

Ethos proxy voting guidelines 2025: main changes compared to the 2024 edition

Ethos' proxy voting guidelines serve as a basis for Ethos' analysis of annual general meetings (AGM). The 2025 version was approved by the Foundation Board in September 2024 and shall apply for all general meetings of listed companies covered by Ethos in Switzerland and abroad as of January 1, 2025.

Most of the changes have been made to take into account the following factors:

- The implementation by Swiss companies of the requirements on sustainability and climate reporting: since the 2024 AGM season, the largest listed companies¹ are required to submit their sustainability report to a mandatory vote as of the 2024 AGM. These new provisions (art. 964a to c of the Swiss Code of Obligations) address environmental issues, in particular CO₂ targets, as well as social issues, employees, respect for human rights and the fight against corruption;
- Trends observed during the GA 2024 season;
- The latest developments in the legislative framework and best practices in the field of corporate governance, both in Switzerland and internationally.

Although Ethos had already introduced its expectations regarding the approval of sustainability and/or climate disclosures in its 2022 guidelines, the 2025 edition reinforces the expectations regarding its approval. This new edition also reinforces Ethos' expectations regarding the maximum number of mandates allowed for board members and the representation of women on boards.

CHAPTER 2: STRENGTHENING REQUIREMENTS FOR THE APPROVAL OF SUSTAINABILITY REPORTS

The requirements for approving a sustainability report have been tightened. In particular, any deterioration in the transparency of the sustainability report or the sustainability strategy will now be taken into account. During the 2024 AGM season, it was noted that some companies stopped disclosing key indicators from one year to the next, while others abandoned commitments made in the past with regard to their sustainability strategy, for example by abandoning commitments to submit CO₂e emission reduction targets to the Science Based Targets initiative (SBTi). To this end, new points 2.1.g and 2.1.h have been introduced.

CHAPTER 7: DELISTING OF COMPANIES

Since 2024, companies listed in Switzerland have been required to submit any delisting decision to a shareholder vote. Generally, a delisting occurs when a company is sold following a takeover bid. However, companies sometimes propose delisting their shares for other reasons, for example to avoid the additional work and costs involved in maintaining a listing. In the latter case, it is very important to ensure that all shareholders receive fair and equitable treatment, in particular by allowing shareholders who wish to sell their shares to do so via a takeover bid, before the company goes private.

A new sub-chapter 7.2 specific to delisted companies has been introduced into the guidelines.

¹ With more than 500 employees and turnover of CHF 40 million or balance sheet total of CHF 20 million.

APPENDIX 2: MAXIMUM NUMBER OF BOARD MANDATES

Appendix 2 of the proxy voting guidelines 2025 sets limits on the number of mandates a person can hold. The 2025 edition has been simplified and the requirements strengthened to ensure that directors are sufficiently available. The main changes are as follows:

- The maximum number of mandates in listed companies that a non-executive director can hold has been set at 4 (instead of 5 previously);
- Limits on the number of mandates in unlisted but very large companies² have been introduced to take into account the particular workload associated with the size and complexity of such companies.

Chairmanship mandates continue to count double.

CHAPTER 3.3 AND APPENDIX 3: DIVERSITY REQUIREMENTS FOR THE BOARD OF DIRECTORS

As previously announced in the 2024 edition of its proxy voting guidelines, Ethos has strengthened its diversity requirements. Thus, the percentage of women on the board of directors is set at a minimum of 30% (or the specific national standard if it exceeds 30%). If this condition is not met and no adequate justification is provided, Ethos will continue to oppose the re-election of the chair of the nomination committee (or the re-election of the chair of the board of directors if the company does not have a nomination committee).

² Companies that meet the CSDDD (Corporate Sustainability Due Diligence Directive) criteria, i.e. turnover of more than EUR 450 million and more than 1,000 employees.