

Corporate Governance

99	Group structure and shareholders
101	Capital structure
103	Board of Directors and Committees of the Board
116	Group Executive Committee
124	Compensation, participations, and loans
125	Shareholders' participation rights
127	Change of control and defensive measures
127	Auditing body
129	Information policy

The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2016, and is structured in accordance with the Directive. The required disclosures of the compensation and participations of the company's most senior management are provided in the Compensation Report. In addition, an explanation is provided in accordance with the 'comply or explain' principle if the company's corporate governance deviates from the recommendations set out in the Swiss Code of Best Practice for Corporate Governance (referred to hereinafter as the Swiss Code).

1 Group structure and shareholders

1.1 Group structure

Schindler Holding Ltd. is a holding company under Swiss law that is headquartered in Hergiswil (Canton of Nidwalden, Switzerland). Its registered shares (ISIN: CH0024638212, Swiss security number: 2.463.821, SCHN) and participation certificates (ISIN: CH0024638196, Swiss security number: 2.463.819, SCHP) are listed on the SIX Swiss Exchange. As at December 31, 2016, the market capitalization of Schindler Holding Ltd. amounted to CHF 19.2 billion. Schindler Holding Ltd. has a direct or indirect interest in the consolidated companies listed in note 38 of the Group Financial Statements.

As one of the world's leading suppliers of elevators, escalators, and moving walks, the Schindler Group is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe. Its organizational structure as at December 31, 2016, can be summarized as follows:

Board of Directors

Supervisory and Nomination Committee

Group Executive Committee

Chief Executive Officer (CEO)

Deputy CEO; Asia-Pacific and Middle East

Chief Financial Officer (CFO)

Chief Technology Officer (CTO)

Chief Digital Officer

Corporate Human Resources

Field Quality & Excellence

New Installations and Supply Chain

Existing Installations

Europe North

Europe South

Americas

China

Information on organizational or management changes after December 31, 2016, is provided in note 1.4 'Events after the balance sheet date'.

The duties of the full-time Supervisory and Nomination Committee are described in note 3.5.2.1 and in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

1.2 Significant shareholders

As at the end of 2016, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families held 47 655 782 registered shares of Schindler Holding Ltd., corresponding to 71.0% of voting rights of the share capital entered in the Commercial Register. There are no further shareholders who have registered a holding of more than 3% of voting rights of Schindler Holding Ltd. according to Article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). No notifications according to Article 120 of FMIA were published during the reporting year. Previous notifications can be viewed at: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholdings of more than 5% in any company outside the Schindler Group.

1.4 Events after the balance sheet date

With effect from February 1, 2017, Christian Schulz, previously Head of Existing Installations, was appointed Head of Operations with responsibility for both New Installations and Service Business. Egbert Weisshaar, previously Head of the Escalator Division, was appointed to the Group Executive Committee as Head of Escalators and Supply Chain, effective February 1, 2017. Oswald Schmid has stepped down from the Group Executive Committee.

Furthermore, the Board of Directors announced on January 26, 2017, that the following changes will take effect from April 1, 2017:

Miguel A. Rodríguez, who is currently responsible for the region Asia-Pacific and Middle East, will step down from the Group Executive Committee. Responsibility for the Middle East operations will be transferred to the region Europe South. Robert Seakins, currently CEO Schindler Australia, will become a member of the Group Executive Committee with responsibility for the region Asia-Pacific.

