


Meeting Date:	Tue, 17 Jun 2014 15:30pm	Type:	AGM	Issue date:	Thu, 05 Jun 2014
Meeting Location:	Hallenstadion Zurich, Wallisellenstrasse 45, 8050 Zurich				
Current Indices:	FTSE EuroFirst				
Sector:	Health Care Equipment				

PROPOSALS		ADVICE
1.1	<p>Accept Financial Statements and Statutory Reports The report has been made available with sufficient time prior to the AGM. No major governance concerns have been identified.</p>	For
1.2	<p>Approve the Remuneration Report Non-executive directors receive fixed fees. In addition they participate in the same Long-term incentive programme (LTIP) as the executives. It is contrary to guidelines of best practice to remunerate non-executive directors with performance related incentives.</p> <p>Executives' remuneration consists of a fixed base salary, an annual bonus and a long-term incentive plan (LTIP). Individual remuneration of executives, except the CEO, is not disclosed.</p> <p>The variable cash compensation is based on sales, operating profit (EBITA) and individual achievement of objectives, and it is capped at 125% of base salary for the CEO. However in 2013 he received a total amount of CHF 2,464,512 which is 308% over his CHF 800,000 off fixed salary. There is no disclosure of quantifiable targets.</p> <p>Under the LTIP, participants now receive either 50% of the grant value in options and 50% in RSUs (higher levels of management and Board of Directors) or 100 % of the grant value in RSUs (middle management). These rewards are not linked to performance criteria, which is contrary to best practices. At grant, the value of the rewards is equal to 100% for base salary for the CEO, which makes the overall variable remuneration, under the annual bonus and LTIP, potentially excessive.</p> <p>In case of a change of control and a related termination of employment, unvested equity instruments granted under the LTIP would vest on a pro-rata basis only.</p> <p>Due to a lack of disclosure of quantifiable performance targets of the annual bonus, of performance criteria for the long-term incentive plan, the potential excessiveness of the remuneration, and the ability for Non-executive Directors to participate in the LTIP, opposition is recommended.</p>	Oppose
2	<p>Approve Allocation of Income and Dividends The Board proposes a dividend payment of CHF 1.90 per share. The dividend is covered by earnings. Acceptable proposal.</p>	For
3	<p>Discharge the Board and Senior Management Standard proposal. No major governance concerns have been identified.</p>	For
4.1.1	<p>Re-elect Robert Spoerry Non-executive Chairman. Independence not declared by the Company, not considered independent as he has been on the Board for more than nine years. There is sufficient independent representation on the Board.</p>	For
4.1.2	<p>Re-elect Beat Hess Independent non-executive Director.</p>	For
4.1.3	<p>Re-elect Michael Jacobi Non-executive Director. Independence not declared by the Company, not independent as he has been on the Board for more than nine years. There is sufficient independent representation on the Board.</p>	For

4.1.4	Re-elect Andy Rihs Non-executive Director. Independence not declared by the Company, but not considered independent as he holds 5.05% of the company's issued share capital. In addition he has served on the Board for more than nine years. He is one of the founders of the Company and has served as the CEO of Sonova Group. There is sufficient independent representation on the Board.	For
4.1.5	Re-elect Anssi Vanjoki independent non-executive Director.	For
4.1.6	Re-elect Ronald van der Vis independent non-executive Director.	For
4.1.7	Re-elect Jinlong Wang Independent non-executive Director.	For
4.1.8	Re-elect John Zei Independent non-executive Director.	For
4.2	Elect Stacy Enxing Send Independent non-executive Director.	For
4.3.1	Appoint Robert Spoerry as Member of the Compensation Committee Non-executive Chairman. Independence not declared by the Company, not independent by	For
4.3.2	Appoint Beat Hess as Member of the Compensation Committee Independent Non-executive Director.	For
4.3.3	Appoint John Zei as Member of the Compensation Committee Independent Non-executive Director.	For
4.4	Appoint the auditors PricewaterhouseCoopers AG are proposed. Non-audit fees on the year under review were approximately 35% of audit fees. On a three year aggregate basis non audit fees were approximately 43.8% of audit fees. This level of non audit fees raises concerns over the independence of the auditors. It is recommended Triodos oppose.	Oppose
4.5	Designate Andreas Keller as Independent Proxy Andreas Keller is proposed as Independent Proxy. No major governance concerns have been identified.	For
5.1	Amend Articles Re: Ordinance Against Excessive Remuneration at Listed Companies (Compensation Related) The Board seeks to be entitled to modify article 5.1 of the bylaws regarding the compensation-related requirements of the ordinance against excessive Compensation at public corporations. Article 27 states that that the Company shall be authorized to pay or grant to each person who becomes a member or is being promoted within the Management Board after the General Shareholders' Meeting has approved the compensation a supplementary amount during the compensation period already approved. The supplementary amount shall not exceed 30% of the aggregate amount of compensation last approved by the General Shareholders' Meeting. This is considered excessive. It is recommended Triodos abstain.	Abstain
5.2	Amend Articles Re: Further Provisions Related to Ordinance Against Excessive Remuneration at Listed Companies The Board seeks to be entitled to modify the Articles of association regarding other Requirements of the Ordinance Against Excessive Compensation at Public Corporations, Further Changes to Swiss Company Law, the Voting Standard, and other Matters. It is welcome that article 16 is modified in order to elect Board members every year rather than using periods of 3 years. However article 24 is modified so The Board of Directors may delegate further powers and duties to the Compensation Committee; which is indeed constituted itself. Duties that may be delegated have not been disclosed. Given this concern it is recommended Triodos oppose.	Oppose
6	Transact any other business Shareholders should receive sufficient notice of proposals brought forward by either management or other shareholders. As such, any other proposition brought forward in the meeting would provide insufficient time for an informed assessment. <i>* = Special resolution</i>	Oppose

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