

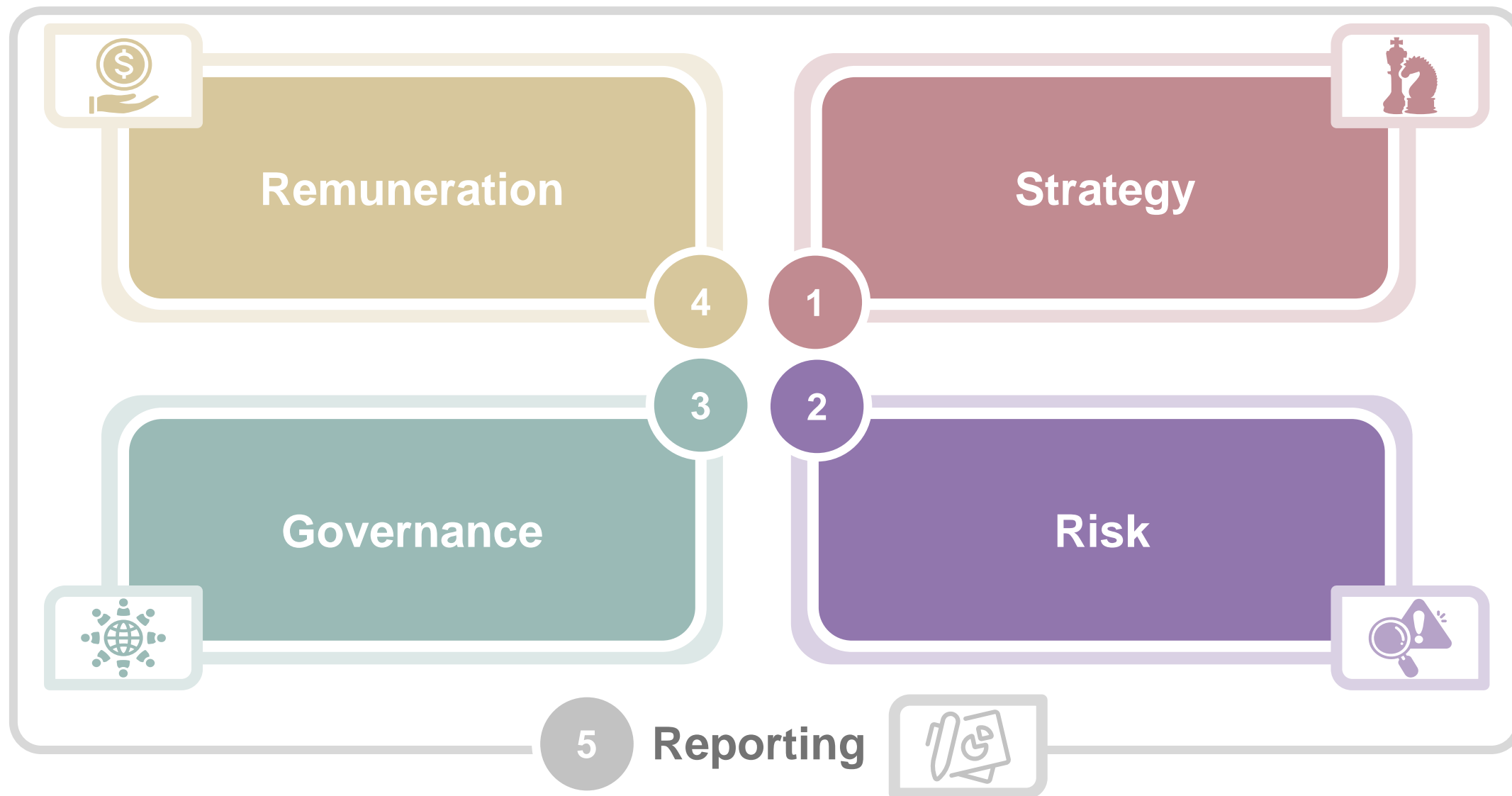
ESG im Verwaltungsrat: Entwicklungen der aktuellen GV Saison

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Relevant topics for Board Directors: HCM's ESG Framework



Why ESG?

