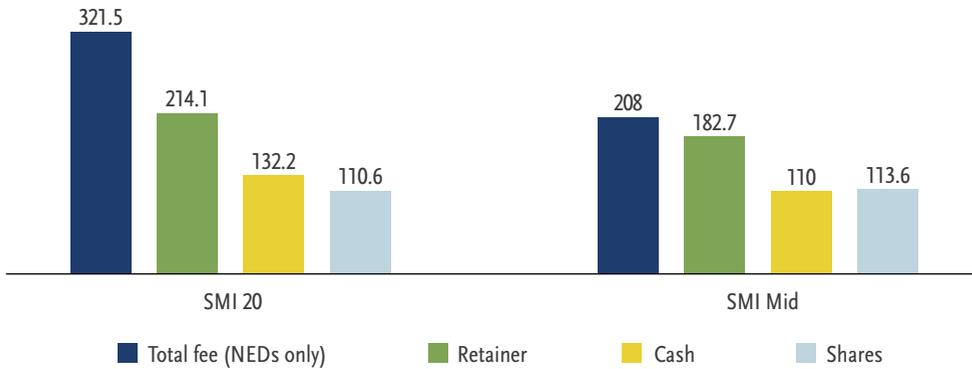
Remuneration committee chairs receive CHF 68 568 on average. SMI 20 committee chairs average CHF 99 474 — again, significantly higher than their SMI Mid peers, who average CHF 39 207. Remuneration committee membership averages CHF 33 929, with SMI 20 members at CHF 43 158 on average and SMI Mid members at CHF 22 969.

¹² Excluding chairs and vice chairs

Outside the core audit, remuneration and nomination committees, a further 16 companies paid those chairing other committees. Risk is the most common additional committee, and at an average CHF 246 000 the risk committee chair receives the highest average pay.

In addition to remuneration fees, we have continued to analyse the total board fees among SMI 20 companies. The average total board fee for this year was CHF 5 189 804, almost unchanged from the previous year. The average cost per board member was CHF 478 954. UBS again recorded the highest total board fee, at more than 13 million CHF. Among SMI 20 companies, The Swatch Group has the lowest total board fees, at just over one million CHF, while ams had the lowest overall total board fee at CHF 537 097.

Average fees and fee components (CHF 000)



Comparison Tables

Board composition

	SMI INDEX	TOTAL NUMBERS OF DIRECTORS	FOREIGN CHAIR	CHAIR GENDER	FOREIGN CEO	CEO GENDER	VICE CHAIR	SID/LEAD DIRECTOR	NATIONALITIES ON THE BOARD INCL. CHAIR	NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIR)				
										TOTAL	INDEPENDENT	FOREIGN	WOMEN	AVERAGE TENURE
ABB	SMI	11	No	Male	No	Male	1	0	10	10	10	8	2	4.4
Adecco Group	SMI	8	No	Male	Yes	Male	1	0	5	7	7	4	3	6.2
Alcon	SMI	10	Yes	Male	Yes	Male	0	0	3	8	8	5	3	0.1
Compagnie Financière Richemont	SMI	20	Yes	Male	No	Male	1	1	7	14	11	11	3	6.8
Credit Suisse Group	SMI	13	No	Male	Yes	Male	1	1	9	12	12	8	3	3.6
Geberit	SMI	6	No	Male	No	Male	1	0	3	5	5	1	2	4.7
Givaudan	SMI	7	No	Male	Yes	Male	1	0	5	6	5	2	2	5.9
LafargeHolcim	SMI	11	No	Male	Yes	Male	1	0	10	10	10	8	3	6.8
Lonza Group	SMI	9	No	Male	No	Male	1	0	7	8	8	5	3	5.0
Nestlé	SMI	14	No	Male	Yes	Male	1	1	9	12	12	9	4	3.9
Novartis	SMI	12	Yes	Male	Yes	Male	1	0	5	11	11	7	3	6.8
Roche Holding	SMI	12	No	Male	Yes	Male	1	0	9	10	10	7	3	9.0
SGS	SMI	11	No	Male	No	Male	0	0	8	10	10	6	1	7.4
Sika	SMI	8	No	Male	No	Male	0	0	5	7	7	3	1	7.1
Swiss Life Holding	SMI	12	No	Male	No	Male	1	0	6	11	10	3	2	6.7
Swiss Re	SMI	13	No	Male	No	Male	1	1	8	12	12	10	3	3.8
Swisscom	SMI	9	No	Male	No	Male	1	0	3	8	7	2	3	2.8
The Swatch Group	SMI	6	No	Female	No	Male	1	0	1	4	1	0	1	12.6
UBS Group	SMI	12	Yes	Male	No	Male	1	1	8	11	11	7	4	3.8
Zurich Insurance Group	SMI	11	Yes	Male	Yes	Male	1	0	6	10	10	7	5	3.3

