



SpencerStuart

2017

Switzerland  
Board Index

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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 30 years ago in the US, there are now editions in 21 countries around the world, including 11 in Europe.

This is the fifth edition of the Switzerland Board Index focusing on the twenty companies that comprise the Swiss Market Index (SMI). Our analysis of the SMI is based on data available for the most recent fiscal year.

Our purpose is to provide business leaders with a snapshot of current practice on Swiss boards. In addition to data on each SMI company board, we publish a detailed chart showing how the SMI 20 compare with leading companies in other European markets and in the US on a range of key governance measures.

We are grateful to Alexandre Zeller for his essay “Transitioning from an executive function to a non-executive board role — a personal view”, which addresses the key questions that arise when considering taking on a board directorship for the first time.

We hope that you will find the 2017 Switzerland Board Index an interesting read. We welcome your feedback and the opportunity to discuss any of the issues that arise from our research.

Dr. J. Maurice Zufferey  
Spencer Stuart Switzerland

# Highlights

84%

The proportion of SMI board directors who are independent

## INDEPENDENCE

The percentage of board directors who are deemed to be independent on SMI 20 company boards is now 84%, a slight decrease from 88% in 2016. This rate of independence remains the highest in Europe, boards in Netherlands and Finland are following close behind. See page 12.

22.2%

The proportion of board members who are women

## WOMEN ON BOARDS

The number of board seats held by women has risen every year since our first edition in 2013, however the rate of increase has slowed from 19% in 2015 to just 6% in 2017. At the current rate of increase it would take until 2023 for women to hold 30% of board seats. The SMI still has just one female chairman and there are no female CEOs. Of the non-executive directors appointed during the previous 12 months, one-third are women. See page 12.

61%

The proportion of non-executive board directors who are non-Swiss nationals

## FOREIGN DIRECTORS

Although the number of foreign board directors in SMI companies has remained relatively static over the past five years it remains the highest in Europe. This situation is likely to continue, since foreign directors accounted for 68% of new directors appointed to SMI 20 boards in the past year. However, during that time there has been a reduction of 27% in the number of foreigners holding chairman roles in Switzerland. See page 13.

**CHF 215'188**  
**(€197,458)**

The average retainer fee for  
SMI directors

**15%**

The percentage of SMI  
companies that  
underwent an externally  
facilitated board evaluation

**17**

The number of women on  
the executive committees  
of SMI companies — out of  
203 executives

## **DIRECTOR REMUNERATION**

The average retainer fee for non-executive directors is almost identical to last year. Remuneration structure varies among SMI companies, but of those who pay in cash and shares the average retainer fee offered in cash is CHF 136'198, while the average share payment is CHF 116'581. When committee membership and meeting attendance fees are included, total non-executive director remuneration paid in 2016 decreased by 4.6% year on year. Conversely, total pay for chairmen increased by 4.4% in 2016. SMI company directors are once again the highest paid compared with their peers on the boards of other European countries. Only Switzerland and Russia pay an average retainer to non-executive directors over €100,000. See page 21.

## **BOARD PERFORMANCE REVIEW**

The number of companies who carried out an externally-facilitated board evaluation has increased from 5% in 2015 to 15% in 2016. 30% of the companies in the SMI do not disclose whether their board has undergone an evaluation, an area of disclosure that has not improved since our previous analysis when 20% of companies provided no information.

## **WOMEN IN SENIOR MANAGEMENT**

The number of women who hold executive committee ('ExCo') roles in SMI companies has grown from eight in 2014 to 17 in 2017. While this is an increase of 113%, the proportion of women on ExCos is just 8.4%. In the past year, 14.3% of new appointments to the ExCo were female. Despite this improvement, Switzerland still languishes below other European countries in our analysis, just above Turkey (8.9%). By contrast, Sweden and Norway lead the way with almost a quarter of all ExCo positions held by women. There are only three female ExCo members with Swiss nationality. Of the remaining female ExCo members, 93% are either American, British or French. When looking at male ExCo members, 35% are Swiss nationals. See page 18.

# Transitioning from an executive function to a non-executive board role — a personal view

by Alexandre Zeller

You may be a seasoned executive or a CEO in your sixties, your fifties or even your forties. After many years with the organisation, you may begin to reflect on your career and ask yourself whether it is time to transition from an executive function to a non-executive role on the board of directors — allowing you to put your expertise to optimal use in a different context.

You may have heard colleagues talking enthusiastically about their own experience of taking a seat on the board of a renowned company. This may prompt you to think about your skill set and the contribution you could make to your existing firm or to another company as a member of its board. If such thoughts have crossed your mind, there are a few questions you should consider before taking this important and often irreversible step.

## Am I prepared for the transition from an executive function to a board role?

This first question is key. When performing a role at executive board level, you have the power to drive the business forward together with your management team and to either influence or make operational decisions that have a material impact on your division or function. A prominent executive position also empowers you in your relationship with stakeholders and you reap further rewards, such as attractive compensation and benefits.

If you decide to take a seat on a board of directors, the very essence of your role will change. You should therefore determine whether you can accept certain fundamental changes, such as no longer taking unilateral decisions. Instead, an ability to work constructively with others and to reach a consensus is paramount.

Another material change is the pace at which you will work. Being a board member is a demanding occupation — but unlike executives who perform their role on a daily basis, boards reach their decisions at a limited number of meetings each year. Board members have to grow accustomed to requesting the information they deem necessary, since they



don't receive updates on a daily basis and the data they are given to prepare for meetings is often in condensed form. Of course, outside of those meetings board members have time to reflect on relevant topics at greater length; they are also required to promote the company's best interests at all times.

Being a board member also offers compelling advantages. You become more independent and are no longer faced with continuous operational pressures. You can devote more time to the detailed analysis of topics that fall within the board's remit. And you can draw on your professional experience and offer valuable insights — whether you are sharing deep industry knowledge and your understanding of a specific business model or function, or offering a fresh perspective when joining the board of a company in another sector. Critical analysis, sound judgment and wisdom are equally important when it comes to reaching crucial and sometimes challenging decisions on the company's future strategic direction, organisational structure or key management appointments, to name just a few examples. Depending on your experience and expertise, you may also serve as a valuable sparring partner to the chairman and CEO.

Against this backdrop, the next questions you must ask are: Will I be satisfied in a new role where I have less direct influence over business operations but a more strategic function? Will I be comfortable in a role with less visibility both within and outside the organisation?

Having weighed up these different factors, you may well reach the conclusion that you are interested in transitioning to a board role and have the requisite qualifications. The next issue to address is whether you are at the right stage in life to take this step.

## At what age should I take this decision?

Historically, board roles tended to be assumed by retired executives as a means of remaining 'in the establishment' — with the result that a board of directors was sometimes labelled 'the graveyard for executives'. However, the situation is very different today and prospective board members have to meet much stricter eligibility criteria. They are now more accountable to shareholders and, in the case of highly regulated industries, towards regulators.

While the focus on experience usually results in older candidates being appointed to company boards, younger individuals usually bring a different — and very valuable — skill set, such as knowledge of innovation in the fintech world. It is not uncommon to see young Silicon Valley experts sitting on the boards of directors of large companies. Despite this, the average age of board members remains quite high. In Switzerland, for example, the average age of board members at SMI companies is 61.1 years.

## How can I ensure I am ready for a board role?

If you have the right mindset and qualifications and have concluded that you are at the right stage in your career, the next question you should ask is: What measures can I take to ensure I am ideally prepared for a future role as a board member?

The first option — which I personally recommend — is to obtain your first board mandate while still serving in an executive position. Some firms encourage executives to join the board of another company on the understanding that they will gain valuable experience and better understand the role and the functioning of their own board. In doing so, executives must strike a careful balance between devoting time and energy to their new board role and continuing to exercise their demanding core function.

Having had the opportunity to sit on a board while serving as CEO of a company, I believe that the benefits far outweigh the disadvantages. This approach helped me to gain a thorough understanding of the purpose of the board and how it works, to benchmark key positions (such as the role of CFO or head of HR) and to develop my network of contacts outside the company.