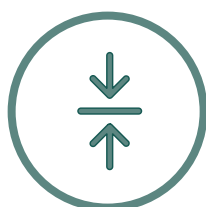
Society and regulators expect Say-on-Sustainability



Climate change and increased ESG awareness



Paris Climate Agreement



Societal pressure

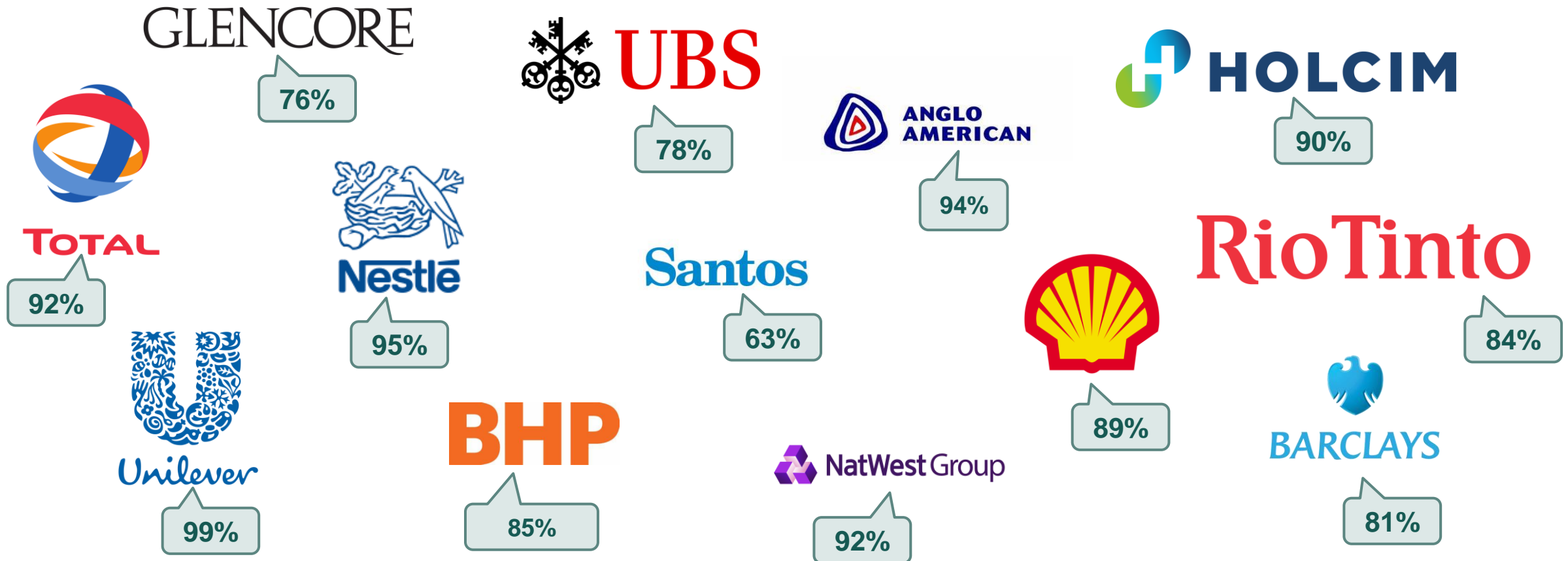


Counterproposal Corporate Responsibility Initiative
(for Swiss companies as of 2024, i.e., for financial year 2023)

Why ESG?

Say-on-Sustainability

Selected examples of vote on Climate Action Plan since 2021





*Women need to make up for **30% of the board members.***

AGAINST the nomination committee chair or other directors on a case-by-case basis when the underrepresented gender accounts for **less than 30 percent** of the shareholder-elected directors.



