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## Employment & Labour - Switzerland

### Voters reject proposals on executive and management pay limits

November 27 2013

On November 24 2013 Swiss voters overwhelmingly refused to accept a proposal to impose further limits on executive and management pay, following the last effort in Spring 2013 to curb corporate compensation by approving some of the world's strictest say-on-pay rules.

The Young Socialists, the political youth organisation of the leftist Social Democratic Party, had collected more than 100,000 signatures necessary to launch a popular referendum in order to limit executive salaries to 12 times those of a company's lowest-paid employee. The campaign was called the 1:12 Initiative and reflected the Young Socialists' conviction that the highest executive ranks should not earn more in one month than the lowest-paid employees make in a year.

The referendum was the second time this year that Swiss voters were asked to vote on the country's corporate-pay structure. In Spring 2013 voters overwhelmingly approved the Minder Initiative (named after its creator, businessman and national parliamentarian Thomas Minder), also known as the 'rip-off initiative'. This legislative project now allows for the introduction of stringent controls on board and management compensation of stock quoted companies – including requiring a binding shareholder vote on pay and fines and jail time for violations.

Critics were justified in their argument that acceptance of the 1:12 Initiative would have eroded Switzerland's attractiveness as a location to do business. It would also have harmed the country's competitiveness by making it difficult for companies to attract top talent. In Summer 2014 the Swiss constituency will also vote on another initiative to be brought before the people that proposes to introduce a mandatory minimum salary of Sfr4,000.

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