The structure and composition of the Group Executive Committee is as follows, effective April 1, 2017:

As of 1.4.2017	Nationality	Function
Thomas Oetterli (1969)	Switzerland	CEO
Erich Ammann (1957)	Switzerland	Deputy CEO, CFO
Karl-Heinz Bauer (1958)	Germany	CTO
David Clymo (1961)	United Kingdom	Corporate Human Resources
Paolo Compagna (1968)	Italy	Europe North
Carlos Guembe (1952)	Spain	Europe South
Albert Haffert (1953)	Germany	Field Quality & Excellence
Andre Inserra (1964)	Brazil	Americas
Michael Nilles (1973)	Germany	Chief Digital Officer
Christian Schulz (1964)	Germany	Operations
Robert Seakins (1960)	Australia	Asia-Pacific
Egbert Weisshaar (1956)	Switzerland	Escalators and Supply Chain
Daryoush Ziai (1963)	USA	China

With effect from April 1, 2017, the Board of Directors will have four standing committees: the Supervisory and Strategy Committee, the Nomination Committee, the Compensation Committee, and the Audit Committee. The members of the Nomination Committee will be: Silvio Napoli (chair), Alfred N. Schindler, Luc Bonnard and Karl Hofstetter.

Further details can be found in the press release of January 26, 2017: [www.schindler.com – Media – Press Releases English \(www.schindler.com/com/internet/en/media/press-releases-english.html\)](http://www.schindler.com – Media – Press Releases English (www.schindler.com/com/internet/en/media/press-releases-english.html)).

2 Capital structure

2.1 Capital

As at December 31, 2016, the ordinary share capital of Schindler Holding Ltd. totaled CHF 6 707 745.20 and its participation capital totaled CHF 4 071 683.10.

2.2 Authorized and conditional capital

As at December 31, 2016, Schindler Holding Ltd. had no authorized or conditional capital.

2.3 Changes in capital in the last three years

Information about changes in the capital of Schindler Holding Ltd. in the last three reporting years is presented in note 11 of the Financial Statements of Schindler Holding Ltd.

2.4 Shares and participation certificates

As at December 31, 2016, the share capital totaled CHF 6 707 745.20. It is divided into 67 077 452 fully paid-in registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share of retained earnings and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2016, the participation capital totaled CHF 4 071 683.10. It is divided into 40 716 831 fully paid-in bearer participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

2.5 Profit-sharing certificates

Schindler Holding Ltd. has not issued any profit-sharing certificates.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Limitation on share transferability

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an acquirer as a full shareholder in the share register if:

- the acquirer has not acquired the share(s) in his/her own name and on his/her own account, or
- registration would result in the acquirer holding more than 3% of voting rights.

The voting rights of related shareholders are counted together.

In accordance with Swiss federal law requiring the demonstration of Swiss control, the registration of foreign acquirers can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the acquirer was already recorded in the share register as holding at least 3% of voting rights, or the acquirer is the spouse, child or other descendant, brother, or sister of such a person, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law.

The General Meeting of Shareholders may determine exceptions to the percentage limits by relative majority, whereby a legally binding decision requires at least half of the shares entered in the Commercial Register to be represented. Applicants have the right to have their application presented at the General Meeting of Shareholders. The General Meeting of Shareholders did not have to reach a decision on any applications for exceptions in the financial year 2016.

Further details on the restrictions on registration and exceptions thereto are set out in Article 13 of the Articles of Association of Schindler Holding Ltd., which are available at: [www.schindler.com – Investor Relations – General Meetings \(www.schindler.com/com/internet/en/investor-relations/articles-of-association.html\)](http://www.schindler.com – Investor Relations – General Meetings (www.schindler.com/com/internet/en/investor-relations/articles-of-association.html)).

2.6.2 Nominee registrations

The Articles of Association do not contain any special regulations regarding the registration of nominees in the share register.

2.7 Convertible bonds and options

2.7.1 Convertible bonds

Schindler Holding Ltd. has no outstanding convertible bonds.