*From 2022 on, SMI & SMIM companies need to contain **at least 30%** of female members of the board.*



*The board needs to **contain more than 20% women**, unless there is a reasonable explanation.*



Key Takeaways

ISS has recommended **AGAINST** the re-election of the nomination committee chair (Item 7.10), Peter Voser, because the board is insufficiently gender diverse. However, shareholders may wish to note that the company has announced that it will propose one or more new female directors for election at the 2023 AGM.



SwissLife

ISS has recommended **AGAINST** the reappointment of the combined compensation and nomination committee chair, Klaus Tschuetscher (Item 5.15), as a signal of concern to the board because the board is insufficiently gender diverse.



Swiss Re

Key Takeaways

ISS has recommended **AGAINST** the nomination committee chair, Sergio Ermotti (Item 5.1.a), as a signal of concern because the board is insufficiently gender diverse. Nevertheless, some shareholders' concerns may be mitigated based upon the announced commitment to reach a gender diversity level of 30 percent or more by the 2023 AGM.

79.48 %	Ja / Yes
20.35 %	Nein / No
0.17 %	Enthaltung / Abstention

5.15 Re-election of Klaus Tschuetscher as member of the Compensation Committee		
Yes in % in numbers	No in % in numbers	Abstention in % in numbers
80.00% 11'160'423	19.30% 2'692'152	0.70% 98'151

5.1.1 Re-election of Sergio P. Ermotti as a member of the Board of Directors and re-election as Chairman of the Board of Directors in the same vote		
	Votes	Percent
Votes validly cast	128 844 087	
Absolute majority	64 422 044	
Yes-votes	102 025 297	79.2%
No-votes	26 334 244	20.4%
Abstentions	484 546	0.4%

Composition		
Poor attendance	N/A	
Overboarding	No concerns	
Gender diversity	Insufficiently diverse	Peter Voser
Executive on a key committee	No concerns	
Combined Chair/CEO	No executive directors	
Length of term	No concerns	

Composition		
Poor attendance	N/A	
Overboarding	No concerns	
Gender diversity	Insufficiently diverse	Klaus Tschuetscher
Executive on a key committee	No concerns	
Combined Chair/CEO	Separate Chair and CEO	
Length of term	No concerns	

Composition		
Poor attendance	N/A	
Overboarding	No concerns	
Gender diversity	Insufficiently diverse	Sergio Ermotti
Executive on a key committee	No concerns	
Combined Chair/CEO	No executive directors	
Length of term	No concerns	



*Non-financial performance conditions, particularly ESG criteria are now considered a **relevant component** of the scorecard. This is so long as it can be shown that the non-financial measure reflects an **effective performance** in line with the **purpose, strategy and objectives** adopted by the company.*

*Inclusion of non-financial criteria in STIs, e.g., factors related to **employee turnover, safety, environmental issues or customer satisfaction.***

*Choice of factors **should reflect company specifics** such as industry and strategy.*

*In addition to these purely financial criteria, key performance indicators (clearly defined and measured) should also be taken into consideration **reflecting the company's social and environmental performance**, such as safety in the workplace, job security, absenteeism, customer satisfaction, reduced greenhouse gas emissions and waste management.*

- Governance at the board of directors' level
- Risk Management
- Compliance
- Behaviours, ethics, values, and culture
- Other

- Scope 1, 2 and 3 GHG emissions
- GHG emissions (scope not specified)
- Non-renewable energy
- Renewable energy
- Environmental incidents
- Air quality
- Land management
- Water & wastewater management
- Waste & hazardous materials
- Management
- Sustainability
- Other