- 1 Conducts an external assessment every three years
- 2 Internal evaluation every two years

Key to committees

A	Audit
CB	Convertible Bond
Ch	Chairman's
Cl	Client Oversight

Co	Compliance
CR	Corporate Responsibility
E	Emergency
F	Finance
G	Corporate Governance/ Governance

NON-EXECUTIVES APPOINTED 1 JUNE 2018 THROUGH 30 MAY 2019			DIRECTORSHIPS ON OTHER QUOTED BOARDS		EXECUTIVE COMMITTEE			BOARD MEETINGS SCHEDULED	EVALUATION IN 2018	BOARD EVALUATION	COMMITTEES/MEETINGS IN 2018
TOTAL	FOREIGN	WOMEN	CHAIR	ALL NON-EXECUTIVES (INCL CHAIR)	NUMBER OF MEMBERS	FOREIGN MEMBERS	FEMALE MEMBERS				
0	0	0	1	2.3	12	9	1	6	ND	F&A&Co6; R7; G&N7	
0	0	0	2	2.4	12	11	1	6	Internal	A10; R6; G&N7	
9	6	3	0	2.1	7	7	0	n/a	n/a	n/a	
0	0	0	2	1.6	8	7	1	5	Internal	A3; R3; N5; SS4	
2	1	0	1	1.8	12	8	3	7	Internal ¹	A18; R9; G&N9; Ri6	
1	0	1	2	2.0	7	3	0	4	Internal	A5; N&R4	
0	0	0	1	2.6	7	6	1	5	Internal	A5; R4; N&G2; I3	
3	3	2	2	3.6	9	8	1	5	Internal	A6; N&R&G4; HSaSu4	
0	0	0	2	2.2	4	1	0	5	Internal	A&Co6; N&R6; I&T5	
2	2	0	2	2.5	12	8	1	15	Internal	A4; R3; N&Su7; Ch&G10	
1	0	0	1	1.9	13	11	2	12	Internal	A&Co7; R7; G&N&CR3; R&D3; Ri4	
1	1	0	3	1.9	10	9	1	9	External	A5; R4; G&Su3; P&N9	
3	2	1	1	3.6	22	17	0	5	Internal	A5; N&R3; PC2	
3	2	0	1	1.8	8	3	1	15	Internal	A4; N&R6	
1	0	0	2	1.5	7	2	0	10	Internal	A7; R6; Ch&G9; Inv&Ri9	
0	0	0	0	1.7	13	7	0	17	Internal	A8; R6; Ch&G7; F&Ri6; Inv5	
2	0	1	1	1.9	7	1	0	12	Internal	A7; R3; N3; F4	
0	0	0	0	1.2	8	2	1	6	ND	A3; R2	
2	2	1	0	2.2	13	7	1	24	Internal	A17; R9; G&N8; CR6; Ri12	
3	2	1	0	2.2	11	9	4	5	Internal	A8; R5; G&N&Su5; Ri&Inv8	

