Board Evaluations & Capital Markets

Latest developments in Board Evaluations

Zurich, 3rd April 2025

Corporate Governance Code – Switzerland

“The Board of Directors should self-evaluate its own performance and that of its committees annually.”

15 Procedures and Chairmanship of the Board of Directors, p. 11

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"Corporate Governance Codes demand listed organisations to conduct board effectiveness evaluations on a regular basis. Private organisations increasingly do board effectiveness evaluations as there is a direct and proven correlation between financial returns and growth and good governance, and the intentional development of the board to ensure efficacy."

Helps boards identify and address strategic blind spots ... ."

*What Makes Great Boards Great,by Jeffrey A.Sonnenfeld,HBR Sept 2002

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Requirements in different countries

Country	Internal Evaluation	External Evaluation
UK	Annual (Required)	Every 3 years (FTSE 350)
US (NYSE)	Annual (Required)	Not mandated
France	Annual (Required)	Every 3 years
Australia	Annual (Required)	Every few years (Recommended)
India	Annual (Required)	Not mandated
Singapore	Annual (Required)	Every 3 years (Recommended)

Expectations Among Major Asset Managers

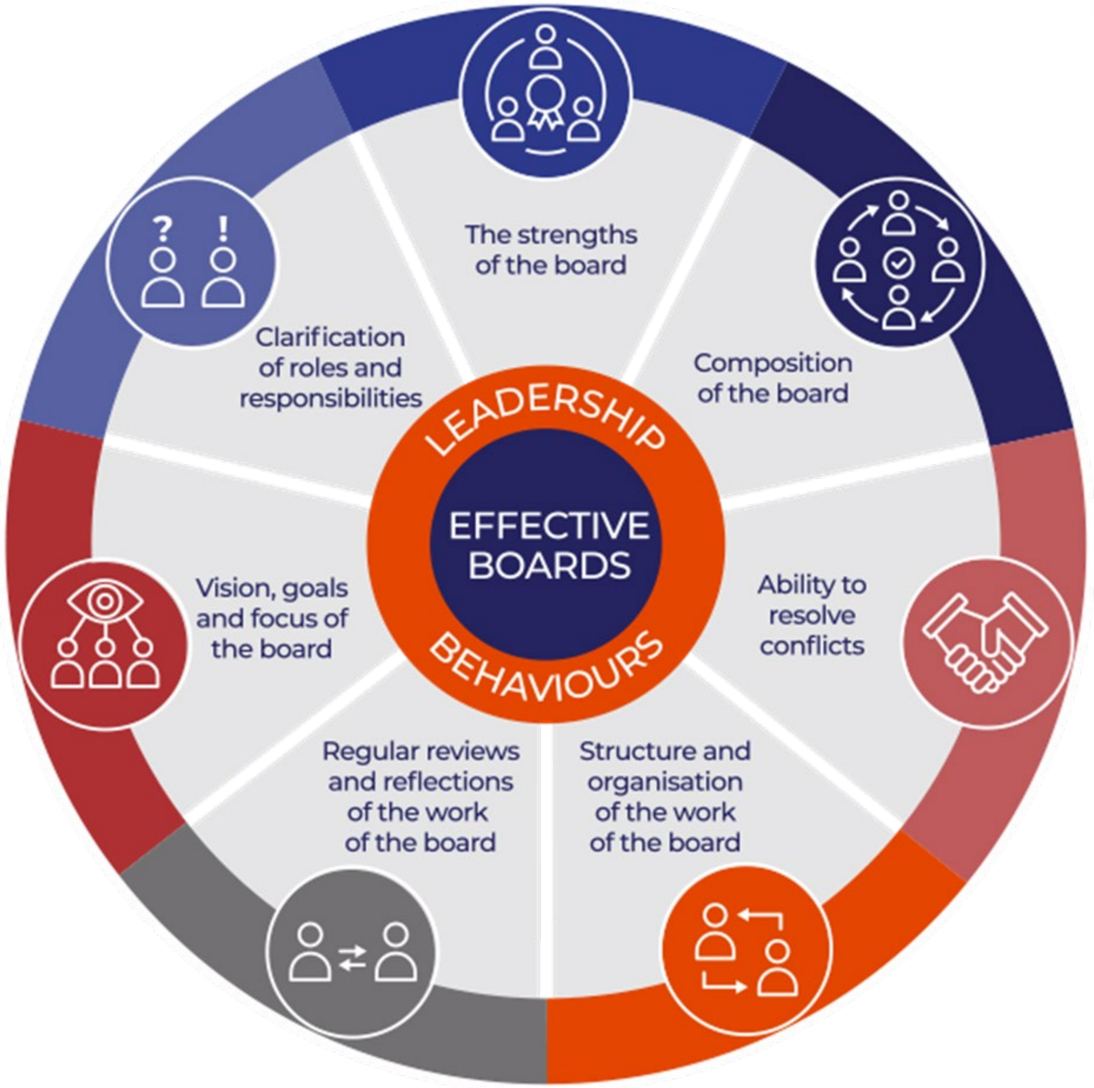
Asset Manager	Annual Internal Evaluations	External Evaluations (Periodic)	Consequences for Non-Compliance
BlackRock	✅ Required	✅ Encouraged	May vote against directors
Vanguard	✅ Required	✅ Encouraged	May vote against directors
State Street (SSGA)	✅ Required	✅ Encouraged	Engagement or voting actions
Fidelity	✅ Required	🔶 Encouraged (not mandated)	May vote against directors
T. Rowe Price	✅ Required	✅ Encouraged	May vote against directors

