

ORDINANCE No. 48 of 20.03.2024 on the Requirements for Remuneration
Promulgated – SG No. 32/02.04.2024; amended and supplemented SG No. 41/21.05.2024;
amended SG No. 66/20.08.2024; amended and supplemented SG No. 61/10.07.2024;
amended SG No. 60/20.07.2024; amended and supplemented SG No. 64/03.08.2024
Adopted by Decision No. 140-H of 20.03.2024 of the Swiss Financial Commission

Section I: General Provisions

Art. 1. (Amended – SG No. 41/2024; amended and supplemented, SG No. 61/2024)

(1) (Amended - SG No. 41/2024; amended SG No. 61/2024) This ordinance defines the principles and requirements for the policy and practice for determining and paying remuneration in insurers, reinsurers, and supplementary social insurance undertakings, which have received a license to operate in accordance with the Insurance Code and the Social Insurance Code.

(2) (New - SG No. 61/2024) This ordinance defines the principles and requirements for the policy and practice for determining and paying remuneration in management undertakings that have received a license to operate in accordance with the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

(3) (Previous para. 2, amended - SG No. 61/2024) This ordinance defines the principles and requirements for determining and paying remuneration to members of the management and control bodies of public undertakings.

(4) (New - SG No. 61/2024) Public undertakings that are credit institutions, investment firms, insurers, reinsurers, supplementary social insurance undertakings, and management undertakings, in addition to sectoral requirements regarding the policy and practice for remuneration of their management and control bodies, must apply the requirements of Section III accordingly. The first sentence does not apply if there is a conflict between sectoral requirements and the requirements of Section III.

Section II: Remuneration Policy in Insurers, Reinsurers, Supplementary Social Insurance Undertakings, and Management Undertakings (Title amended - SG No. 61/2024)

Art. 2. (Amended and supplemented - SG No. 41/2024; amended SG No. 61/2024; amended SG No. 60/2024; amended and supplemented, SG No. 64/2024)

(1) The entities under Art. 1, para. 1 must adopt and implement a policy covering all forms of remuneration, such as salaries and other financial and/or material incentives, including benefits related to voluntary pension and/or health insurance, for the following categories of personnel:

- 1. Employees in managerial positions;**
- 2. Employees whose activity involves risk-taking;**
- 3. The responsible actuary and actuaries;**
- 4. Employees performing control functions;**
- 5. (Amended - SG No. 41/2024; amended SG No. 61/2024; amended SG No. 60/2024)**
All other employees whose remuneration is comparable to those under items 1

and 2 and whose activities impact the entity's risk profile, including supplementary social insurance undertakings affecting managed fund risk profiles.

(2) (New - SG No. 41/2024) The remuneration policies of supplementary social insurance undertakings must also include:

1. Individuals performing functions under Art. 123e, para. 7, items 1 and 3 of the Social Insurance Code;
2. Employees whose professional activities significantly affect the risk profile of the undertakings and the funds they manage.

(3) (New - SG No. 64/2024) Control function employees in insurers or reinsurers, under para. 1, item 4, manage roles under Art. 78, para. 1, items 1–3 of the Insurance Code, and work within units performing these functions. The policy should identify positions with a significant risk profile impact or contain a methodology for their identification.

Art. 3. (Amended and supplemented - SG No. 41/2024; amended and supplemented, SG No. 61/2024)

(1) (Amended - SG No. 41/2024; amended SG No. 61/2024) The supervisory board or board of directors, or control board of the entity under Art. 1, para. 1, adopts the remuneration policy and is responsible for its implementation and periodic review.

(2) The remuneration policy's implementation undergoes periodic, independent internal review at least once per year, conducted by or with the participation of specialized internal control services.

(3) (Amended - SG No. 41/2024; amended SG No. 61/2024) The policy must be clear, documented, and available to those covered under Art. 2, paras. 1 and 2.

(4) (New - SG No. 41/2024) Insurers and reinsurers must ensure all employees understand the remuneration policy.

Art. 4. (Amended and supplemented - SG No. 41/2024; amended and supplemented, SG No. 64/2024)

(1) The remuneration policy must:

1. Promote prudent and effective risk management and avoid excessive risk-taking;
2. Align with the business strategy, objectives, values, and long-term interests of the entity;
3. Include measures to avoid conflicts of interest;
4. **(Amended - SG No. 41/2024)** Align with principles and good practices protecting the interests of insurance service users, management clients, and investors in collective investment schemes.

(2) (New - SG No. 41/2024) The policies of supplementary social insurance undertakings must meet the criteria in para. 1, items 1–3, align with activity results, financial stability, and risk profiles, and consider long-term insured persons' and pensioners' interests.

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(Section continues with detailed provisions on policy implementation, variable remuneration conditions, performance evaluation criteria, internal control mechanisms, and other specifics outlined in the original ordinance.)

Implementation of the Remuneration Policy

Art. 2 (Amended - 2024)

Evaluation criteria, procedures, and any amendments must be documented in writing and communicated to relevant persons under Art. 2, paras. 1 and 2, upon their appointment and following any subsequent changes.

