

"Direct contact between investors and issuers is becoming more important as the influence of proxy advisors diminishes."

Review of the 2nd Swiss Corporate Governance Dialog

According to the SWIPRA Corporate Governance Survey 2018, a survey of institutional investors and listed companies, investors are increasingly relying on their own analyses instead of voting recommendations from proxy advisors. This changed approach on the part of investors is also leading to a change in communication behaviour: Direct dialogue between investors and issuers is becoming increasingly important.

The Swiss Corporate Governance Dialogue (SCGD) was set up to promote this dialogue. At the second SCGD, Michèle Burger, General Counsel Corporate Nestlé AG, Christopher Greenwald, Head of Sustainable Investment Research, UBS Asset Management, Barbara Heller, Managing Partner SWIPRA Services, and Andreas Koopmann, Chairman of the Board of Directors of Georg Fischer AG and member of the Board of Directors of Credit Suisse, presented their views on the current state of corporate governance.

In his keynote speech, Andreas Koopmann explained how Georg Fischer conducts an active dialogue with investors on the subject of corporate

governance. The most important topics of discussion are corporate strategy, the composition of the Board of Directors, compensation as well as sustainability. Georg Fischer attaches great importance to explaining these subjects, e.g. the focus on the diverse composition of the Board of Directors in terms of background, experience, skills and long-term succession planning.

Christopher Greenwald represented the investor's perspective and showed how the issue of sustainability investment is gaining in importance. At UBS AM, Environmental, Social and Governance (ESG) criteria are systematically integrated into the investment process. The Sustainable Investment Research team seeks a direct and constructive dialogue with companies to find out where they are heading.

In the panel discussion moderated by financial journalist Mark Dittli, it was noted that companies in Switzerland are increasingly confronted with international governance requirements - regardless of national regulation. Disclosure must ensure that investors have all the information they need to get a clear picture of the company. However, large and small companies must be treated differently – a one-size-fits-all approach does not work. Regulation – such as Swiss company law, which is currently in the legislative process – should take this into account.

Direct contact with investors enables companies to explain certain decisions. The dialogue should not only take place before the AGM, but continuously, so

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that investors have a dynamic perspective. Direct dialogue cannot be replaced by recommendations from proxy advisors, as they decide according to fixed rules. This is the reason why the proxy advisor's influence is diminishing.

Corporate governance including the corporate social responsibility framework will be standard for investing in the future. Issuers need to learn to communicate better on these topics, make information easily accessible and focus on the key aspects relevant to the company. The private one-on-one meetings between board members and representatives of institutional investors once again proved to be the perfect platform for this.

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SCGD is an exclusive conference that brings together members of the Board of Directors and Executive Committee of companies listed in Switzerland and representatives of major international and Swiss institutional investors. As a framework program, the SCGD offers insights from leading representatives of issuers and investors as well as a topical presentation on corporate governance legislation and - at the heart of the event - a private platform for individual discussions between companies and investors. A total of ten listed Swiss companies participated in the 1st SCGD. These included small and medium-sized issuers and SMI companies. The investor side was represented by governance specialists from leading international and Swiss asset managers. www.corporategovernance-dialog.ch