


Meeting Date:	Tue, 15 Apr 2014 11:00am	Type:	AGM	Issue date:	Thu, 10 Apr 2014
Meeting Location:	Beaulieu, Centre de Congrès et d'Expositions Av. des Bergières 10, CH-1004 Lausanne				
Current Indices:	FTSE EuroFirst				
Sector:	Human Resource & Employment Services				

PROPOSALS		ADVICE
1.1	Approve the Annual Report Disclosure is acceptable and the report was made available sufficiently before the meeting. No serious governance concerns have been identified. Acceptable proposal.	For
1.2	Advisory vote on the Remuneration Report 2013 The Company seeks shareholders' approval for the remuneration report for 2013. The remuneration structure at the Company consists of a base salary, and annual bonus and long term incentives. Non-Executive Directors receive only fixed compensation. The Company discloses performance criteria for short term and long term incentive programmes and includes remuneration caps in the Bylaws, within the amendments presented at this AGM: 150% and 140% of base salary for the short term bonus (for executives and the CEO, respectively), 125% and 120% for the long term incentives (for executives and the CEO, respectively). The caps are substantially unchanged from past years. No vesting is provided for long term incentive programmes, should the Company performance not overcome disclosed baselines. This is considered sufficiently challenging. Severance pay is capped at 12 months of salary, which is not considered to be excessive. Despite improvements in disclosure (especially, with regard to the quantified performance criteria), the total potential variable component of the executive remuneration at the Company is considered excessive as the CEO can receive up to 300% of base salary in short and long term incentives. Based on the potentially excessive amounts, Triodos abstains on this resolution.	Abstain
2.1	Appropriation of available earnings 2013 The Company proposes to carry forward the earnings for 2013. No concerns have been identified with this proposal. Acceptable proposal.	For
2.2	Allocation of the reserve from capital contributions to free reserves and distribution of dividend The Company proposes to allocate the total dividend amount from the reserve from capital contributions to free reserves and distribute a dividend of CHF 2. This is covered by reserves. Acceptable proposal.	For
3	Discharge the Board of Directors and the Executive Management Standard proposal. No serious concerns have been identified. Acceptable proposal.	For

4.1	<p>Amend Articles of the Bylaws: create Articles 14bis, 20 and 20bis</p> <p>In March 2013, Swiss voters voted in favour of the popular initiative “against excessive pay”, frequently named the Minder Initiative after its initiator, the council of states member Thomas Minder. The implementing ordinance of the Federal Council was adopted on 20th November 2013 and entered into force on 1 January 2014. The ordinance has a significant impact on shareholder rights and governance and will be valid until implementing legislation is enacted. Companies will be required to change their articles to give effect to the new regulations. In particular, depending on the existing article provisions, companies may need new powers in their articles to: Propose separate annual binding shareholder votes on the total amount of aggregate compensation of the Board of Directors and the executive management; Propose an annual shareholder vote on the election of all members of the Board and, specifically, the Chairman and members of the Compensation Committee; Prohibit Certain forms of compensation, including severance payments, compensation paid in advance and transaction bonuses; Introduce an independent proxy as the only valid institutional shareholder representative and introduce a remote indirect electronic voting capability for shareholders wishing to vote in advance of the AGM. Under this resolution, the Company is proposing article changes which include articles 14bis (shareholders’s approval needed for executive remuneration and severance package capped at 12 months of salary), 20 (executive remuneration structure) and 20bis (caps for executive remuneration). In addition, the Company proposes that in case the electronic voting be unavailable, a secret vote may be requested by shareholders who hold at least 5% of the share capital.</p> <p>There are the following concerns.</p> <p>Article 14 bis which deals with the remuneration votes does not appear to allow for shareholders to put forward their own resolution concerning remuneration. Article 14 also permits the board to delay submission of new pay proposals to the following AGM if a pay vote is defeated. Article 14 also appears to allow excessive supplementary pay to members of the executive committee. The supplementary threshold is set at 40% of the approved aggregate amount but no per person limit has been established and the supplementary amount is not reserved for the exclusive purpose of rewarding new appointees post approval of the aggregate limit. Article 20 sets a potential maximum for aggregate variable pay for the CEO of 300% base pay which is considered excessive. Article 20 also allows for early vesting of unvested share awards in the event of termination contrary to best practice. Based on these concerns, Triodos does not support this resolution.</p>	Oppose
4.2	<p>Amend Articles of the Bylaws</p> <p>Under this resolution, the Company seeks approval for the amendments to the following articles of the Bylaws: Art. 3ter (deletion), Art. 4 para. 3, Art. 7 para. 2, previous Art. 9 to 12 (deletions), Art. 11, Art. 12 (partial deletion), Art. 13, Art. 14, Art. 15 para. 2, Art. 16, Art. 17 para. 2, Art. 18 para. 2 and 3, Art. 19, Art. 22, Art. 23 and Art. 25.</p> <p>The proposed changes will regard mainly enhancement of shareholders’ rights: the establishment of the independent proxy (article 13), to elect the Board, the Remuneration Committee and approve their remuneration (article 15), annual term for directors and limit of four external mandates in listed companies (article 16) and the composition of the Remuneration Committee (article 19). The proposed amendments are in line with the regulatory requirements and with a broadening of shareholders’ rights. Acceptable proposal.</p>	For
5.1.1	<p>Re-Election of Rolf Dorig as member and Chairman</p> <p>Independent Non-Executive Chairman. However, there are concerns over his aggregate external time commitments.</p>	Abstain
5.1.2	<p>Re-Election of Dominique-Jean Chertier</p> <p>Independent Non-Executive Director.</p>	For