HSaSu Health, Safety & Sustainability
I Innovation
Inv Investment
IO Investment Oversight
N Nomination
P Presidium

PA Public Affairs
PC Professional Conduct
R Remuneration/Compensation
R&D Research & Development
Ri Risk
S Strategy

Sc Scientific
SS Strategic Security
Su Sustainability
T Technology
VAT VATmotion

BOARD COMPOSITION

	SMI INDEX	TOTAL NUMBER OF DIRECTORS	FOREIGN CHAIR	CHAIR GENDER	FOREIGN CEO	CEO GENDER	VICE CHAIR	SID/LEAD DIRECTOR	NATIONALITIES ON THE BOARD INCL. CHAIR	NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIR)				
										TOTAL	INDEPENDENT	FOREIGN	WOMEN	AVERAGE TENURE
ams	SMIM	6	No	Male	Yes	Male	1	0	6	5	5	5	2	4.5
Baloise Group	SMIM	10	No	Male	Yes	Male	1	0	4	9	9	3	1	3.3
Barry Callebaut	SMIM	10	Yes	Male	Yes	Male	1	0	9	9	6	6	2	3.8
BB Biotech	SMIM	4	No	Male	n/a	#N/A	1	0	3	3	3	2	0	7.2
Clariant	SMIM	12	Yes	Male	Yes	Male	1	0	5	11	11	10	3	3.9
dormakaba Holding	SMIM	10	No	Male	No	Male	1	1	4	9	9	5	3	7.3
Dufry	SMIM	9	Yes	Male	Yes	Male	1	0	6	7	7	7	3	4.7
Ems-Chemie Holding	SMIM	5	No	Male	No	Female	0	0	2	3	3	1	0	3.8
Flughafen Zürich	SMIM	8	No	Male	No	Male	1	0	2	7	7	1	3	4.2
GAM Holding	SMIM	7	Yes	Male	Yes	Male	1	0	4	5	5	3	4	1.3
Georg Fischer	SMIM	9	No	Male	Yes	Male	1	0	5	8	7	4	2	7.8
Helvetia Holding	SMIM	10	No	Female	No	Male	2	0	2	9	7	0	2	4.5
Julius Baer Group	SMIM	10	No	Male	No	Male	1	0	6	9	9	5	3	4.6
Kühne + Nagel International	SMIM	8	No	Male	Yes	Male	1	0	2	7	6	4	1	16.1
Lindt & Sprüngli Group	SMIM	6	No	Male	No	Male	0	0	3	5	5	2	1	13.8
Logitech International	SMIM	11	Yes	Male	Yes	Male	0	1	6	9	9	7	3	3.8
OC Oerlikon	SMIM	7	Yes	Male	Yes	Male	1	0	8	6	6	4	1	3.0
Partners Group Holding	SMIM	9	No	Male	No	Male	1	1	5	5	5	5	2	4.3
PSP Swiss Property	SMIM	7	No	Male	No	Male	0	0	2	6	6	2	1	8.3
Schindler Holding	SMIM	11	Yes	Male	No	Male	1	0	3	8	7	1	2	15.2
Sonova Holding	SMIM	9	No	Male	Yes	Male	1	0	5	8	8	5	2	7.2
Straumann Holding	SMIM	8	No	Male	No	Male	1	0	3	7	7	1	2	9.9
Sunrise Communications Group	SMIM	8	No	Male	No	Male	1	0	7	7	7	5	2	2.8
Swiss Prime Site	SMIM	7	No	Male	No	Male	1	0	2	6	6	0	2	7.2
Temenos	SMIM	8	Yes	Male	No	Male	1	0	10	7	6	6	1	7.4
VAT Group	SMIM	6	Yes	Male	Yes	Male	1	0	3	5	4	2	1	3.0
Vifor Pharma	SMIM	7	No	Male	Yes	Male	1	0	6	6	5	2	2	2.7