2.7.2 Employee options

Allocation year		Options		Blocked period ends	Exercise period ends	Number as of 31.12.2016		
		allocated (number)	Exercise price in CHF			Forfeited	Exercised	Outstanding
2007	A	160 711 ¹	56.20	30.4.2010	30.4.2016	-4 010	-156 701	-
2008	A	357 092 ¹	80.90	30.4.2011	30.4.2017	-14 917	-309 092	33 083
2008	B	155 311 ¹	78.90	30.4.2011	30.4.2017	-	-145 077	10 234
2009	A	464 175 ¹	56.40	30.4.2012	30.4.2018	-2 030	-392 068	70 077
2009	B	314 783 ¹	56.40	30.4.2012	30.4.2018	-2 407	-294 211	18 165
2010	A	207 896 ²	53.60	30.4.2013	30.4.2019	-483	-154 972	52 441
2010	B	107 739 ²	85.10	30.4.2013	30.4.2019	-6 159	-55 323	46 257
2011	A	222 621 ²	85.10	30.4.2014	30.4.2020	-901	-149 288	72 432
2011	B	104 854 ²	124.80	30.4.2014	30.4.2020	-	-52 005	52 849
2012	A	162 002 ²	108.20	30.4.2015	30.4.2021	-750	-85 582	75 670
2013	A	138 012 ¹	137.84	30.4.2016	30.4.2022	-9 442	-32 488	96 082

A = Options from the Capital Participation Plan 2000/2003

B = Options from the Long Term Incentive Plan

¹ One option gives entitlement to purchase one share

² One option gives entitlement to purchase one participation certificate

3 Board of Directors and Committees of the Board

3.1 Members of the Board of Directors of Schindler Holding Ltd.

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 13 members, currently has 12 members. Three members are executive members of the Board of Directors, which means that, in principle, they exercise their function on a full-time basis. None of the members also serve on the Group Executive Committee. The three executive members of the Board of Directors form the Supervisory and Nomination Committee. The nine remaining members are non-executive members of the Board of Directors.

The Board of Directors comprises both male and female members. In accordance with the recommendations and criteria in the Swiss Code, the majority of the Board of Directors – i.e. 8 of its 12 members – is independent.

It is only in terms of the composition of the committees of the Board that the company deviates from the recommendations of the Swiss Code. This is mainly due to the fact that major shareholders have their own representation on the Board of Directors and thus safeguard their long-term shareholder interests directly.

Members

As of 31.12.2016	Domicile	Nationality	Function	In office since ¹
Alfred N. Schindler (1949)	Hergiswil, Switzerland	Switzerland	Chairman, executive member	1977
Luc Bonnard (1946)	Hergiswil, Switzerland	Switzerland	Vice Chairman, non-executive member, independent	1984
Prof. Dr. Karl Hofstetter (1956)	Meggen, Switzerland	Switzerland	Executive member	2006
Silvio Napoli (1965)	Küsnacht, Switzerland	Italy	Executive member	2016
Prof. Dr. Pius Baschera (1950)	Zurich, Switzerland	Switzerland, Italy	Non-executive member, independent	2005
Patrice Bula (1956)	Yens, Switzerland	Switzerland	Non-executive member, independent	2015
Prof. Dr. Monika Bütler (1961)	Zurich, Switzerland	Switzerland	Non-executive member, independent	2013
Dr. Rudolf W. Fischer (1952)	Walchwil, Switzerland	Switzerland	Non-executive member	2012
Anthony Nightingale (1947)	Hong Kong SAR, China	United Kingdom	Non-executive member, independent	2013
Rolf Schweiger (1945)	Baar, Switzerland	Switzerland	Non-executive member, independent	2009
Carole Vischer (1971)	Hergiswil, Switzerland	Switzerland	Non-executive member, independent	2013
Prof. Dr. Klaus W. Wellershoff (1964)	Zurich, Switzerland	Germany	Non-executive member, independent	2009

¹ Annual General Meeting of Shareholders in the year shown

3.2 Other activities and vested interests

Alfred N. Schindler, Chairman of the Board of Directors, born 1949, Swiss citizen