Another option is to attend an executive course at a leading institution such as Harvard, INSEAD or IMD, where you can examine ‘real-life’ case studies, meet colleagues who share the same aspirations and learn methodologies that may be helpful in your future role. You should not, however, expect this course of study to immediately open the door to board mandates. My experience has shown that while boards seeking to appoint a new director value an academic education, they will place much greater emphasis on the individual’s professional track record and personality.

You can also prepare for a new board role through mentoring — an approach that I have also experienced first-hand. This involves regularly spending time with an experienced board member or chairman. It is a privilege and very enriching to work with people who have a long experience of serving on a board of directors — especially in a different country, as this provides a key insight into different governance approaches. At the same time, it is important to recognise that each board is different, depending on a range of factors, such as: the industry concerned and its degree of regulation; whether the company is listed; the country where it is domiciled; the personality of the chairman and CEO; and the background and experience of its members.

## How can I secure a board mandate?

That brings us to the search for a mandate. The practice surrounding the appointment of new board members differs significantly from country to country and between regions. In the English-speaking world, specialised advisory firms such as Spencer Stuart support chairmen who are looking to expand or renew their boards. In my experience, chairmen in Continental Europe and Asia tend to reach out directly to potential candidates, either based on referrals from people they know and trust or through their own personal networks.

It can be frustrating to see demanding board roles entrusted to individuals without there being any professional evaluation of their suitability for that position. However, it is equally important to understand that chairmen want to work with individuals who are compatible with the board's existing culture and with the personalities of its other members; selecting a candidate based solely on a skills-oriented assessment could disrupt the group dynamic. In reality, a combination of both is probably the optimal solution.

My advice to anyone looking for their first board mandate is: be extremely careful about your choice. It is important to have the courage to say no to a first offer if you think that it is not in line with your expectations.

## How important is the personality of the chairman?

If you are being considered for a board position, you should focus a lot of attention on evaluating the personality of the chairman. The chairman must have the ability to get strong characters to work well together and maintain a positive board dynamic. Equally, the chairman must be able to promote a lively and inclusive debate in which the views of different members are heard and evaluated before reaching a consensus. The chairman must be skilled at building a constructive relationship with the CEO, challenging the CEO's actions without curbing his or her executive powers. And finally, the chairman must be the kind of inspirational and highly respected leader who can promote the company's image to the outside world, show a healthy degree of humility towards its stakeholders, and have the courage to take tough decisions when necessary.

Of all the qualities listed above, I believe that the chairman's ability to engage in a constructive and challenging relationship with the CEO is by far the most important. It is essential for the chairman and the CEO to respect each other and have a relationship where the chairman can challenge the CEO outside of the boardroom and ensure a constant dialogue between the board and the CEO.

In conclusion, the transition from an executive function to a non-executive board role requires detailed consideration and planning. Provided you manage the transition carefully, you are surrounded by competent fellow board members and are led by an exceptional chairman who fosters high-quality, inclusive discussions within the board, you should find your future role both enjoyable and fulfilling.

**Alexandre Zeller** is Member of the Board of Credit Suisse Group and Chairman of the Board of Credit Suisse (Switzerland) Ltd. He also serves on the Board of Maus Frères S.A. and Kudelski S.A. He was also Chairman of the Board of SIX Group Ltd., owner of the Swiss Stock Exchange, between 2013 and 2016.

## Four-year trends 2013 — 2017

For our fifth edition of the Switzerland Board Index, we have highlighted in the table below some trends across some of the key metrics. Figures followed by an asterisk (\*) denote data from 2014, when we expanded our analysis.

	2017	2013	5-year change	Comments
<b>Board Composition</b>				
Board Size	10.6	10.8	-2%	Board size has remained stable
Executive directors	3.3%	4.2%	-21%	Executive directors constitute a lower percentage of boards
CEO member of board	20%	33%	-39%	CEOs are less likely to serve on boards
Independent directors	84%	86%	-2%	Swiss boards remain the most independent in Europe
Scheduled board meetings	8.5	7.3	16%	Boards are meeting more frequently
<b>Women Directors</b>				
Female chairmen	5%	5%	-	Only one chairman is female
Female CEO	0%	0%	-	No female CEOs have been appointed in the last five years
Companies with at least one female director	95%	95%	-	There is one all-male board
Female directors	22%	15%	47%	Female representation on boards is still among the lowest in Europe
<b>Foreign Directors</b>				
Foreign chairmen	43%	50%	-14%	Chairman are now more likely to be Swiss
Foreign directors	59%	59%	-	Swiss boards remain the most internationally diverse in Europe
Nationalities per board	6	5.8	3%	The number of nationalities on Swiss boards remains stable
<b>New Directors</b>				
New directors	9.9%	10.6%	-7%	The rate of director renewal has decreased slightly
New female directors	33.3%	34.8%	-4%	Women continue to make up one-third of all new directors
New foreign directors	71.4%	65.2%	10%	More newly appointed directors are foreign
<b>Age</b>				
Average age of non-executives	61	60.4	1%	The age profile of the board has not changed significantly
Average age of chairmen	63	62.9	-	
Average age of CEOs	54.3	54.4	-	

	2017	2013	5-year change	Comments
<b>Tenure</b>				
Average tenure of all directors	6.8	6.4	6%	Directors are serving slightly longer terms
Average tenure of chairmen	5.5	6	-8%	Chairman tenure has shortened slightly
Average tenure for CEOs	5.1	6.4	-20%	The average tenure of current CEOs across Europe is 6.7 years
<b>Committees</b>				
Average # of committees	3.7	3.8	-3%	The number of board committees has barely changed
Average # of audit committee meetings	6.8	6.6	3%	Audit committees, like boards, are meeting more frequently
Average # of remuneration committee meetings	4.9	5.1	-4%	Remuneration committees are meeting less frequently
Remuneration				
Average non-executive retainer	CHF 215'088	CHF 206'260*	4%	Retainers for non-executives have grown slightly ...
Average fee for audit committee membership	CHF 57'222	CHF 60'857*	-6%	... while audit committee membership fees have decreased slightly
<b>Executive Committee (ExCo)</b>				
Average # of ExCo members	10.2	9.1*	12%	ExCos have grown
Foreign ExCo members	62%	59%*	5%	ExCos remain very international
Female ExCo members	8.4%	4%*	110%	The proportion of women on ExCos has more than doubled

# Our survey approach

The 2017 Switzerland Board Index is a survey of the Swiss Market Index (SMI), the 20 largest companies listed on SIX Swiss Exchange by market capitalisation, as of 30 April 2017. There were no changes to the composition of our sample from the previous year, although Actelion and Syngenta have since left the SMI 20 index.

We analysed board size and composition, committee structure and director compensation for the 2016 financial year, compiling our research 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 2017:

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

Measured as of 31 December 2016:

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

The 2017 Switzerland Board Index focuses on quantifiable data pertaining to boards of directors and offers comparisons with leading companies in a number other European countries, namely Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain, Russia, Sweden, Turkey and the UK, as well as with S&P 500 companies in the USA.

# Board size and composition

## BOARD SIZE

The average number of directors on a SMI board is 10.6, very similar to last year (10.5). The boards of Geberit and Swatch Group are again the smallest, comprising six directors each. Richemont remains the largest board and has grown from 18 to 19 members.

Over the past three years, the average number of directors across the European countries we analyse has hovered between 10.5 and 10.8. The largest boards are found in Germany, where the average board size is 16.3. The smallest boards are in Finland (8.2) and the Netherlands (8.3).

## THE BROADER VIEW: Board size

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Board size	10.1	9.8	8.2	13.9	16.3	11.5	8.3	8.4	8	10.4	11	10.9	10.6	9.9	10.2	10.8

## THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

Since January 2015 no companies in the SMI 20 have had a combined chairman and CEO. The combined role is still seen in the majority of Spanish and French companies; in Italy almost one-fifth of companies combine the roles.

Until May 2017, LafargeHolcim had two co-chairmen on the board, the only company in the SMI 20 to do so. However, they have since reverted to the more traditional structure of having one chairman.

## VICE-CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

90% of companies in our sample have the role of vice-chairman on their board. Two companies have two vice-chairmen. Five companies also have a designated senior independent director on their board (Credit Suisse, Nestlé, Richemont, Swiss Re and UBS), two of whom are also the vice-chairman.