- 1 Conducts an external assessment every three years
- 2 Internal evaluation every two years

Key to committees
 A Audit
 CB Convertible Bond
 Ch Chairman's
 Cl Client Oversight

Co Compliance
 CR Corporate Responsibility
 E Emergency
 F Finance
 G Corporate Governance/
 Governance

NON-EXECUTIVES APPOINTED 1 JUNE 2018 THROUGH 30 MAY 2019			DIRECTORSHIPS ON OTHER QUOTED BOARDS		EXECUTIVE COMMITTEE			BOARD MEETINGS SCHEDULED	BOARD EVALUATION IN 2018	COMMITTEES/MEETINGS IN 2018
TOTAL	FOREIGN	WOMEN	CHAIR	ALL NON-EXECUTIVES (INCL CHAIR)	NUMBER OF MEMBERS	FOREIGN MEMBERS	FEMALE MEMBERS			
2	2	2	0	1.8	4	3	0	6	ND	A5; R7; N1; CB0; T3
2	0	0	0	1.7	6	2	0	5	Internal ²	A&Ri4; R2; Ch6; Inv3
3	2	2	0	1.8	9	8	1	6	ND	A&F&Ri6; N&R5
1	0	0	0	1.5	5	2	1	11	ND	2: A4; N&R2
4	4	0	0	2.5	4	4	0	7	ND	A7; R3; N3; T&I4
1	1	0	2	1.4	9	7	0	8	ND	A5; R5; N3
1	1	0	2	1.6	10	7	0	7	ND	A6; R4; N2
1	0	0	0	1.8	4	0	1	10	ND	A7; R5
0	0	0	0	1.8	5	0	0	9	ND	A&Fi3; N&R2; PA2
3	2	3	1	1.3	13	11	3	31	Internal	A7; R8; G&N5
1	1	0	0	1.9	5	4	0	6	Internal	A7; R5; N3
0	0	0	2	1.8	11	1	0	6	ND	A5; N&R5; Inv&Ri4; S&G3
3	1	2	0	1.9	6	0	1	7	Internal	A8; R6; N6; G&Ri11
1	0	0	0	1.9	8	8	0	4	ND	A5; N&R3; Ch7
0	0	0	1	1.4	6	1	0	4	ND	A4; N&R3; Su1
1	1	1	1	1.8	3	3	0	5	Internal	A9; R7; N3; T&I2
2	1	1	0	2.0	4	3	1	9	ND	A&Fi6; N&R3; S3
1	1	0	0	1.6	6	0	1	5	ND	Ri&A4; N&R2; Ci7; IO2; S6
0	0	0	1	2.0	3	0	0	4	ND	A4; R1; N1
0	0	0	1	2.5	12	9	0	7	ND	A4; R7; N7
1	0	0	2	2.3	9	6	1	6	Internal	A4; N&R4
1	1	0	1	2.3	12	8	1	7	ND	A5; N&R7
1	1	0	0	2.1	8	4	1	8	Internal	A6; N&R5
1	0	1	1	1.9	6	0	0	5	ND	A7; N&R5; Inv8
0	0	0	0	1.3	6	5	1	8	Internal	A4; R3; N1
0	0	0	0	1.7	2	1	0	5	ND	A8; N&R4; T3; VAT5
2	2	2	1	1.7	7	4	1	7	Internal	A&Ri9; R4; G&N2; Sc2

HSaSu Health, Safety & Sustainability
I Innovation
Inv Investment
IO Investment Oversight
N Nomination
P Presidium

PA Public Affairs
PC Professional Conduct
R Remuneration/Compensation
R&D Research & Development
Ri Risk
S Strategy