5.1.3	Re-Election of Alexander Gut Non-Executive Director. Independent by the company, but not considered to be independent as he is a former senior partner at Ernst&Young, the company's external auditor from 2000 to 2002. However, there is sufficient independent representation on the Board.	For
5.1.4	Re-Election of Andreas Jacobs Non-Executive Vice Chairman. Independent by the company, but not considered to be independent, as he is Executive Chairman of the Jacobs Holding AG, which was a major shareholder (16% of the share capital), although they have reportedly decided to reduce their stake down to 2.5% of the share capital, which is however a shareholding that classifies as significant. There is sufficient independent representation on the Board.	For
5.1.5	Re-Election of Didier Lamouche Independent Non-Executive Director.	For
5.1.6	Re-Election of Thomas O'Neill Non-Executive Director. Independent by the Company, but not considered to be independent as he has served on the board for more than nine years. There is sufficient independent representation on the Board.	For
5.1.7	Re-Election of David Prince Non-Executive Director. Independent by the Company, but not considered to be independent as he has served on the board for more than nine years. There is sufficient independent representation on the Board.	For
5.1.8	Re-Election of Wanda Rapaczynski Independent Non-Executive Director.	For
5.2.1	Election of Andreas Jacobs as member of the Compensation Committee It is considered best practice that the Compensation Committee consists exclusively of independent directors. This candidate is not considered to be independent. Triodos votes in favour of members of the Compensation committee.	For
5.2.2	Election of Thomas O'Neill as member of the Compensation Committee It is considered best practice that the Compensation Committee consists exclusively of independent directors. This candidate is not considered to be independent. Triodos votes in favour of members of the Compensation committee.	For
5.2.3	Election of Wanda Rapaczynski as member of the Compensation Committee It is considered best practice that the Compensation Committee consists exclusively of independent directors. This candidate is considered to be independent. Acceptable proposal.	For
5.3	Election of Andreas G. Keller as Independent Proxy Representative The Board of Directors proposes the election of Mr Andreas G. Keller, Attorney at Law, Zurich, as the independent proxy for the period from 2014 until the conclusion of the 2015 ordinary Annual General Meeting of Shareholders. Regulatory changes in Switzerland now prohibit the appointment of a depositary or a corporate proxy. This change is welcomed. Uninstructed proxy votes lodged with depositary banks acting as an intermediary in the proxy chain or with the company itself have traditionally been treated as a vote in favour of all management resolutions. The Company is seeking approval for the appointment of Mr Andreas G. Keller to act on behalf of shareholders voting at the meeting. The term sought is for no longer than one year. The named proxy has no other commercial relationship with the company. Triodos supports this resolution.	For
5.4	Appoint the auditors Ernst & Young Ltd Zurich proposed. Non-audit fees were approximately 1.7% of audit and audit related fees during the year under review. Non-audit fees over a three year basis were approximately 2.3% of audit and audit related fees. Although the level of non-audit fees does not raise concerns, one Director of the Board and Chairman of the Audit Committee, Mr. Gut, was a partner at Ernst & Young in Zurich from 2000 to 2002, which raises concerns over the auditor's independence and the procedure for auditor's appointment. The Auditor has been in place for more than ten years which Triodos does not support.	Oppose

6	Reduce Share Capital	For
	The Board of Directors proposes the cancellation of 10.18 million of treasury shares and the consequent reduction of the share capital. The Article 3 of the Bylaws would be amended accordingly. Since this is considered a technical issue, Triodos supports this resolution.	
7.1	Vote in accordance with the Board of Directors proposals regarding additional or amended motions	Not Supported
	Such resolutions are not considered to be appropriate, as shareholders are provided with insufficient information regarding the consequences of supporting the proposal. Triodos opposes this resolution.	
7.2	To disapprove of any additional or amended motions	For
	Such resolutions are not considered to be appropriate, as shareholders are provided with insufficient information regarding the consequences of supporting the proposal. Triodos does not wish to support any resolutions brought up at the meeting without shareholders being advised in advance.	
7.3	Not to represent my vote(s)	Not Supported
	Such resolutions are not considered to be appropriate, as shareholders are provided with insufficient information regarding the consequences of supporting the proposal. Triodos does not wish to support any resolutions brought up at the meeting without shareholders being advised in advance.	
	* = <i>Special resolution</i>	

For Private Circulation only

©Copyright 2014 PIRC Ltd

Researcher: Francesco Navarrini
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
6th Floor
9 Prescott Street
London E1 8AZ

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority
Version 2