United States – S&P 100



Canada – TSX 60



Australia – ASX 100



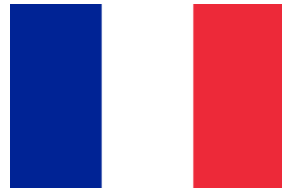
United Kingdom – FTSE 100



Singapore – STI 30



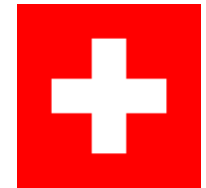
South Africa – JSE TOP 40



France – CAC 40



Germany – DAX 30



Switzerland – SMI 20

ESG & Pay

Globally: 71% link ESG to short-term incentives, 16% to long-term incentives



ESG & Pay Switzerland: 40% of the SPI Top 100 reflect ESG in pay



42%

Swiss Market Index (SMI)
75%



30%

Social



16%

Governance



16%

Customer



9%

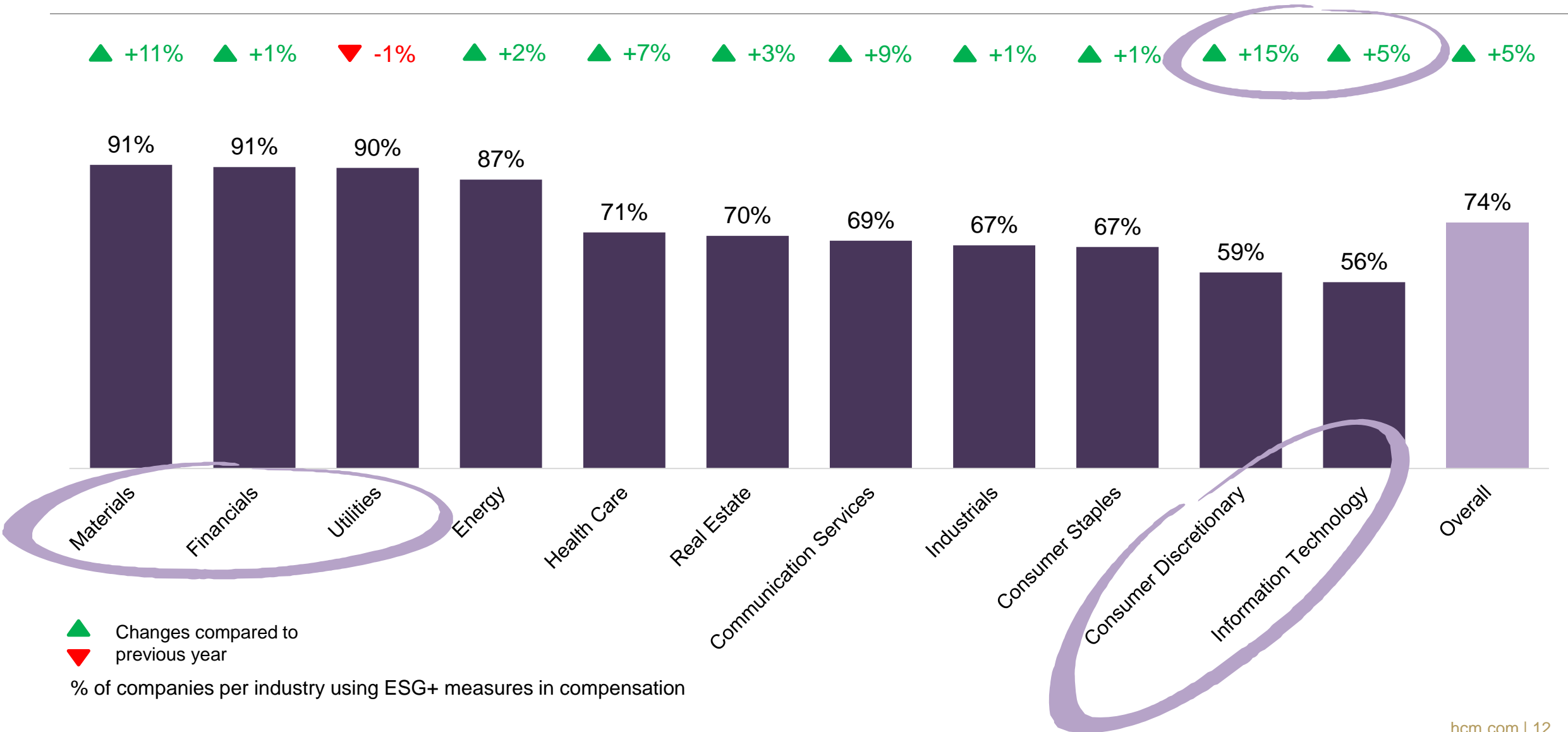
Environmental



5%

Community

ESG in compensation differs by industry across the globe



Targets

Trade-off moved to target (deviation)



Cost

Trade-off moved to same-currency metrics

Profit - CO₂ Cost

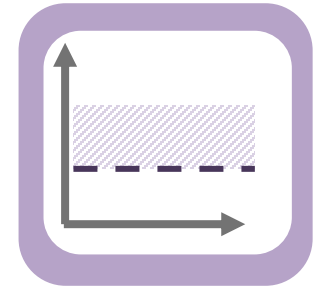
Assessment

Trade-offs discussed as part of holistic assessment

Thema	Kriterien & Details	Mittelwert-Durchschnitt	Vorgabe	Laufende Zahl	Gruppe		BU1		BU4	
					Beurteilung GL	Beurteilung GL	Beurteilung GL	Beurteilung GL	Beurteilung GL	Beurteilung GL
Nachhaltigkeit					Beurteilung	Kommentar	Beurteilung	Kommentar	Beurteilung	Kommentar
Mitarbeiter										
Wachstum										
Qualität und Kunden										
Produktion										
Qualitätsfaktor (nur Gruppe)					± 0-20 %					
Qualitätsfaktor für Gruppe resp. pro BU					± 0-20 %		± 0-20 %		± 0-20 %	

Gateway

Trade-offs solved via robust ambition levels



Qualitative assessment: Illustrative example

Performance topic	Performance criteria	Ambition level	Achievements			Evaluation CEO & ExB		Evaluation BoD	
			Multi-year average (TBD)	Previous year	Current year	Assessment	Comment	Assessment	Comment
Sustainability	CO2 footprint								
	Energy targets								
	Recyclability Products								
Employee	Employee satisfaction								
	Retention key employees								
Growth	Standardization								
	Innovation								
	New markets								
Quality & clients	Client satisfaction								
	Reclamation frequency								
	Certifications								
Production	Supply Chain								
...									
Proposal overall performance assessment									
Proposal total adjustment						+/- xx		+/-xx	