Chairman of the Board of Directors since 1995

Member of the Board of Directors since 1977

Chairman of the Supervisory and Nomination Committee since 1985

Professional experience

1985–2011 CEO of the Schindler Group

1982–1985 Head of Corporate Planning, Schindler Group

1980–1981 CFO of Notz AG, Biel, Switzerland

1978–1979 Marketing, Schindler Group

1977–1978 The Wharton School of Finance in Philadelphia, Pennsylvania, USA

1974–1976 Auditor at Neutra Treuhand AG, Berne, Switzerland

Qualifications

– MBA from The Wharton School of Finance in Philadelphia, Pennsylvania, USA

– Degree in law from the University of Basel, Switzerland

Luc Bonnard, Vice Chairman of the Board of Directors, born 1946, Swiss citizen

Vice Chairman of the Board of Directors since 1996

Member of the Board of Directors since 1984

Chairman of the Audit Committee since 2013

Professional experience

1991–2012 Member of the Supervisory and Nomination Committee, Schindler Holding Ltd., Hergiswil, Switzerland

1986–1990 Head of the Schindler Group's Elevators & Escalators business

1983–1986 Member of the Schindler Group Executive Committee, responsible for Northern Europe

1972–1983 Various positions in the Schindler Group

Qualifications

Master's degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Prof. Dr. Karl Hofstetter, born 1956, Swiss citizen

Member of the Board of Directors since 2006

Member of the Supervisory and Nomination Committee since 2016

Professional experience

Since 1993 Group General Counsel of the Schindler Group

2002–2006 Member of the Schindler Group Executive Committee Elevators & Escalators

1990–1993 Legal Counsel of the Schindler Group

Other activities

- Chairman of the Board of Trustees of the Kuoni and Hugentobler Foundation, Zurich, Switzerland
- Member of the Board of Directors of ALSO Holding AG, Emmen, Switzerland
- Member of the Board of Directors of Venture Incubator AG, Zug, Switzerland
- Member of the Foundation Board of Stichting INPAR, Amsterdam, The Netherlands
- Member of the Board of SwissHoldings, Berne, Switzerland
- Member of the Commission of Experts on Disclosure of the SIX Swiss Exchange, Zurich, Switzerland
- Member of the University Council of the University of Lucerne, Switzerland
- Chairman of the Advisory Board of the Program on Comparative Corporate Law, Governance, and Finance at Harvard Law School, Boston, USA
- Professor of Private and Commercial Law at the University of Zurich, Switzerland

Qualifications

- Licensed attorney in Zurich and New York
- Degree in law (including a doctorate) and in economics from the University of Zurich, Switzerland; Stanford, UCLA, and Harvard University, USA

Silvio Napoli, born 1965, Italian citizen

Member of the Board of Directors and member of the Supervisory and Nomination Committee since 2016

Professional experience

- 2014–2016 CEO Schindler Group
- 2008–2013 Member of the Schindler Group Executive Committee, responsible for Asia-Pacific
- 2005–2008 Head of the Jardine Schindler Group
- 2003–2005 General Manager of Schindler Lifts (Hong Kong) Ltd., Hong Kong
- 2001–2003 Director of Corporate Development (M&A) of ALSO Holding AG, Emmen, Switzerland
- 1994–2001 Various functions in the Schindler Group, including as Vice President South Asia, President and CEO of Schindler India, and Head of Corporate Planning
- 1992–1994 Harvard Graduate School of Business Administration, Boston, USA
- 1989–1992 Various functions at The Dow Chemical Co., Rheinmünster, Germany

Qualifications

- MBA from Harvard Graduate School of Business Administration, Boston, USA
- Master’s degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland

Prof. Dr. Pius Baschera, born 1950, Swiss and Italian citizen

Member of the Board of Directors since 2005
Member of the Compensation Committee since 2008, Chairman of the Compensation Committee since 2015