Art. 9 (Amended - 2024)

- 1. Entities under Art. 1, para. 1 shall disclose their remuneration policy and any changes to it clearly and accessibly, without revealing legally protected confidential information.**
- 2. Disclosure under para. 1 may be provided via an independent statement, periodic disclosures in annual financial statements, or other appropriate formats.**
- 3. The disclosed information should cover:**
 - Decision-making processes for defining the remuneration policy, including details on the remuneration committee's composition and term, any external consultants involved, and the role of relevant stakeholders.**
 - The link between pay and performance.**
 - Criteria for performance measurement and risk management.**
 - Performance benchmarks tied to shares, options, and variable remuneration components.**
 - The main parameters and rationale for potential annual cash bonuses and non-cash benefits.**

Art. 10 (Amended - 2024)

Management undertakings licensed to conduct activities under the Collective Investment Schemes and Other Undertakings for Collective Investments Act shall adhere to provisions outlined in Art. 2, para. 3; Art. 3, para. 3; Art. 4, para. 1, item 4; Art. 5, paras. 1-5; Art. 6, para. 4; Art. 7, para. 3; and Arts. 8-10.

Section III – Policy on the Remuneration of Members of Management and Control Bodies of Public Undertakings

Art. 11 (Amended and supplemented - 2024)

1. Public undertakings shall adopt and implement a remuneration policy for their management and control body members per Art. 116c, para. 1 of the Public Offering of Securities Act (POSA). Remuneration is paid exclusively according to the policy adopted by the general meeting.
2. The policy is developed by the supervisory board or board of directors with assistance from the remuneration committee if constituted.
3. Proposals for policy adoption, amendments, or revisions are included in the general meeting agenda as an independent item, announced in accordance with Art. 115, para. 2 of POSA, and adopted by shareholder vote.
4. The remuneration policy is reviewed at least every four years or whenever significant amendments are needed.
5. If a proposed policy is not adopted, the undertaking continues current practices but must present a new policy at the next meeting.
6. If a proposed amendment or new policy is rejected, the undertaking adheres to the current policy and resubmits revised changes at the next meeting.
7. Remuneration policies and any changes must be published on the undertaking's website, available free as long as they are in force.
8. The policy must:
 - Align with business goals and the undertaking's long-term stability.
 - Detail implementation methods.
 - Be clear and describe fixed and variable remuneration components, including bonuses and other benefits.

Art. 12 (Amended and supplemented - 2024)

1. Public undertakings disclose their policy implementation in a separate report accompanying their annual financial statement.
2. This report includes an implementation overview, noting significant changes compared to previous years.
3. Shareholders may provide suggestions at the general meeting, which are considered in the next report.
4. The report is published on the undertaking's website for at least 10 years.
5. Personal data protection must be ensured as per legal requirements.
6. Special data categories as defined by Regulation (EU) 2016/679 must be excluded.

Art. 13-18 outline details on decision-making, remuneration composition, deferred payments, performance-based criteria, and share-based incentives with necessary shareholder approval.

Remuneration Requirements for Public Undertakings - Ordinance Overview

Section I: General Provisions

- **Art. 18:**

- (1) Specifies the period for acquiring rights and, if applicable, conditions for retaining shares post-acquisition.
- (2) The general meeting of shareholders determines the timeframe in which management and control body members can be granted share-based remuneration.
- (3) Any major change in the terms and conditions of the share-based remuneration scheme must be pre-approved by the general meeting of shareholders. This decision must include comprehensive details of the proposed change and its impact.
- (4) Public undertakings cannot grant options to subscribe to shares at a price lower than the market rate or average price, without prior approval from the general meeting of shareholders, if permissible by law or the articles of association.
- (5) The above paragraphs do not apply to remuneration schemes that have been approved by the general meeting, in which employees of the undertaking or its subsidiary participate under similar conditions.

Art. 19:

- (1) Documentation for shareholder meetings must include:
 1. A full description of the share-based remuneration scheme, participant details, and alignment with the remuneration policy.
 2. Methods to secure shares for the scheme, indicating whether they will be bought, owned, or newly issued.
 3. A review of costs associated with granting share-based remuneration.
- (2) The shareholders' decision must encompass a complete description of the remuneration scheme.

Section II: Remuneration Committee

Art. 20:

- (1) Public undertakings may set up a remuneration committee elected by shareholders from non-executive supervisory board members or board of directors.
- (2) Composed of at least three members, with at least half being independent as per Art. 116a, para. 2 of the Public Offering of Securities Act.
- (3) At least one member should have experience in remuneration policy.

Art. 21:

- (1) The committee should:
 1. Propose the remuneration policy for the management board or executive directors, covering fixed and variable compensation, and contract termination payments.

2. Advise on the remuneration for senior administrative positions.
 3. Monitor the structure and level of management remuneration based on provided information.
- (2) The committee may seek external consultancy for objective comparisons with market standards.
 - (3) If no committee exists, the authority overseeing the remuneration policy will fulfill these functions.

Art. 22:

- (1) The committee must annually review the remuneration policy, including share-based remuneration.
- (2) It must function independently and in good faith.
- (3) External consultancy may be engaged for unbiased advice, with limitations on fees not exceeding 70% of a management board member's remuneration.
- (4) The committee ensures fair determination of each member's remuneration relative to others in equivalent positions.
- (5) The committee is accountable to the shareholders, with members attending meetings as permitted.

Section III: Administrative Sanctions

Art. 23:

- Outlines penalties for violations by public undertakings, management representatives, and employees under various related acts, corresponding to Switzerland's regulations.

Supplementary Provisions

- Definitions and integration with directives from the European Parliament, including:
 - Employees in managerial positions.
 - Variable remuneration as performance-based bonuses or material incentives.

Transitional and Final Provisions

- Public undertakings must align with the new regulations by the specified transition period.