## INDEPENDENCE

84% of SMI board members are classified as independent, a slight reduction on last year's figure of 88%. Fifteen boards are composed solely of non-executives, while four companies have one executive director on the board. Following a recent management restructure, Richemont had three executive directors on the board at the time of our data cut-off date: the chairman, chief financial officer, and a divisional CEO. Since then, however, the chief financial officer has retired and now serves as a non-executive director.

Switzerland retains its position of having the highest proportion of independent directors on boards at 84%, although both Finland and the Netherlands come close to this figure. At the other end of the spectrum, boards in Russia (37%), Spain (44%) and Belgium (46%) have the fewest directors meeting the criteria for independence.

### THE BROADER VIEW: Independent directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% Independent directors	45.9	77.2	84	69.1	60	51	83.6	76.3	49.4	36.7	44	69.6	84	32.7	61.4	85

## WOMEN ON BOARDS

The proportion of women holding board seats in Switzerland continues to rise, albeit in small increments. In 2017, 22.2% of all board seats were held by women, a 48% increase since 2013 when women accounted for just 15% of all board seats.

Although the 2014 revised Swiss Code of Best Practice for Corporate Governance recommends that company boards "should be comprised of male and female members", there is still one company, SGS, which has an all-male board.

Since we published our first Switzerland Board Index in 2013, there has only ever been one female chairman, Nayla Hayek of Swatch Group, who remains in the role. None of the executive directors who sit on the SMI 20 boards are women, and there are also no female CEOs in the SMI 20.

Nineteen non-executives were appointed to the board of a SMI 20 company between 1 June 2016 and 31 May 2017. Of these, seven were women, the same number as were appointed in each of the previous three years. In 2017, these seven women represented 37% of all new directors, an increase on 2016 (32%) and 2015 (29%). In 2014, women represented 39% of all new board directors.



Gender diversity levels on SMI boards are among the lowest in Europe, with only boards in Poland (21%), Spain (17%) and Russia (8%) below them.

## THE BROADER VIEW: Women directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% Women directors	30.4	28	33	42	28.7	31	30.4	45.4	21.4	8.1	17	38.3	22.2	11.1	25.5	22.2

## FOREIGN DIRECTORS

The proportion of foreign non-executive directors is 61%, very similar to last year and once again the highest in Europe, while the most homogenous boards are found in Italy and Turkey, where foreign directors account for only 11% and 18% of board seats respectively.

Nineteen new non-executives were appointed in the past year, 13 of whom are foreign, or 68.4% (up from 63.6% last year). Fifteen companies appointed at least one new director in the past year; of these, nine appointed only foreign directors: ABB, Adecco, LafargeHolcim, Nestlé, Novartis, Richemont, Swiss Life, UBS and Zurich.

SMI boards have on average six nationalities among the directors and they remain by far the most internationally diverse in Europe. CAC40 boards in France are the next most international with an average of five nationalities per board.

Three companies in the SMI 20 have eight nationalities represented among their directors: Nestlé, SGS and ABB, the latter seeing a decrease from eleven in 2016. Swatch Group has no foreign directors on its board, while Swisscom has only one.

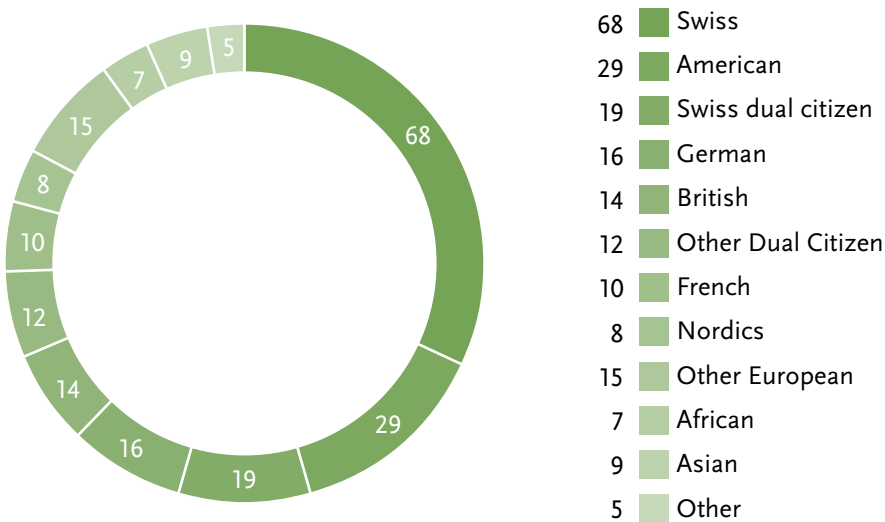
The number of chairmen who are non-Swiss nationals continues to decrease from eleven in 2015 to eight this year. Eleven out of 20 SMI CEOs are foreign, the same as last year. There are now four companies that have a non-national in both chairman and CEO roles: Nestlé, Novartis, Roche and Zurich, while five companies have a Swiss national in both roles: Geberit, Julius Baer, Swatch Group, Swiss Life and Swiss Re.

### Nationalities represented on SMI Boards



In this edition of the Board Index, we analyse the international diversity of Swiss boards in greater depth. The largest group of non-nationals, almost one quarter, come from the United States, followed by Germany and the United Kingdom.

### Background of board directors in the SMI



## THE BROADER VIEW: Foreign directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% Foreign director	31.2	42.1	36.5	37	31	9.4	57	24.3	18.8	22.8	19	30.9	59.4	16	32.3	7

## AGE OF DIRECTORS

The average age of SMI non-executive directors is 61.2 years. This has remained the same for the past five years. Alongside Germany, it is the highest in Europe.

Swisscom has the youngest board with an average age of 56.1 years, while the Richemont has the oldest with an average age of 66 years.

The seven executive directors serving on SMI boards (including executive chairmen) have an average age of 58 years. Norwegian executive directors are the oldest in Europe (63.9 years on average) while their Scandinavian counterparts in Denmark are the youngest (46.6 years).

Chairmen of SMI companies average 63 years old, a slight increase on last year. Chairmen in Germany are the oldest in Europe (68 years on average), whereas chairmen in Poland are the youngest (54.1 years).

## THE BROADER VIEW: Age of directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Age of directors	57.7	58.3	57.9	58.8	61	58.4	61	56.2	55.5	54.3	60.4	57.8	61.1	59.7	56.7	62.6

## ADDED PERSPECTIVE

**Gender diversity on the executive committee**

This is the fourth time we have examined gender diversity of the executive committee (“ExCo”) in SMI companies. ExCos are an importance source of future board directors.

The number of women occupying roles on the ExCo has increased steadily since 2014 when we first started studying gender diversity at this level. Back then, only eight roles on the ExCo were held by women (4.3%). In 2017, that figure has more than doubled to 17 or 8.4% of the total. Despite this improvement, the number remains the lowest in Europe. Leading the way in female ExCo representation are the Nordic countries, which also have the highest number of women in the boardroom. In Norway and Sweden, just under a quarter of all ExCo positions are held by women.

There were 28 appointments to SMI ExCos in the 12 months covered by this Board Index, four of whom are women (14.3%). This is an improvement on 2016 when only 9% of new ExCo appointments were women.

There are still no women in the top executive position of an SMI 20 company, which is also the case for companies in the leading indices of Finland, the Netherlands, Norway, Poland and Russia. Sweden has the highest percentage of female CEOs at 12%.

The 17 women who hold ExCo roles in SMI companies are spread across four main functions: eight are divisional presidents / CEOs; one is the chief financial officer; four are in charge of human resources; three occupy roles in risk, legal or compliance and one heads the R&D function.

Female ExCo members are much more internationally diverse than their male counterparts: 85% of female ExCo members are foreign, compared with 60% of male ExCo members.

With an average age of 54.5 years, female ExCo members are slightly older than their male peers whose average age is 53.8 years.

**THE BROADER VIEW: Female ExCo members**

	Belgium	Denmark	Finland	France	Italy	Netherlands	Norway	Poland	Russia	Sweden	Switzerland
% Female ExCo	18.2	13.3	18.9	15	12	11.5	23.6	11.9	11.6	24.3	8.4

## LENGTH OF SERVICE

The average tenure of all SMI board directors is 6.8 years. For non-executives (excluding chairmen), the average tenure is 6.4 years. The average tenure of chairmen is 9.7 years on the board, with 5.5 years spent in the chairman role.