Professional experience

- Since 2007 Chairman of the Board of Directors of Hilti AG, Schaan, Liechtenstein
- 1994–2006 CEO of Hilti AG, Schaan, Liechtenstein
- 1990–1994 Chief Financial Officer and member of the Executive Board of Hilti AG, Schaan, Liechtenstein
- 1989–1990 Head of Europe 1 market region of Hilti AG, Schaan, Liechtenstein
- 1986–1989 Head of Hilti Deutschland GmbH, Kaufering, Germany
- 1985 Head of Hilti (Schweiz) AG, Adliswil, Switzerland
- 1982–1985 Head of Corporate Development of Hilti Inc., Tulsa, USA
- 1979–1982 Head of Production Controlling of Hilti AG, Schaan, Liechtenstein

Other activities

- Member of the Board of Directors of Roche Holding AG, Basel, Switzerland
- Member of the Advisory Board of Vorwerk & Co., Wuppertal, Germany
- Member of the Advisory Board of Ardex GmbH, Witten, Germany
- President of the Board of Trustees of ETH Zurich Foundation, Zurich, Switzerland

Qualifications

- Doctor of science from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland
- Degree in mechanical engineering and management science from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland

Patrice Bula, born 1956, Swiss citizen

Member of the Board of Directors since 2015

Professional experience

- Since 2011 Executive Vice President of Nestlé S.A., with responsibility for the Strategic Business Units, Marketing, Sales and Nespresso, Vevey, Switzerland
- 2007–2011 Market Head, Nestlé Greater China Region
- 2003–2007 Market Head, Nestlé Germany
- 2000–2003 Head of the Strategic Business Unit Chocolate, Confectionery & Biscuits, Nestlé Headquarters, Vevey, Switzerland
- 1997–2000 Region Head, Nestlé Southern African Region
- 1995–1997 CEO of Čokoládovny, Czech Republic and Slovakia
- 1989–1995 Marketing Director and later Market Head, Nestlé Taiwan
- 1988–1989 Market Specialist, Zone AOA, Nestlé Headquarters, Vevey, Switzerland
- 1983–1988 Product Specialist and later Manager Food Business Unit, Nestlé Japan

Other activities

- Member of the Board of Directors of Cereal Partners Worldwide S.A., Lausanne, Switzerland
- Member of the Board of Directors of Beverage Partners Worldwide S.A., Zurich, Switzerland
- Member of the Board of Directors of Yinlu Food Group Companies, China
- Member of the Board of Directors of Hsu Fu Chi Group Companies, China
- Member of the Board of Directors of Froneri (Joint Venture Nestlé + R&R Ice Cream), London, UK

Qualifications

- Program for Executive Development at IMD business school, Lausanne, Switzerland
- Master's in economic sciences from the University of Lausanne, Faculty of Business and Economics (HEC), Switzerland

Prof. Dr. Monika Bütler, born 1961, Swiss citizen

Member of the Board of Directors since 2013

Professional experience

- Since 2008 Managing Director of the Swiss Institute for Empirical Economic Research, University of St. Gallen, Switzerland
- Since 2004 Professor of Economics at the University of St. Gallen, Switzerland
- 2009–2013 Dean of the School of Economics and Political Science, University of St. Gallen, Switzerland
- 2008 & 2011 Visiting Professor at the University of New South Wales, Sydney, Australia
- 2004–2006 Advisor to the World Bank, Washington, USA
- 1999–2004 Assistant Professor and Professor at the University of Lausanne, Switzerland
- 1997–2001 Assistant Professor at the CentER & Department of Economics, Tilburg University, The Netherlands

Other activities

- Member of the Bank Council of the Swiss National Bank, Zurich, Switzerland
- Chairperson of the Swiss Institute for International Economics and Applied Economic Research, St. Gallen, Switzerland
- Member of the Board of Directors of Suva, Lucerne, Switzerland
- Member of the Board of Directors of HUBER+SUHNER AG, Herisau, Switzerland
- President of the Swiss Society of Economics and Statistics, Zurich, Switzerland