Sc Scientific
SS Strategic Security
Su Sustainability
T Technology
VAT VATmotion

Board remuneration

	SMI INDEX	COMPENSATION TYPE	RETAINER FEE ¹		BOARD MEETING ATTENDANCE FEE
			CHAIR	NON-EXECUTIVES	
ABB	SMI	Cash & shares ⁷	1 200	290	n/a
Adecco Group	SMI	Cash & shares	1 460	83.3	n/a
Alcon	SMI	Cash & shares	950	200	n/a
Compagnie Financière Richemont	SMI	Cash	1 350	100	25
Credit Suisse Group	SMI	Cash & shares	4 500	250	n/a
Geberit	SMI	Shares ⁸	885	190	n/a
Givaudan	SMI	Cash & shares	980	245	n/a
LafargeHolcim	SMI	Cash & shares	1 650	200 ³	n/a
Lonza Group	SMI	Cash & shares	600	200	n/a
Nestlé	SMI	Cash & shares	3 465.7	280	n/a
Novartis	SMI	Cash & shares	3 800	280	n/a
Roche Holding	SMI	Cash ⁸	3 500	300	n/a
SGS	SMI	Cash	300 ²	150	n/a
Sika	SMI	Cash & shares	1 115.9	200	n/a
Swiss Life Holding	SMI	Cash & shares	1 200.5	140.5	n/a
Swiss Re	SMI	Cash & shares	3 800	225	n/a
Swisscom	SMI	Cash & shares	365	110	1 100 / 650 ⁵
The Swatch Group	SMI	Cash	180.3 ³	105.6	n/a
UBS Group	SMI	Cash & shares ⁷	5 700	325	n/a
Zurich Insurance Group	SMI	Cash & shares	1 500 ²	234.9	n/a

1 Conducts an external assessment every three years

2 Chair did not serve full year

3 Includes expense allowance

4 Cash portion of retainer fee not disclosed

5 Full day / half day meeting

6 No additional compensation paid to Chairman for committee Chair positions

7 Directors can option to be paid 100% in shares

8 Chairman compensated in both cash and shares

9 Excludes Chairman secretarial allowance of CHF 60000

COMMITTEE CHAIR	COMMITTEE FEES		TOTAL FEE	
		MEMBERS	TOTAL BOARD FEE	TOTAL COST PER BOARD MEMBER ¹⁰
FACo 110; G&N R 60	FACo 40; G&N R 30	4 505 000	419 070	
A 200; G&N R T 150	A G&N R T 50	4 247 500	530 938	
A&Ri 70; R&G&N 50	A&Ri 35; R&G&N 25	n/a	n/a	
A 20; R SS 15	A 15; R SS 10 ¹⁶	6 159 926	473 840	
A 480; R 300; Ri 400	A 150; G&N 50; R Ri 100 ⁶	10 163 333	791 948	
All 45	All 30	2 190 000	365 000	
A 55; I N&G R 40	All 25	2 830 110	404 301	
A 160; HSaSu125	All 40	4 666 250 ³⁹	437 461	
All 80	All 40	2 433 185	243 319	
Ch&G 300; A N&Su R 150	Ch&G 200; A 100; N&Su R 70	8 300 395	638 492	
A&Co 130; R 90; G&N&CR R&D Ri 70	A&Co 70; G&N&CR R R&D Ri 40	8 160 003	680 000	
All 60	All 30	7 518 390	626 533	
All 30	All 30 ¹⁶	1 885 000	196 696	
All 50	All 30	2 411 520	307 854	
ND	ND	3 072 518	281 452	
A 425; Fi&Ri 300 Inv 300; R 200	All 50	9 506 000	745 569	
A 50; F R 20	A F R 10	2 152 000	241 346	
A R 20	A R 20	1 022 647	170 441	
A R 300; Ri 400	A Ri 200; G&N R 100; CR 50	13 125 000	1 093 750	
A 80; R Ri&Inv G&N&Su 60	All 60	4 257 500	452 124	