Swisscom non-executive directors (excluding the chairman) have the shortest tenure at 3.6 years; six of the eight directors have been appointed since 2014. Non-executives serving on the board of Richemont are again the longest tenured having served an average of 11.4 years.

The tenure of female non-executive directors is 4.4 years, considerably lower than their male director counterparts who have an average tenure of seven years.

We have once again analysed the tenure for CEOs regardless of whether they serve on their company's board. CEO tenure currently stands at 5.1 years. The CEOs of three companies have taken up their positions since 31 May 2016: Nestle, Swiss Re and Syngenta.

# Board governance

## BOARD MEETINGS

The total number of board meetings held by Swiss companies has decreased for the first time since 2013. In 2016, Swiss companies held on average 8.5 meetings compared with 11.1 in 2015, although this is largely due to the substantial reduction in meetings in several companies including LafargeHolcim who met seven times in 2016 compared with 22 in 2015.

Actelion held just four meetings during the year, while UBS held the highest number of meetings at 21.

## THE BROADER VIEW: Board meetings

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Board meetings	8.4	9	11.8	9	6.7	11.6	7.4	9	9.5	6.8	10.8	9.9	8.5	17.9	7.7	8.2

## BOARD COMMITTEES

SMI boards have an average of 3.7 committees, the same as last year. The number of committees per company ranges between two and five. All companies have audit, compensation/remuneration and nomination committees (although Swisscom has an ad-hoc nomination committee which did not hold any meetings in 2015 or 2016).

There are 15 additional committees across all companies, the most common of which are focused on risk and governance. Many companies combine committees, although audit is kept separate in 80% of cases. (Further details of committees for each company can be viewed in the table on pages 36-37)

## Committees of SMI 20 boards

	Number of committees				
	2	3	4	5	
% companies	10%	30%	45%	25%	

All SMI boards have an audit committee with an average of 6.8 meetings per committee, a reduction on last year (7.2). UBS again had the most meetings (18) while the audit committees of ABB, Richemont and Swatch Group met only three times in 2016.

Sixteen boards have a separate compensation/remuneration committee, with an average of 4.9 meetings per committee, similar to the previous year. Credit Suisse held the highest number of meetings (10, down from 14 in 2016).

Sixteen boards have a committee with nomination in the title, although only five of these are stand-alone committees. The other 11 are joint committees, most commonly paired with the corporate governance/governance committee.

Three boards have designated risk committees (Credit Suisse, Novartis, UBS) meeting on average eight times in the year. The UBS risk committee met most often (11 times). In addition, four companies have a joint risk committee: Swiss Re has a finance & risk committee, Swiss Life and Zurich Insurance both have an investment & risk committee, and Julius Baer has a chairman's & risk committee.

## BOARD EVALUATION

Although companies are not obliged to go through a formal board assessment, three companies undertook an externally facilitated evaluation in 2016: Credit Suisse, Zurich Insurance and Roche (the only company to do so in 2015).

Ten companies carried out an internal board evaluation, while six do not disclose details of their board assessment practices.

Externally-facilitated board evaluations remain an area of corporate governance that is wildly inconsistent across Europe. The highest prevalence is seen in the UK, where 43% companies underwent such a review in 2016, followed by France (40%), Spain (30%) and Italy (28%).

## THE BROADER VIEW: Externally-facilitated board assessment

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	UK	USA
% Externally-facilitated board assessment	9	16	12	40	17	28	20	12	0	19	30	12	15	43	2

## SERVICE ON OTHER LISTED COMPANY BOARDS

The average number of listed company boards on which an SMI board director sits is 2.2, on a par with last year. The average number for SMI chairmen is 2.4 listed company directorships, back to the level seen in 2015. SGS has the highest number of additional board seats per director at 3.9. At the other end of the spectrum, directors at Swatch Group and Swiss Life sit on 1.4 external boards on average.

With the exception of Actelion, Adecco, Geberit, Julius Baer, Roche, Swiss Life, Swiss Re, Swisscom and Swatch Group, each SMI company has at least one director sitting on a total of four listed company boards.

One director sits on ten listed company boards, two of which are in the SMI 20. One director sits on seven listed company boards, one director sits on six, and five directors sit on five.

### THE BROADER VIEW: Average number of quotes board per director

	Belgium	Denmark	Finland	France	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	UK	USA
Average number of quotes board per director	1.9	1.9	1.8	2.1	3.4	2.1	1.7	1.2	1.7	1.1	2.5	2.2	2	2.1



# Remuneration

For the first time, we have included detailed remuneration details for each company in the company tables on pages 38-39.

Of the 20 companies in the SMI, four pay their board directors only in cash, one pays only in restricted shares, 13 use a mandatory mix of cash and shares, and two give directors the choice of payment method.

The average retainer fee for non-executive directors (excluding chairmen and vice chairmen) at SMI companies is CHF 215'188, almost identical to last year when it was 215'044. The average amount awarded in cash is CHF 136'183 and the average amount taken in shares is 116'581. All companies pay additional remuneration for committee work and two also pay meeting attendance fees. Taking these into account, the average total fee paid to non-executive directors in 2016 was CHF 297'156, a 4.6% decrease from 2015. When including vice chairmen and senior independent directors the total average fee rises to 336'548, which is also a reduction from last year's figure of 358'006.

The highest retainer fee is again paid by UBS (CHF 325'000) while two other companies pay a retainer fee of CHF 300'000. The lowest retainer fee is paid by Richemont (CHF 100'000), however they do pay their directors an attendance fee of CHF 20'000 per meeting, one of only two companies to pay attendance fees, the other being Swisscom (CHF 1'100 for a full day, CHF 650 for a half day).

The average retainer fee for chairmen is CHF 1'774'956 while the average total fee paid in 2016 was 2'392'603 (not including social contributions), a 4.4% increase on 2015.

The average additional fee for audit committee membership is CHF 57'222, an increase from CHF 55'118 last year. The average additional fee for remuneration committee membership is CHF 39,444 (CHF 40' 235 in 2015) and for nomination committee membership it is CHF 45'000 (CHF 38'875 in 2015). Not all companies pay additional fees for committee membership, while one, Zurich, pays a flat rate of CHF 60'000 regardless of how many committee memberships a director holds.

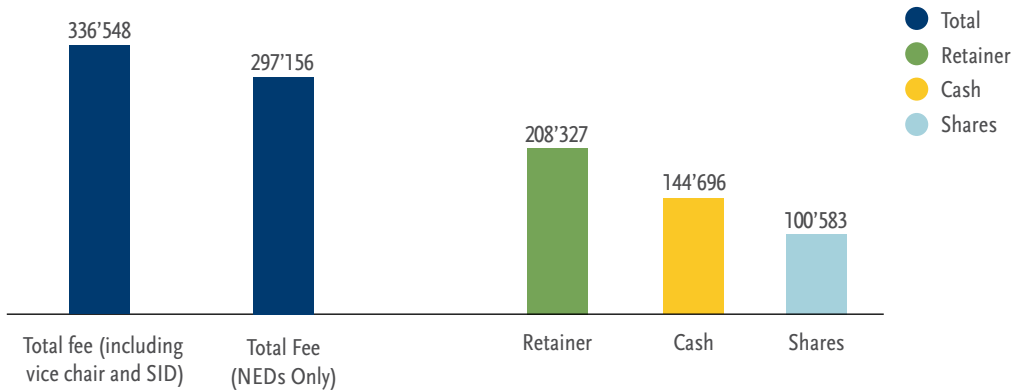
REMUNERATION

For the first time we examined the total board fees paid by each company. The average cost per board member across the SMI 20 companies (excluding executive directors, but including chairmen and vice chairmen and pro rata'd where applicable) was CHF 620'765.

In 2016, the average total costs of the board was CHF 6'134'749, a 2.5% decrease from the CHF 6'207'881 in 2015. The total board fee was lowest at SGS (2'123'000), while the highest total board fee was paid by UBS (13'219'569). Both companies remunerated 10 directors in 2016.

Further details comparing board director remuneration across Europe and the US can be found on pages 34-35.

Average fees and fee components (CHF 000)







# Comparison Tables

# International comparison

In this edition of the Switzerland Board Index we provide two sets of tables.