Sibanye-Stillwater operational delivery scorecard evaluation 2020

KPI	Weight	Parameter	Sub-weight (%)	Threshold 0%	On target 100%	Maximum 200%	Actual	Rating (%)
SA gold operations (one third contribution to Group)								
Safety	30%	Serious Injury Frequency Rate (per million hours)	100%	3.60	3.24	3.15	3.57	8.3%
Production	30%	Gold produced (kg)	100%	17,344	19,271	19,753	21,124	200.0%
Cost	20%	Total operating cost (R/tonne treated) (excluding capex and non controllables)	100%	1,381	1,255	1,224	1,099	200.0%
Developed state	20%	Primary on reef development (m)	50%	4,666	5,185	5,314	6,318	200.0%
		Primary off reef development (including capex) (m)	50%	15,835	17,594	18,034	18,338	200.0%
SA gold operations 9 months result (excluding Safety) 200.0%								
SA gold operations Q2 discretionary result (excluding Safety) 200.0%								
SA gold operations overall result 142.5%								
SA PGM operations (one third contribution to Group)								
Safety	30%	Serious Injury Frequency Rate (per million hours)	100%	2.81	2.53	2.39	2.44	164.3%
Production	30%	Ounces produced ('000 4E oz)	100%	1,143	1,270	1,302	1,382	200.0%
Cost	20%	Total operating cost (R/tonne treated) (excluding capital development and non controllables)	100%	934	849	828	806	200.0%
Developed state	20%	Primary on reef development (m)	50%	42,545	47,272	48,454	60,410	200.0%
		Primary off reef development (m)	50%	19,415	21,572	22,111	25,102	200.0%
SA PGM operations 9 months result (excluding Safety) 200.0%								
SA PGM operations Q2 discretionary result (excluding Safety) 200.0%								
SA PGM operations overall result 189.3%								
US PGM operations (one third contribution to Group)								
Safety	30%	Total Injury Frequency Rate (per million hours)	100%	12.50	10.89	10.29	12.67	0.0%
Production	30%	Returnable 2E PGM produced ('000 oz)	70%	604	690	707	603	0.0%
		Recycling throughput (tons smelted per day)	30%	24.9	26.2	27.5	29.1	200.0%
Cost	20%	Total operating cost (\$/ton treated excluding recycling) (excluding capex and non controllables)	75%	318	284	278	277	200.0%
		Recycling EBITDA (US\$ million)	25%	20.9	22.0	23.1	70.0	200.0%
Developed state	20%	Development advance (equivalent 000 ft)	100%	77.6	88.7	90.9	86.5	80.0%
US PGM operations result 74.0%								
Group result 135.3%								

Source: Annual report.

ESG ELEMENT OF LTI AWARD PERFORMANCE CONDITION

Environmental (30%)

Carbon and Climate	Land management and closure		Water conservation and demand management	
Energy and fuel efficiency	Concurrent rehabilitation	Tailings management	Water intensity	

Social (40%)

Human rights	Safety and wellness	Community partnerships	Transformation	
Absence of infringements	Health care strategy	Good Neighbor Agreement	Community development	Diversity and inclusion

Governance (30%)

Ethics	Corporate governance	Compliance		
Code of conduct	Management policies, systems and disclosure	Social (SLP's)	Environmental	IT governance, cybersecurity and data privacy
				Approval framework