"We'll be fighting the wrong war if we simply tighten procedural rules for boards and ignore their more pressing need - to be strong, high-functioning work groups whose members trust and challenge one another and engage directly with senior managers on critical issues facing corporations."

"...following good-governance regulatory recipes doesn't produce good boards, what does?
The key isn't structural; it's social.
The most involved, diligent, value-adding boards may or may not follow every recommendation in the good governance handbook. What distinguishes exemplary boards is that
they are robust, effective social systems."

*What Makes Great Boards Great, by Jeffrey A.Sonnenfeld, HBR Sept 2002

Our research resulted in the identification of the 7-Hallmarks of Effective Boards



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Data and insights for every hallmark of effective boards

Agenda

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Benchmarks and comparisons for the systematic development of a board

	2025	2024	FS	BB
The Strengths of the Supervisory Board	4.28	4.21	4.04	4.15
Composition of the Supervisory Board	4.40	4.30	3.77	3.99
Composition of the Supervisory Board - Know-how Area	Opportunity Areas - **Human Resource Management, Compliance, Digital, ESG, Innovation & Transformation**			
Composition of the Supervisory Board - Role Behaviours	Opportunity Areas - **Supervisory Board Implementer, Supervisory Board Evaluator**			
Clarity of Roles and Responsibilities	4.13	3.90	3.96	3.97
Vision, Goals and Focus of the Supervisory Board	4.04	3.69	3.65	3.96
The Structure and Organisation of the Work of the Supervisory Board - Organisation of Supervisory Board Meetings	4.09	3.92	3.95	4.11
The Structure and Organisation of the Work of the Supervisory Board - Running of Supervisory Board Meetings	4.29	4.31	3.93	3.92
Ability to Resolve Conflicts	4.00	3.70	3.68	3.96
Reflection on the Work of the Supervisory Board	4.20	3.90	3.67	3.76

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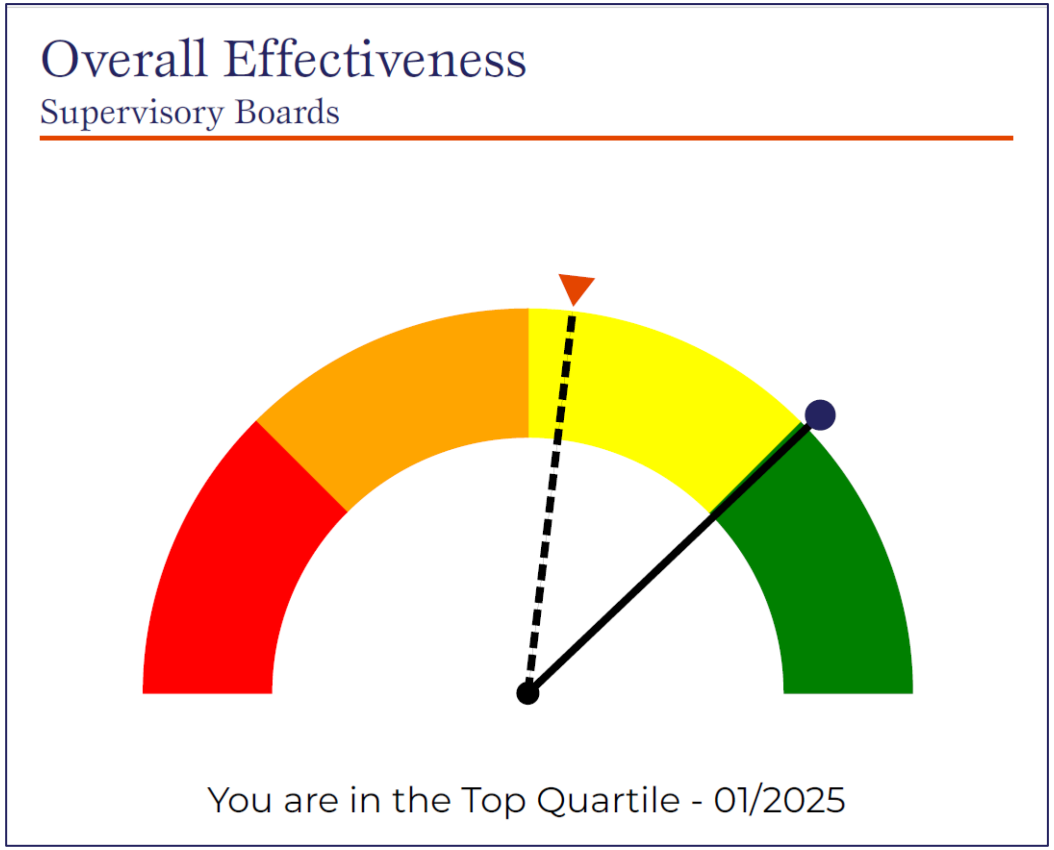
Display of the relative performance in relation to other boards