In addition to the detailed company data for the SMI companies (beginning on page 36), we are publishing a chart comparing aggregated data from 17 countries (pages 30-33).

All data is taken from individual country Board Indexes published by Spencer Stuart in 2017.

Visit the Spencer Stuart website and discover “Boards Around the World”, a visual tool that compares the composition, diversity, compensation and board evaluation practices of different countries.

## Composition information

BELGIUM	BeL20 + BelMid
CANADA	100 TSX Listed Companies (revenue C\$1 billion to C\$53.3 billion)
DENMARK	OMX Copenhagen
FINLAND	OMX Helsinki
FRANCE	CAC40
GERMANY	DAX30
ITALY	38 (FTSE MIB) + 62 (Mid Cap, Small Cap, Other)
NETHERLANDS	AEX
NORWAY	Oslo Stock Exchange
POLAND	WIG
RUSSIA	Top companies from Expert 400
SPAIN	IBEX-35 + top companies by market cap
SWEDEN	OMX Stockholm
SWITZERLAND	SMI
TURKEY	BIST 30
UK	FTSE 150
USA	S&P 500

Denmark, Finland, Norway and Sweden's top companies are analysed together in the Nordic Board Index

## INTERNATIONAL COMPARISON FOOTNOTES

### General

N/A = Not applicable.

A blank cell denotes that either the information is not available or we did not include it our research.

#### Belgium

- 1 11 companies did not disclose whether they conducted a board evaluation
- 2 One company does not disclose
- 3 45 companies do not remunerate company separate
- 4 Five companies do not remunerate chairman
- 5 12 companies do not remunerate
- 6 18 companies do not remunerate

#### Canada

- 7 Does not include companies with term limits.
- 8 Includes share grants

#### Denmark

- 9 Age of the only executive director
- 10 Excludes employee representatives

#### Finland

- 11 3 companies have employee representatives on the board
- 12 Age of the only executive director
- 13 Excludes employee representatives
- 14 Fee calculated by multiply per meeting fee by number of meetings held in 2016

#### France

- 15 70 % of external evaluations done by Spencer Stuart in 2016 and 80 % of the CAC 40 companies perform an external evaluation at least every 3 years
- 16 Including chairmen who are also CEO
- 17 According to Afep/Medef corporate governance code (Employees excluded)
- 18 85 % of the CAC 40 companies have set up a limit which is individual for 35 % of them and collective for the 50 % left (Maximum 1/3 of board members > 70 years old)
- 19 Additional remuneration for vice-chairmen or lead directors (paid in addition to ordinary director's fees)
- 20 Non-executive chairmen only
- 21 Total additional fee for remuneration committee, calculation based on the number of meetings held during 2016 FY
- 22 45 % of remuneration and nominations committees are merged

#### Germany

- 23 Average minimum proportion of members that shall be independent
- 24 Remunerations committees are very rare in Germany
- 25 Except for banks, German nominations committees only deal with non-executive director nominations and committee membership is rarely compensated

#### Italy

- 26 "Only four companies have set an age restriction for directors; the age limits are 75 (3 companies) and 77 Three companies have an age restriction for CEOs and the age limits are 67 and 65 (2 companies) Two companies have an age restriction for chairmen and the age limits are 65 and 70"
- 27 Average fee for SIDs is € 90,000
- 28 Only 20 companies in the Index have an Executive Committee

#### Netherlands

- 29 One company did not disclose whether they conducted a board evaluation
- 30 9 companies do not disclose

#### Norway

- 31 Excludes employee representatives

#### Poland

- 32 2 companies have employee representatives on the board
- 33 Excludes 76 of 160 directors whose age is not disclosed
- 34 Excludes 8 chairmen whose age is not disclosed
- 35 Excludes 64 of 134 directors whose age is not disclosed
- 36 Excludes employee representatives

#### Russia

- 37 8 companies do not disclose
- 38 11 companies did not disclose whether they conducted a board evaluation
- 39 16 companies do not disclose remuneration
- 40 34 companies do not disclose remuneration
- 41 42 companies do not disclose remuneration
- 42 22 companies do not disclose remuneration
- 43 23 companies do not disclose remuneration
- 44 24 companies do not disclose remuneration
- 45 26 companies do not disclose remuneration

#### Spain

- 46 Top 50 companies only
- 47 Includes both executive and non-executive directors
- 48 Average additional fee paid to senior/lead independent directors
- 49 Only 14 % of companies in Spain have divided the nominations & remunerations committee into separate committees. The average fee for members of the nominations & remunerations committee is 18,543€

#### Sweden

- 50 Excludes employee representatives

#### Switzerland

- 51 Excludes social contributions

#### Turkey

- 52 9 companies do not disclose

#### UK

- 53 TUI is the only company without a senior independent director as it has a two-tier board.
- 54 94 % of non-executive directors are independent
- 55 Includes the 142 part-time chairmen only. Six chairmen are full-time and remunerated on a different basis. Two chairmen receive no fee.
- 56 Based on 47 companies that have a nomination chairman separately remuneration for this role

#### USA

- 57 CEOs only
- 58 Average tenure of independent directors only
- 59 Non-executive chairmen only

INTERNATIONAL COMPARISON

		BELGIUM	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	ITALY
GENERAL INFORMATION	Size of sample	58	100	25	25	40	30	100
	Supervisory board/unitary board of directors	1/57	n/a	25/0	0/25	5/35	30/0	2/97
	Average number of board meetings per year	8.4	8	9	11.8	9	6.7	11.6
	% companies that conducted an external board evaluation	8.6 % <sup>1</sup>	n/a	16 %	12 %	40 % <sup>15</sup>	17 %	28 %
	Combined chairman and CEO	1.7 %	12 %	0 %	0 %	52.5 %	n/a	19 %
	% boards with senior independent director (SID)	1.7 %	32 %	0 %	0 %	48 %	n/a	39 %
	% of boards with vice/deputy chairmen	20.7 %	18 %	100 %	96 %	73 %	30 %	50 %
BOARD	Average board size (total)	10.1	11	9.8	8.2	13.9	16.3	11.5
	Average board size (excl. employee representatives)	10.1	10	6.8	8 <sup>11</sup>	12.3	8.7	n/a
	Average number of independent board members	4.7	9.1	5.3	6.7	8.5	-	5.9
	% independent board members	45.9 %	80 %	77.2 %	84 %	69.1 %	60 % <sup>23</sup>	51 %
	Average number of non-executive directors	7.8	9	5.8	7	10.9	7.7	8.6
	Average number of executive directors	0.6	1	0	0.04	1	n/a	2.4
AGE	Av. age: all directors	57.7	62	58.3	57.9	58.8	61	58.4
	Av. age chairmen	62.6	64	61.7	61	61.6	68	64.9
	Av. age CEOs who sit on the board	54.8	56	n/a	57.4	58.5	n/a	57.6
	Av. age all CEOs, including those not on the board	54.5	56	54.5	55.8	57.7	n/a	58
	Av. age: non-executive directors	57.5	62	57.8	57.5	59.4	61	58.5
	Av. age: executive directors	55.3	57	46.6 <sup>9</sup>	57.4 <sup>12</sup>	58.7	n/a	58.1
FOREIGN	% foreign board members (all)	31.2 %	27 %	42.1 % <sup>10</sup>	36.5 % <sup>13</sup>	37 %	31 %	9.4 %
	% foreign chairmen	13.8 %	15 %	28 %	16 %	23 %	20 %	5 %
	% foreign non-executive directors	32 %	29 %	44.8 %	39.7 %	40 %	31 %	11 %
	% foreign executive directors	33.8 %	16 %	0 %	0 %	21 % <sup>16</sup>	n/a	4.5 %
	Av. # nationalities represented on the board	3.1	-	3.4	3.2	5	3.1	1.8
GENDER	% female board directors (all)	30.4 %	26.8 %	28 % <sup>10</sup>	33 % <sup>13</sup>	42 % <sup>17</sup>	28.7 %	31 %
	% female chairmen	5.2 %	8 %	0 %	4 %	2.5 %	3.3 %	9 %
	% female CEOs	9.8 %	4 %	8 %	0 %	2.5 %	n/a	8 %
	% female non-executive directors	36.2 %	31 %	33.1 %	37.4 %	46 %	32 %	37 %
	% female executive directors	14.9 %	5 %	0 %	0 %	2.6 %	n/a	10 %
	% boards with at least one female director	100 %	99 %	96 %	100 %	100 %	100 %	99 %