Strategic thrust

Indicator

Business transformation topics

Securing long-term success

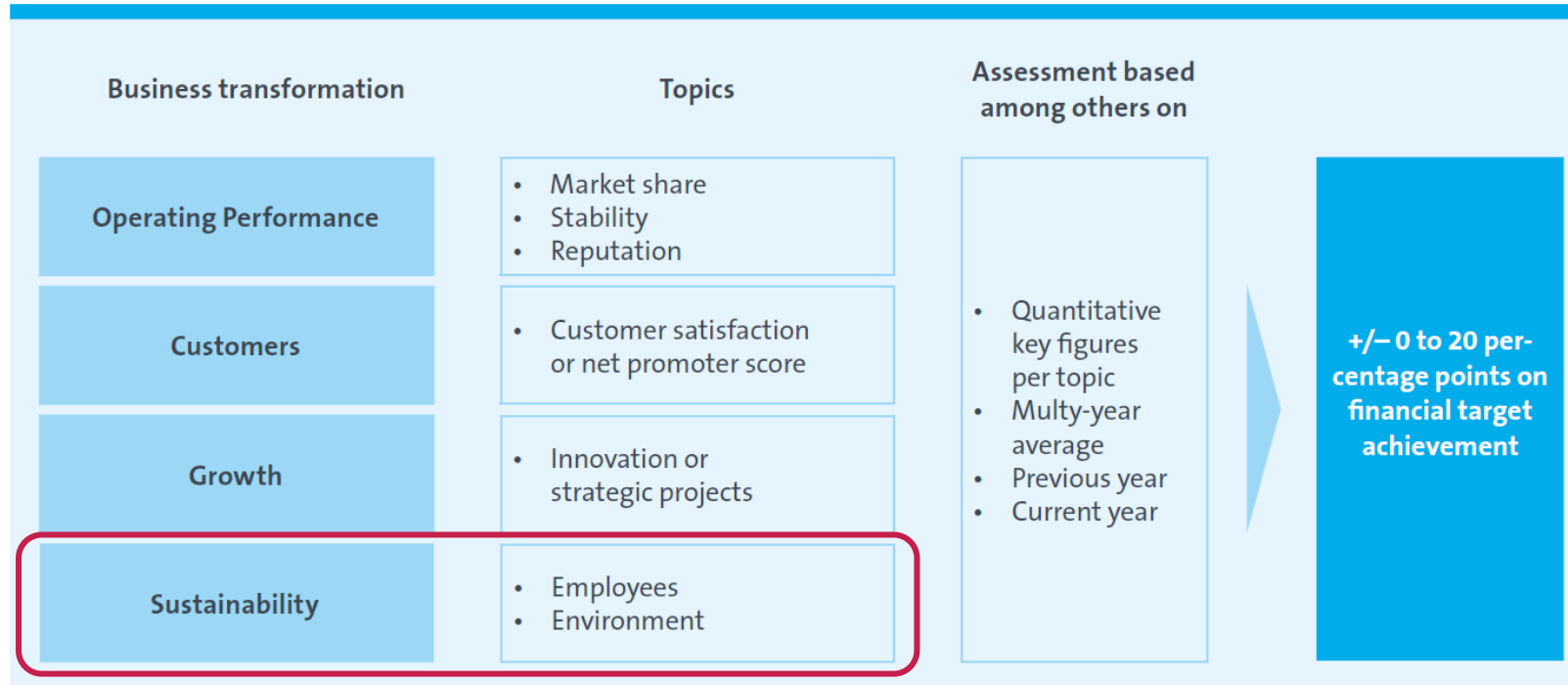



Exhibit 9: 2021 Annual Incentive Plan for CEO – Measures and Weightings

Measure	Weighting (total 100%)	Description	Link to Strategy
Group Operational EBITA % (Common measure)	25.00%	Operational EBITA margin is Operational EBITA (as defined in “Note 23 – Operating segment and geographic data” to the Consolidated Financial Statements) as a percentage of Operational revenues, which is total revenues adjusted for foreign exchange/commodity timing differences in total revenues	Increased weighting on Group Operational EBITA to focus on strategic execution and improving margin, resulting in a strong bottom line
Group ROCE %	25.00%	ROCE is calculated as Operational EBITA after tax divided by the average of the period’s opening and closing Capital employed, adjusted to reflect impacts from significant acquisitions/divestments occurring during the same period. Capital employed is calculated as the sum of Adjusted total fixed assets and Net working capital	ROCE reflects the strong focus on delivering high return on capital employed in both business operations and corporate portfolio management
Group Productivity	10.00%	Calculation is based on the 12-month rolling revenues over the average number of total workforce in the last three months. Productivity growth is the change of productivity over the same period a year earlier, represented in percentage change	An increase in productivity will lead to an improvement in margin and drive overall performance
Group FCF (Free cash flow)	20.00%	Free cash flow is calculated as net cash provided by operating activities adjusted for: (i) purchases of property, plant and equipment and intangible assets, and (ii) proceeds from sales of property, plant and equipment	Operating cash flow has been replaced by free cash flow to better focus on cash available to return to shareholders
Individual Measure	20.00%	Linked to a maximum of three KPIs, which will include safety targets related to the Lost Time Incident Frequency Rate (LTIFR). LTIFR is seen as a clear indicator of the effectiveness of incident prevention programs in ABB	Reflecting importance of safety agenda in keeping it with the sustainability strategy and commitment to achieve excellence in health, safety and the environment at ABB
ESG Boundary Condition for awards		Setting of plans in each ABB Division to mitigate for ABB scope 1 and 2 emissions	Aligned to ABB’s sustainability strategy and associated targets

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