10 Total board cost divided by number of directors paid in 2017, pro-rata where applicable

11 Internal evaluation every two years

12 Executive Chair

13 Only Chairman receives compensation partly in shares

14 Only Executive Directors receive compensation partly in shares

15 Received for each additional meeting attended after having attended six, or if travelling from abroad

16 Per meeting fee

BOARD REMUNERATION

	SMI INDEX	COMPENSATION TYPE	RETAINER FEE ¹		BOARD MEETING ATTENDANCE FEE
			CHAIR	NON-EXECUTIVES	
ams	SMIM	Cash	€105	€65	n/a
Baloise Group	SMIM	Cash & shares	1 320	125	n/a
Barry Callebaut	SMIM	Cash & shares	1 260.1	409.6	n/a
BB Biotech	SMIM	Cash	360	250	n/a
Clariant	SMIM	Cash & shares	750	250	n/a
dormakaba Holding	SMIM	Cash & shares	570	170	n/a
Dufry	SMIM	Cash	2 010.5	250	n/a
Erms-Chemie Holding	SMIM	Cash	242	ND	ND
Flughafen Zürich	SMIM	Cash	225	85	2.5
GAM Holding	SMIM	Cash & shares	600	200	n/a
Georg Fischer	SMIM	Cash & shares	506	269	n/a
Helvetia Holding	SMIM	Cash & shares	ND	ND	n/a
Julius Baer Group	SMIM	Cash & shares	1 000	210	n/a
Kühne + Nagel International	SMIM	Cash	1 200	180	n/a
Lindt & Sprüngli Group	SMIM	Cash ¹³	4 000 ¹²	145	n/a
Logitech International	SMIM	Cash & shares	500 ¹²	225	n/a
OC Oerlikon	SMIM	Cash & shares	555	200	n/a
Partners Group Holding	SMIM	Cash & shares	500 ¹²	150	n/a
PSP Swiss Property	SMIM	Cash & shares	160	75	g ¹⁵
Schindler Holding	SMIM	Cash ¹⁴	400	200	n/a
Sonova Holding	SMIM	Cash & shares	900	300	0.5
Straumann Holding	SMIM	Cash & shares	700	200	n/a
Sunrise Communications Group	SMIM	Cash & shares	300	100	n/a
Swiss Prime Site	SMIM	Cash & shares	350	180	n/a
Temenos	SMIM	Cash	\$1 368.4	\$105	n/a
VAT Group	SMIM	Cash & shares	200	75	n/a
Vifor Pharma	SMIM	Cash & shares ⁷	3 670	140	n/a

1 Conducts an external assessment every three years

2 Chair did not serve full year

3 Includes expense allowance

4 Cash portion of retainer fee not disclosed

5 Full day / half day meeting

6 No additional compensation paid to Chairman for committee Chair positions

7 Directors can option to be paid 100% in shares

8 Chairman compensated in both cash and shares

9 Excludes Chairman secretarial allowance of CHF 60000

COMMITTEE CHAIR	COMMITTEE FEES		TOTAL FEE	
		MEMBERS	TOTAL BOARD FEE	TOTAL COST PER BOARD MEMBER ¹⁰
n/a		n/a	€465 000	€77 500
All 70		All 50	3 309 495	330 950
All 40		All 25	4 614 799	559 370
All 15		All 10	910 000	303 333
A 80; N R 50		A 40; N R 30	3 222 499	339 210
A 60; N R 45		A 15; N R 10	2 432 600	243 260
All 50		All 50	7 178 000	1 001 581
ND		ND	600 000	135 849
A&Fi 20; N&R 25		ND ¹⁶	1 037 421	129 678
A 60; G&N 20; R 40		A 30; G&N 10; R 20	2 015 366	302 305
A 80; N R 40		A 30; N R 20	2 339 000	259 889
ND		ND	2 685 734	259 910
ND		ND	3 463 000	346 300
A 15; N&R 10		A 15; N&R 10	3 670 000	407 778
None		None	4 725 000	787 500
A R 40; N T&I 11		A 20; R 15; N T&I 5	\$2 304 154	\$244 689
All 50		All 30	1 921 000	320 167
All 50		None	7 739 000	773 900
None		None	672 000	96 000
R 50		A R 40	9 646 000	742 000
A 25; N&R 15		All 7.5	2 965 538	332 584
All 50		None	2 100 000	300 000
A 60; N&R 50		All 30	1 293 000	161 625
A 10		None	1 252 000	220 941
A R \$40		None	\$2 192 542	\$274 068
A N&R VAT 25; T 15		A N&R T 10; VAT 15	759 000	126 500
A&Ri R Sc 30		All 10	5 032 000	629 000