	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	25	25	20	43	100	25	20	29	150	491
	18/7	0/25	20/0	7/36	0/100	0/25	0/20	0/29	1/149	0/491
	7.4	8.9	9.5	6.8 <sup>37</sup>	10.8	9.9	9	17.9 <sup>52</sup>	7.8	8.2
	20 % <sup>29</sup>	12 %	0 %	18.6 % <sup>38</sup>	30 %	12 %	15 %	n/a	43.3 %	2 %
	4 %	0 %	0 %	0 %	66 %	4 %	0 %	13.8 %	0.67 %	49 %
	16 %	0 %	0 %	20.9 %	63 %	4 %	15 %	0 %	99.3 % <sup>53</sup>	85 %
	68 %	52 %	75 %	41.9 %	-	48 %	85 %	93.1 %	10 %	-
	8.3	8.4	8	10.4	11	10.9	10.6	9.9	10.2	10.8
	n/a	6.1	7.7 <sup>32</sup>	n/a	n/a	9.2	n/a	n/a	10.1	n/a
	6.9	4.6	3.8	3.8	4.8	6.4	8.9	3.1	6.2	9.2
	83.6 %	76.3 %	49.4 %	36.7 %	44 %	69.6 %	84 %	32.7 %	61.4 <sup>54</sup>	85 %
	6.8	5	6.7	7.8	8.7	7.5	9.3	7.9	6.6	1.6
	0.5	0	0	1.7	1.8	0.8	0	1.2	2.5	15 %
	61	56.2	55.5 <sup>33</sup>	54.3	60.4	57.8	61.1	59.7	56.7	62.6
	65.9	65.4	54.1 <sup>34</sup>	58.1	64.2	63.9	63.2	60	64.8	-
	58.1	n/a	n/a	51.8	55.3 <sup>46</sup>	54.1	56.5	57.4	54.8	57.4
	56.7	45.4	53.1	54.9	55.3	54.6	54.3	56.2	53.9	57.4
	60.9	54.9	55.6 <sup>35</sup>	54.1	-	57.4	61	60.3	59.9	63.1
	53.3	63.9	n/a	52.5	-	53.7	58	55.8	53.4	-
	57 %	24.3 % <sup>31</sup>	18.8 % <sup>36</sup>	22.8 %	19 %	30.9 % <sup>50</sup>	59 %	16 %	32.3	7 %
	32 %	8 %	10 %	20.9 %	6 %	12 %	42.9 %	6.9 %	21.3	-
	59.4 %	27.8 %	20.1 %	26.6 %	20.4 %	36.4 %	60.9 %	17.9 %	35.6	-
	76.9 %	0 %	n/a	2.8 %	9 %	0 %	71.4 %	8.6 %	22.3	-
	4.3	2.2	1.7	2.8	-	3.3	6	1.9	3.3	-
	30.4 %	45.4 % <sup>31</sup>	21.4 % <sup>36</sup>	8.1 %	17 %	38.3 % <sup>50</sup>	22.2 %	11.1 %	25.5	22.2 %
	4 %	12 %	30 %	0 %	7 %	8 %	4.8 %	6.9 %	4.7 %	6 %
	0 %	0 %	0 %	0 %	2 %	12 %	0 %	4.3 %	5.6 %	6.2 %
	32 %	52.4 %	20.1 %	10.2 %	19.5 %	44.9 %	24.9 %	12.2 %	34.8 %	-
	7.7 %	0 %	n/a	2.8 %	3.4 %	10.5 %	0 %	11.4 %	8.9 %	-
	84 %	100 %	80 %	48.8 %	90 %	100 %	95 %	62.1 %	98.7 %	99.2 %

## INTERNATIONAL COMPARISON

		BELGIUM	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	ITALY
NEW MEMBERS	% new board members	10.4 %	8 %	17.5 %	16 %	17.9 %	19.7 %	18 %
	% women among new board members	45.9 %	41 %	33.3 %	50 %	37.5 %	40 %	46 %
	% non-nationals among new board members	42.1 %	40 %	56.7 %	53.1 %	35.9 %	13.3 %	12 %
OTHER BOARDS	Av. # quoted boards per director (total)	1.9	2	1.9	1.8	2.1	-	3.4
	Av. # quoted boards per chairman (total)	2.4	2	2.3	2.3	2	2.8	3.8
	% executive directors with an outside board	29.9 %	39 %	0 %	0 %	56 %	-	52.5 %
	% non-executives with a full-time executive role	70.1 %	-	65.9 %	56.3 %	58 %	31 %	-
TENURE/RETIREMENT	% companies with a mandatory retirement age	46.6 %	26 % <sup>7</sup>	64 %	8 %	35 % <sup>18</sup>	83.3 %	4 %
	Average mandatory retirement age	69.9	73	70.8	66.5	72.1	-	75.5 <sup>26</sup>
	Average tenure (chairman and non-executives)	6.1	7.8	4.8	4.8	5.9	6.3	5.3
REMUNERATION	Av. retainer for non-executive directors (excluding chair and vice chair/SID)	€ 30,589	€ 108,744 <sup>8</sup>	€ 51,968	€ 55,436	€ 34,900	€ 83,867	€ 59,000
	Av. total fees for non-executive directors (excluding chair and vice chair/SID)	€ 51,859 <sup>2</sup>	€ 123,648	€ 85,462	€ 70,307	€ 87,780	-	€ 92,000
	Av. total fee for vice chairman (or SID)	€ 98,501 <sup>3</sup>	€ 153,562	€ 130,790	€ 93,784	€ 53,513 <sup>19</sup>	-	€ 616,000 <sup>27</sup>
	Av. total fee for chairmen	€ 118,497 <sup>4</sup>	€ 272,999	€ 194,392	€ 133,069	€ 627,654 <sup>20</sup>	€ 374,869	€ 879,000
	Av. fee for audit committee membership	€ 11,695 <sup>5</sup>	€ 5,877	€ 20,874	€ 5,482 <sup>14</sup>	€ 20,851 <sup>21</sup>	€ 42,458	€ 18,000
	Av. fee for remuneration committee membership	€ 7,754 <sup>5</sup>	€ 5,432	€ 16,683	€ 4,521 <sup>14</sup>	€ 16,198 <sup>21,22</sup>	- <sup>24</sup>	€ 13,000
	Av. compensation for nomination committee membership	€ 8,042 <sup>6</sup>	€ 4,792	€ 15,713	€ 3,800 <sup>14</sup>	€ 15,625 <sup>21,22</sup>	- <sup>25</sup>	€ 12,000
EXCOM	Average board size of executive committee	6.5	-	5.5	9.8	12	-	5 <sup>28</sup>
	% foreigners on the executive committee	34 %	-	42 %	35 %	35 %	-	6.5 %
	% women on the executive committee	18.2 %	-	13.3 %	18.9 %	15 %	-	12 %

