

Regulations on the Compensation Committee of the Swiss National Bank

of 14 May 2004

I. General

Art. 1 Purpose

These Regulations lay down the tasks and powers of the Compensation Committee of the Swiss National Bank (SNB), its composition, organisation and reporting activities.

Art. 2 Basis

Pursuant to art. 13 of the Organisation Regulations of the SNB, the Bank Council shall establish a Compensation Committee. The Compensation Committee shall assist the Bank Council in determining the principles of compensation and salary policy and submit proposals to the Bank Council for determining the salaries of the Governing Board members and their deputies.

Art. 3 Composition

¹ The Compensation Committee shall consist of the President of the Bank Council and two additional members who shall be appointed by the Bank Council each year at its first meeting following the ordinary General Meeting of Shareholders.

² The members of the Compensation Committee shall be independent, in particular, of the Governing Board.

II. Tasks

Art. 4 Compensation of Bank Council members, and salaries of the Governing Board members and their deputies

¹ The Compensation Committee shall draw up, for the attention of the Bank Council, a set of principles governing the compensation of Bank Council members and the remuneration of Bank Council committee members.

² Furthermore, it shall draw up, for the attention of the Bank Council, a set of principles governing the salaries of the Governing Board members and their deputies. In so doing, it shall be guided by external comparisons with other

companies in the financial sector that are similar in size and complexity, and by internal comparisons of the salary relationship between the different levels of management. The principles contained in art. 6a paras. 1–6 of the Federal Personnel Act shall apply mutatis mutandis.

³ It shall submit a recommendation to the Bank Council regarding the adoption and amendment of the regulations on the compensation of the Governing Board members and on the salaries of the Governing Board members and their deputies.

⁴ It shall submit a recommendation to the Bank Council regarding the adoption of guidelines governing payments to the pension plans of Governing Board members and their deputies, provided that the SNB makes such payments in addition to the regulatory contributions.

Art. 5 Salaries and fringe benefits of the Governing Board members and their deputies

¹ The Compensation Committee shall put forward a proposal to the Bank Council regarding the determination of the salaries and fringe benefits of the Governing Board members and their deputies; the Governing Board shall submit a proposal to the Compensation Committee regarding the salaries of the deputies.

² The Compensation Committee shall put forward a proposal to the Bank Council regarding the determination of extraordinary SNB contributions to be paid to the Governing Board members and their deputies for buying into the pension plan, i.e. to cover non-insured salary components, and regarding the calculation of severance payments to Governing Board members and their deputies.

Art. 6 Salary policy of the SNB as a whole

¹ The Compensation Committee shall approve, for the attention of the Bank Council, principles for a market-based, performance-oriented SNB salary policy. It shall assess the key figures of the annual pay round for the attention of the Bank Council.

² It shall submit a recommendation to the Bank Council regarding the adoption and modification of the SNB's salary regulations and regarding cost-relevant amendments to the statutory basis of the pension plans.

Art. 7 Additional tasks

The Compensation Committee shall periodically verify the adequacy of these regulations and submit any proposals for modification to the Bank Council.

III. Powers

Art. 8 Further investigations

The Compensation Committee may conduct further investigations that it considers necessary for the purpose of these Regulations.

Art. 9 Involvement of external specialists

The Compensation Committee may collect information from independent external specialists to clarify important compensation and salary policy issues.

IV. Organisation

Art. 10 Meetings

¹ The Compensation Committee shall convene at least once a year, usually in the fourth quarter. Additional meetings may be convened if necessary.

² The Chair of the Governing Board shall generally attend the meetings of the Compensation Committee in an advisory capacity. The chairperson of the Committee shall decide on any exceptions.

³ If necessary, the head of Human Resources and the heads of other organisational units and/or experts shall be called upon to attend meetings.

⁴ Participants who have been invited to attend meetings (without voting rights) may not participate in the discussion and decision-making process regarding their own performance and salary.

Art. 11 Chair

¹ The chairperson shall fix the agenda for the meetings. He/she shall convene the meetings at least five days in advance, chair the meetings and ensure reporting to the Bank Council.

² If the chairperson is unavailable, the meeting shall be chaired by a deputy.

Art. 12 Resolutions and minutes

¹ The Compensation Committee shall constitute a quorum if at least two members are present. Resolutions shall be passed with a majority of the votes cast. In the event of a tie, the chairperson shall have the casting vote.

² In urgent cases, resolutions may also be passed by conference call or by circular letter, unless one member requests that a meeting be held. Such resolutions shall be included in the minutes of the next meeting.

³ Minutes shall be kept of the meetings. They shall contain the wording of the resolutions and, in case of discussions on key matters, the justification for the resolutions.

V. Reporting

Art. 13 Informing the Bank Council

The chairperson shall inform the Bank Council at its next meeting of any significant findings of and decisions made by the Compensation Committee. He/she shall submit the necessary recommendations to the Bank Council.

VI. Final provisions

Art. 14 Entry into force

These regulations shall enter into force on 1 July 2004.

Issued by the Governing Board on 14 May 2004.