10 Total board cost divided by number of directors paid in 2017, pro-rata where applicable

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16 Per meeting fee

Spencer Stuart in Switzerland

If you would like to discuss any of the issues raised in the 2019 Switzerland Spencer Stuart Board Index, or if you have any leadership needs, please feel free to contact a Spencer Stuart consultant:

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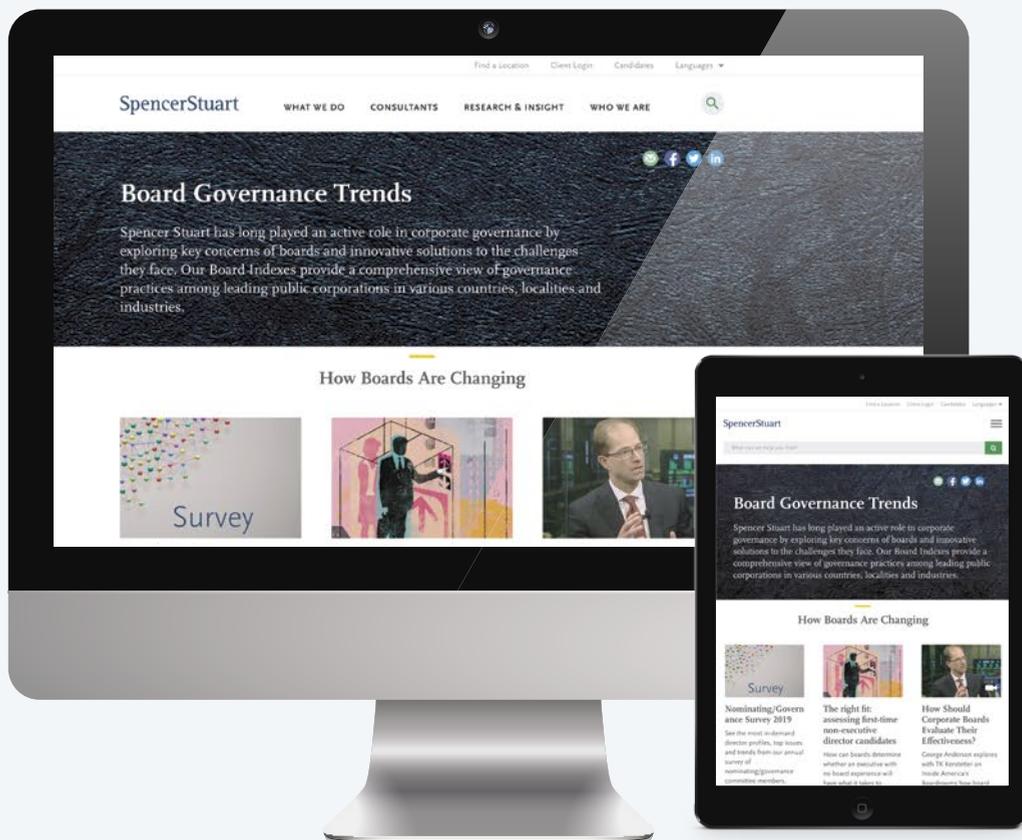
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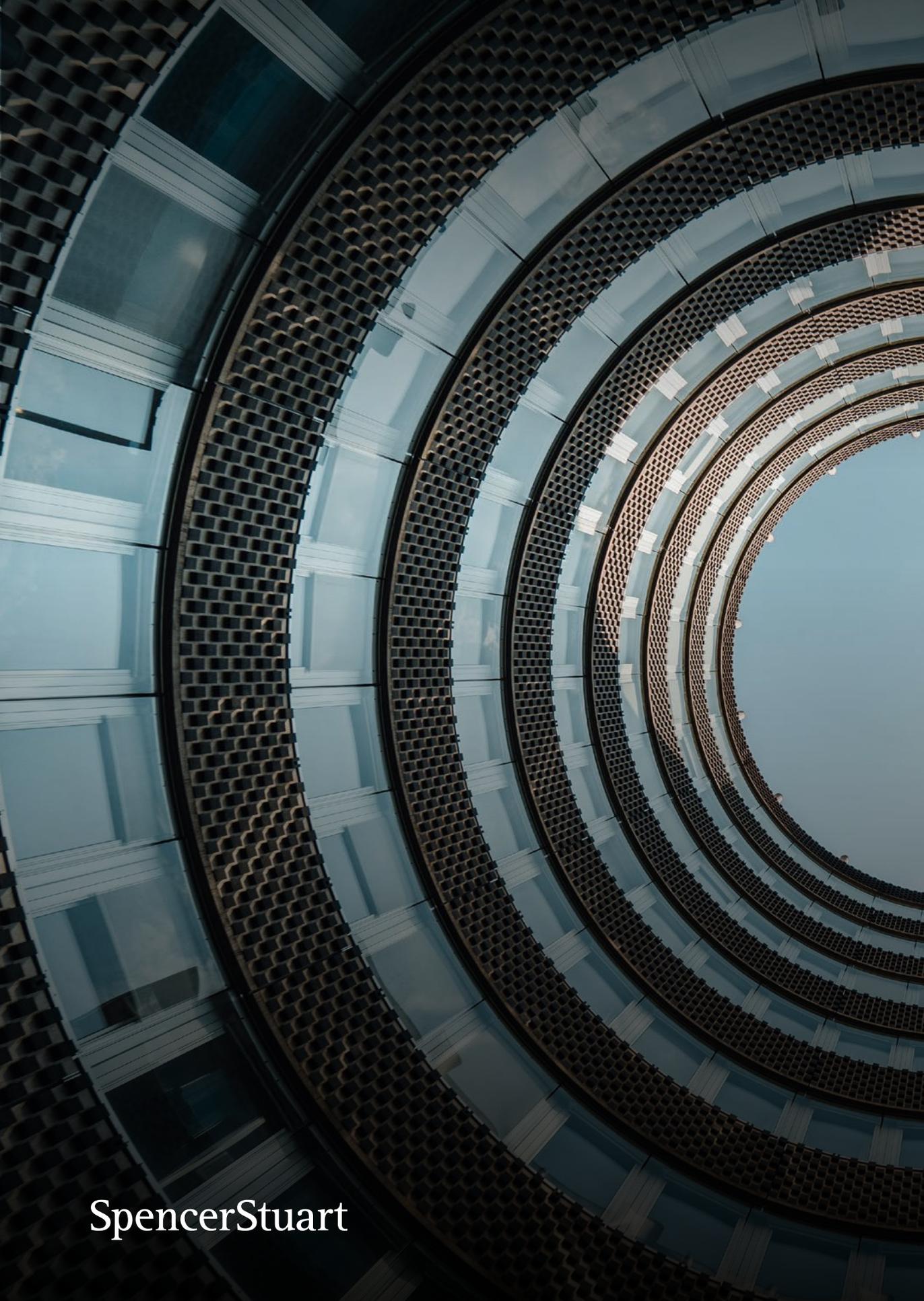
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