	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	9.2 %	17.8 %	27.5 %	18.8 %	14.6 %	15.2 %	9.9 %	12.2 %	12 %	7.5 %
	36.8 %	40.1 %	27.3 %	11.9 %	28 %	40 %	33.3 %	5.6 %	42 %	36 %
	68.4 %	33.3 %	9 %	20.2 %	39 %	34.3 %	71.4 %	19.4 %	43.3 %	8 %
	2.1	1.7	1.2	1.7	1.1	2.5	2.2	1.8	2.0	2.1
	2.4	2.2	1.2	1.9	1.3	2.9	2.4	2.6	2.4	1.4 <sup>57</sup>
	38.5 %	0 %	n/a	19.7 %	9.6 %	57.9 %	14.3 %	20 %	26.4 %	46 %
	39.4 %	77.8 %	74.6 %	74.3 %	-	50.8 %	44.3 %	53.8 %	31.5 %	-
	16 %	n/a	n/a	0 %	23 %	n/a	55 %	0 %	0 %	73 %
	72.3	n/a	n/a	n/a	72.1	n/a	71.3	n/a	n/a	73
	4.9	4.3	3.4	4.3	5.3 <sup>47</sup>	5.3	6.6	5.7	4.4	8.2 <sup>58</sup>
	€ 68,712	€ 31,532	€ 32,539	€ 105,934 <sup>39</sup>	€ 71,758	€ 62,416	€ 197,458	€ 58,089	€ 82,295	€ 108,771
	€ 93,699	€ 40,034	€ 33,531	€ 142,032 <sup>40</sup>	€ 131,518	€ 81,656	€ 272,673 <sup>51</sup>	€ 58,089	€ 107,106	€ 260,984
	€ 133,823 <sup>30</sup>	€ 42,280	€ 33,771	n/a <sup>41</sup>	€ 30,292 <sup>48</sup>	€ 110,408	€ 389,317	n/a	€ 129,779	-
	€ 254,319	€ 68,109	€ 47,461	€ 185,342 <sup>42</sup>	€ 316,946 <sup>49</sup>	€ 239,701	€ 1,913,819	n/a	€ 314,731 <sup>55</sup>	€ 346,683 <sup>59</sup>
	€ 13,432	€ 7,670	n/a	€ 12,758 <sup>43</sup>	€ 26,925 <sup>49</sup>	€ 16,859	€ 49,806	n/a	€ 16,720	€ 12,146
	€ 9,895	€ 4,485	n/a	€ 13,325 <sup>44</sup>	€ 42,703	€ 10,738	€ 36,653	n/a	€ 15,468	€ 10,666
	€ 8,880	n/a	n/a	€ 14,087 <sup>45</sup>	€ 42,188	n/a	€ 38,736	n/a	€ 10,198 <sup>56</sup>	€ 8,522
	5.6	8.3	6.3	9.8	-	9.7	10.2	8.9	-	-
	54 %	19 %	11.9 %	4.0 %	-	21.8 %	62.1 %	5.4 %	-	-
	11.5 %	23.6 %	11.9 %	11.6 %	-	24.3 %	8.4 %	8.9 %	-	-



# SMI Company Tables

# Board composition

	TOTAL NUMBER OF DIRECTORS	FOREIGN CHAIRMAN	CHAIRMAN GENDER	FOREIGN CEO	CEO GENDER	VICE CHAIRMAN	SIO / LEAD DIRECTOR	NATIONALITIES ON THE BOARD INCL. CHAIRMAN	NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIRMAN)				
									TOTAL	INDEPENDENT	FOREIGN	WOMEN	AVERAGE TENURE
ABB	10	No	M	Yes	M	1	No	8	9	8	8	1	5.2
Actelion	10	Yes	M	No	M	0	No	6	8	8	7	1	6.6
Adecco	8	No	M	Yes	M	1	No	5	7	7	5	3	5.6
Compagnie Financiere Richemont	19	Yes	M	N/A <sup>1</sup>	N/A <sup>1</sup>	1	Yes <sup>2</sup>	7	0	0	0	1	11.4
Credit Suisse Group	12	No	M	Yes	M	2	Yes <sup>2</sup>	7	11	9	6	2	4.0
Geberit	6	No	M	No	M	1	No	3	5	4	2	1	4.1
Givaudan	7	No	M	Yes	M	1	No	5	6	5	2	1	3.9
Julius Baer Group	10	No	M	No	M	1	No	7	9	7	5	2	4.7
LafargeHolcim	12	No	M	Yes	M	0	No	7	10	10	7	1	9.7
Nestlé	14	Yes	M	Yes	M	1	Yes	8	12	11	6	5	6.2
Novartis	13	Yes	M	Yes	M	1	No	5	12	12	9	3	6.7
Roche Holding	12	Yes	M	Yes	M	1	No	7	10	6	6	3	7.4
SGS	10	Yes	M	No	M	0	No	8	9	8	6	0	8.1
The Swatch Group	6	No	F	No	M	1	No	1	4	0	0	2	10.6
Swiss Life Holding	11	No	M	No	M	2	No	6	10	9	3	2	7.2
Swiss Re	13	No	M	No	M	1	Yes <sup>2</sup>	7	12	12	9	3	4.2
Swisscom	9	No	M	Yes	M	1	No	2	8	7	1	2	3.6
Syngenta	8	No	M	Yes	M	1	No	6	7	7	4	3	6.5
UBS Group	11	Yes	M	No	M	1	Yes	7	10	9	5	4	5.0
Zurich Insurance Group	11	Yes	M	Yes	M	1	No	6	10	10	8	3	4.0

<sup>1</sup> Company does not have a CEO

<sup>2</sup> Lead director is also vice chairman

	NON-EXECUTIVES APPOINTED 1 JUNE 2016 THROUGH 30 MAY 2017			DIRECTORSHIPS ON OTHER QUOTED BOARDS		EXECUTIVE COMMITTEE			BOARD SCHEDULED MEETINGS	BOARD EVALUATION IN 2016	COMMITTEES	COMMITTEE MEETINGS IN 2016
	TOTAL	FOREIGN	WOMEN	CHAIRMAN	ALL NON-EXECUTIVES (INCL. CHAIRMAN)	NUMBER OF MEMBERS	FOREIGN MEMBERS	FEMALE MEMBERS				
	1	1	0	2	2.7	11	8	1	7	Yes	3: C, FAC, GN	C3; FAC3; GN4
	0	N/A	N/A	2	2.1	5	4	0	4	ND	3: C, FA, GN	C4; FA4; GN4
	1	1	1	2	2.0	13	12	1	7	Internal	3: A, CG, NC	A11; CG5; NC7
	1	1	0	0	1.9	11	7	0	5	Internal	4: A, C, CaCG, Ri	A16; C10; CaCG13; Ri7
	2	1	0	1	1.8	12	7	1	6	Internal	2: A, NC	A5; NC3
	1	0	1	2	2.0	7	4	0	10	Internal	4: A, C, NG, Scln	A4; C5; NG2; Scln2
	0	N/A	N/A	0	2.3	9	8	1	7	Internal	4: A, C, CaRi, N	A9; C5; CaRi10; N4
	2	1	1	1	1.8	6	0	0	8	Internal	3: FA, NCG, SSuD	FA8; NCG6; SSuD12
	1	1	0	2	3.3	10	7	1	7	ND	4: A, C, CaCG, NSu	A4; C5; CaCG9; NSu5
	1	1	1	2	2.6	14	8	1	10	Internal	5: AC, C, GNCR, RD, Ri	AC7; C6; GNCR3; RD4; Ri6
	1	1	0	1	2.2	11	9	0	11	Internal	4: A, C, N, SSe	A3; C4; N5; SSe3
	1	0	1	2	1.9	6	4	1	7	External	4: A, CGS, PN, R	A4; CGS3; PN5; R2
	0	N/A	N/A	6	3.9	22	15	2	5	ND	3: A, NR, PC	A4; NR1; PC2
	0	N/A	N/A	0	1.4	7	2	1	6	ND	2: A, C	A3; C2
	1	1	0	2	1.4	6	1	0	9	ND	4: A, CG, IRi, R	A5; CG9; IRi9; R6
	3	2	0	0	1.8	13	5	1	11	Internal	5: A, C, CaG, FRI, I	A8; CaG6; C6; FRI6; I5
	1	0	0	1	1.6	7	2	0	11	Internal	3: A, F, R <sup>3</sup>	A5; F2; R3
	0	N/A	N/A	1	2.1	10	9	2	7	ND	4: A, C, CR, GN	A5; C5; CR2; GN3
	1	1	1	0	2.7	12	6	2	19	Internal	5: A, C, CCR, GN, Ri	A18; C9; CCR6, GN9, Ri11
	1	1	1	1	2.6	11	8	2	12	External	4: A, Iri, GNCR, R	A9; Iri11; GNCR4; R5

<sup>3</sup> Nomination committee formed on an ad-hoc basis when required. Not formed in 2016  
ND = Not disclosed

#### Key to Committees:

A	Audit	FA	Finance & Audit	NSu	Nomination & Sustainability
AC	Audit & Compliance	FAC	Finance, Audit & Compliance	PN	Presidium & Nomination
C	Compensation	FRI	Finance & Risk	PC	Professional Conduct
CaCG	Chairman's & Corporate Governance	GN	Governance & Nomination	R	Remuneration
CaRi	Chairman's & Risk	GNCR	Governance, Nomination & Corporate Responsibility	RD	Research & Development
CCR	Corporate Culture & Responsibility	I	Investment	Ri	Risk
CG	Corporate Governance	IRi	Investment & Risk	Scln	Science & Innovation
CGS	Corporate Governance & Sustainability	N	Nomination	SSuD	Strategy & Sustainable Development
CR	Corporate Responsibility	NC	Nomination & Compensation	SSe	Strategic Security
F	Finance	NCG	Nomination, Compensation & Governance		
		NR	Nomination & Remuneration		