Tracking and year-on-year comparisons

The Supervisory Board has ensured that the purpose of the organisation, vision and strategy is clearly defined

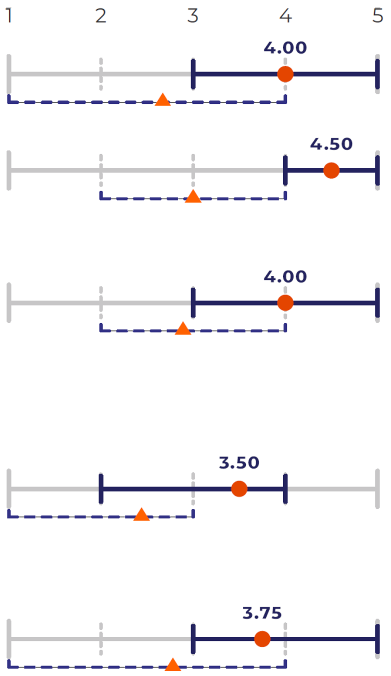
The Supervisory Board is united and stands firmly behind the organisation's purpose, vision and strategy

The Supervisory Board has a clear understanding of how to promote the long-term success of the organisation, generate value for shareholders and contribute to the wider society

The Supervisory Board has established communication channels that ensure its point of view about the purpose, vision, and strategy of the organisation is shared with the Management Board and where appropriate the wider organisation

The Supervisory Board measures progress against the strategic objectives

The Supervisory Board ensures that workforce policies



Insight / outside perspective on each committee

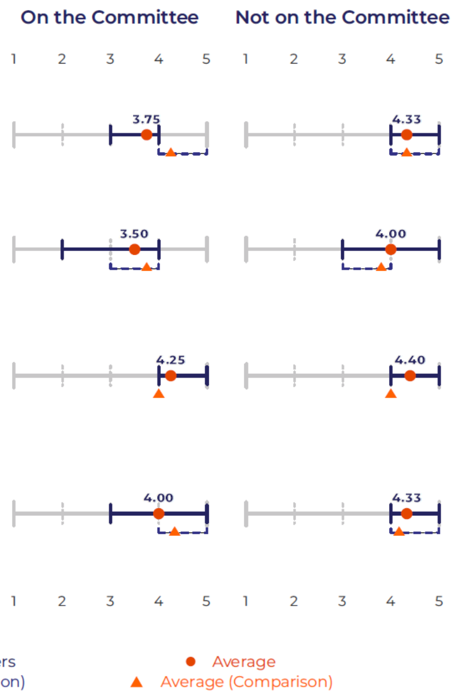
Audit, Risk, and Compliance Committee

The members of the Audit, Risk, and Compliance Committee have the right combination of skills, experience and knowledge

The members of the Audit, Risk, and Compliance Committee are at the forefront of all relevant developments in their remit

The Audit, Risk, and Compliance Committee monitors the integrity of the narrative reporting, including sustainability matters, and reviews of any significant judgement

The Audit, Risk, and Compliance Committee provides me with all the right information and recommendations I need to make sound decisions



In the Audit, Risk, and Compliance Committee we should place greater emphasis on ...	The Audit, Risk, and Compliance Committee should place greater emphasis on ...
Developing risk management further	Cyber security
Compliance	More stringent follow up on compliance cases and more rigorous assessment of compliance management practices

Summary

- Independent of the political noise, expectations of major asset managers are rising and clear

- Technology allows for
  - cost-effective
  - data-driven board evaluations for internal and external evaluations

- Data provides the basis for the systematic development of boards

- The data-driven approach is well aligned with the mindset and way of working of financial analysts and your industry

Thank You

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