# Board remuneration in 2016

	CURRENCY	COMPENSATION TYPE	RETAINER FEE		BOARD MEETING ATTENDANCE FEE
			CHAIRMAN	NON-EXECUTIVES	
ABB	CHF	Cash and shares	1,200,000	290,000	N/A
Actelion	CHF	Cash and shares	420,000	200,000	N/A
Adecco	CHF	Cash and shares	1,460,000	150,000	N/A
Compagnie Financiere Richemont	CHF	Cash	1,624,425	100,000	4,800 <sup>2</sup> / 20,000 <sup>3</sup>
Credit Suisse Group	CHF	Cash and shares	1,500,000	250,000	N/A
Geberit	CHF	NEDs - shares only Chairman - cash and shares	885,000	190,000	N/A
Givaudan	CHF	Cash and shares	400,000	245,299	N/A
Julius Baer Group	CHF	Cash and shares	375,000	N/A	N/A
LafargeHolcim	CHF	Cash and shares	1,450,000	200,000	N/A
Nestlé	CHF	Cash and shares	ND	280,000	N/A
Novartis	CHF	Cash and shares	3,800,000	300,000	N/A
Roche Holding	CHF	Cash	3,500,000	300,000	N/A
SGS	CHF	Cash	300,000	150,000	N/A
The Swatch Group	CHF	Cash	169,602	98,265	N/A
Swiss Life Holding	CHF	Cash and shares	1,200,000	120,000	N/A
Swiss Re	CHF	Cash and shares	ND	225,000	N/A
Swisscom	CHF	Cash and shares	255,000	110,000	650 <sup>4</sup> / 1,100 <sup>5</sup>
Syngenta	CHF	Cash and shares	1,750,000	215,000	N/A
UBS Group	CHF	Cash and shares	3,500,000	325,000 <sup>1</sup>	N/A
Zurich Insurance Group	CHF	Cash and shares	1,500,000	240,000	N/A

<sup>1</sup> Independent directors

<sup>2</sup> By telephone

<sup>3</sup> In person

<sup>4</sup> Half day

<sup>5</sup> Full day

ND = Not disclosed



COMMITTEE FEES						TOTAL FEE	
CHAIRMAN: AUDIT	MEMBER: AUDIT	CHAIRMAN: REMUNERATION	MEMBER: REMUNERATION	CHAIRMAN: NOMINATION	MEMBER: NOMINATION	TOTAL BOARD FEE (CHF)	TOTAL COST PER BOARD MEMBER
110,000	40,000	60,000	30,000	60,000	30,000	4,200,000	423,529
22,000	12,000	17,000	9,000	13,000	6,000	2,213,401	221,340
150,000	50,000	150,000	50,000	150,000	50,000	4,792,913	532,546
20,000	15,000	15,000	10,000	N/A	N/A	10,686,125	575,038
580,000	150,000	200,000	100,000	N/A	100,000	10,974,694	844,207
45,000	30,000	45,000	30,000	45,000	30,000	2,296,000	340,148
55,000	25,000	40,000	25,000	40,000	25,000	3,108,289	376,762
ND	ND	ND	ND	ND	ND	3,043,000	358,000
125,000	40,000	125,000	40,000	125,000	40,000	5,370,973	383,641
150,000	100,000	150,000	70,000	100,000	40,000	9,730,757	810,896
120,000	60,000	60,000	30,000	60,000	30,000	8,037,062	679,188
60,000	30,000	60,000	30,000	60,000	30,000	9,295,423	774,619
30,000	30,000	30,000	30,000	30,000	30,000	2,123,000	212,300
20,000	20,000	20,000	20,000	N/A	N/A	4,592,289	822,500
ND	ND	ND	ND	ND	ND	3,176,519	288,774
450,000	75,000	200,000	50,000	N/A	N/A	10,084,000	864,343
50,000	10,000	20,000	10,000	N/A	N/A	2,207,000	245,222
110,000	30,000	25,000	25,000	20,000	20,000	4,005,132	500,642
300,000	200,000	300,000	100,000	100,000	100,000	13,219,569	1,321,957
80,000	60,000 <sup>6</sup>	60,000	60,000 <sup>6</sup>	60,000	60,000 <sup>6</sup>	4,607,500	498,108

<sup>6</sup> Fee for all committees irrespective of number

<sup>7</sup> Total board cost divided by number of directors paid in 2016, pro-rata where applicable

ND = Not disclosed

# Spencer Stuart in Switzerland

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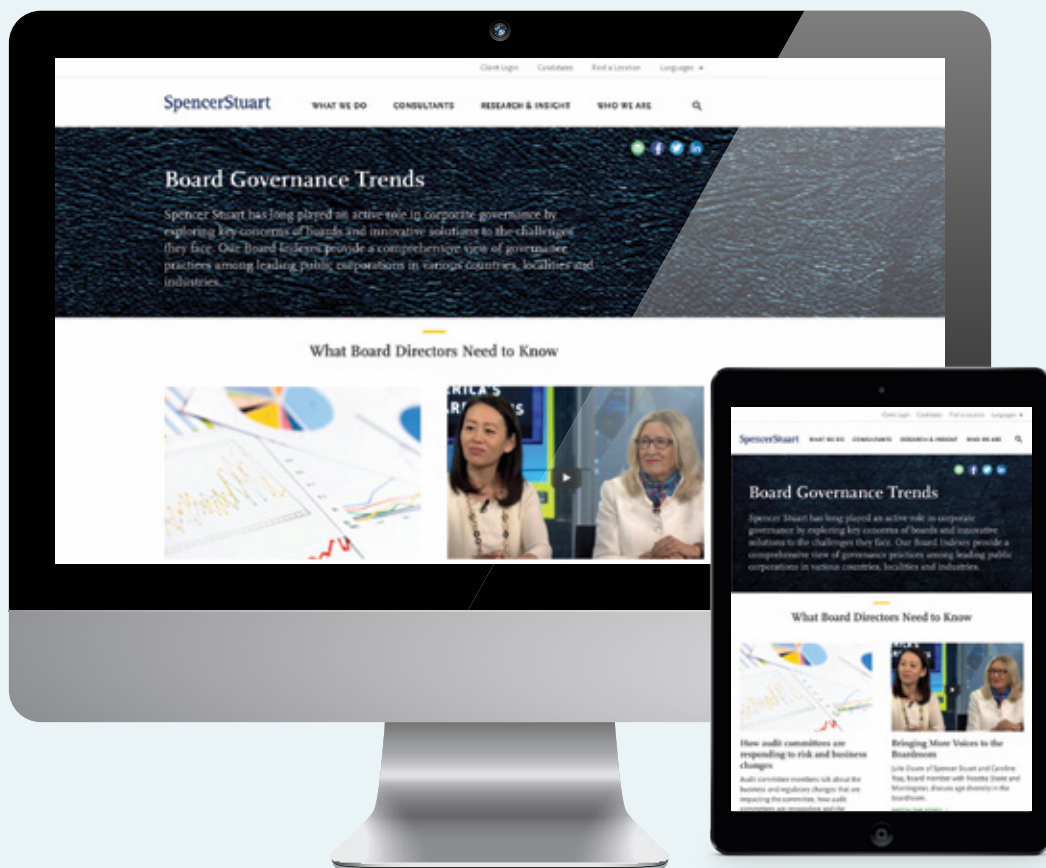
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# Board Governance Trends: A Global View



Spencer Stuart Board Governance Trends is an exclusive source of insight into the way board practices are changing around the world and how they compare across countries. It is a one-stop online resource for the latest data in board composition, governance practices and director compensation among leading public companies in more than 20 countries.

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The logo for SpencerStuart, featuring the company name in a white serif font against a dark blue background. The background of the entire page is a dark blue gradient with a large, abstract, curved architectural element on the right side, possibly a window or a structural beam, which is slightly out of focus.

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