Qualifications

- Doctorate in economics from the University of St. Gallen, Switzerland
- Degree in mathematics, majoring in physics, from the University of Zurich, Switzerland

Dr. Rudolf W. Fischer, born 1952, Swiss citizen

Member of the Board of Directors since 2012

Member of the Compensation Committee since 2012

Professional experience

- 2012–2016 Member of the Supervisory and Nomination Committee, Schindler Holding Ltd., Hergiswil, Switzerland
- 1996–2011 Member of the Schindler Group Executive Committee Elevators & Escalators with responsibility for Corporate Human Resources, Management Training, and Corporate Safety & Health
- 1994–1995 Partner at Dr. Björn Johansson Associates, Zurich, Switzerland
- 1993–1994 CEO of Hanro AG, Liestal, Switzerland
- 1991–1993 CEO of Jockey/Vollmöller AG, Uster, Switzerland
- 1982–1991 Various functions in the areas of human resources and trade marketing at Jacobs Suchard, Switzerland and Belgium
- 1980–1982 Management trainee at Zürcher Kantonalbank and First National Bank of Boston

Other activities

Member of the Board of Directors of Vetropack Holding AG, Bülach, Switzerland

Qualifications

Doctorate in economics from the University of Zurich, Switzerland

Anthony Nightingale, born 1947, British citizen

Member of the Board of Directors since 2013

Professional experience

Since 1994 Member of the Board of Directors of Jardine Matheson Holdings, Bermuda

2006–2012 CEO of Jardine Matheson Holdings, Bermuda

1969–1994 Various functions at the Jardine Matheson Group

Other activities

- Member of the Board of Directors of Vitasoy International Holdings Ltd., Hong Kong; Jardine Strategic Holdings, Dairy Farm International Holdings, Hong Kong Land Holdings, and Mandarin Oriental International, all Bermuda; Jardine Cycle & Carriage, Singapore; Prudential plc, UK, and Shui On Land Ltd., Cayman Islands
- Commissioner of PT Astra International, Jakarta, Indonesia
- Hong Kong Representative to the APEC Business Advisory Council
- Chairman of the Hong Kong-APEC Trade Policy Group, Hong Kong
- Member of the Commission on Strategic Development, Hong Kong
- Member of the Securities and Futures Commission of the Committee on Real Estate Investment Trusts, Hong Kong
- Honorary Professor at the Hong Kong Baptist University School of Business
- Member of the Advisory Council of the Hong Kong University of Science and Technology School
- Chairman of The Sailors Home and Missions to Seamen, Hong Kong
- Director of the UK-ASEAN Business Council, UK

Qualifications

Bachelor's degree (honors) in classics, Peterhouse College, University of Cambridge, UK

Rolf Schweiger, born 1945, Swiss citizen

Member of the Board of Directors since 2009

Member of the Compensation Committee since 2015

Professional experience

- Since 1976 Partner in the law firm Schweiger Advokatur / Notariat, Zug, Switzerland
- 1999–2011 Member of the Swiss Council of States, member of the Finance Committee and Chairman of its Subcommittee 2 (EDA/EVD), member of the Committee for Economic Affairs and Taxation, member of the Legal Committee, and Chairman of the Committee for the Environment, Spatial Planning and Energy, as well as various other committee mandates in the Swiss Council of States
- 1969–2011 Various political mandates, including as a member of the Parliament of the Canton of Zug (22 years)
- 2004 Leader of the Free Democratic Party (FDP), Switzerland

Other activities

- Chairman of the Board of Directors of Roche Diagnostics International AG, Risch, Switzerland
- Member of the Board of Crypto Group, Steinhausen, Switzerland
- Chairman of the ‘Ombudsman for Private Insurance and Suva’ Foundation, Zurich, Switzerland
- Member of the Management Committee of the Schweizer Patenschaft für Berggemeinden (organization supporting mountain communities), Zurich, Switzerland

Qualifications

- Licensed attorney and notary in Zug, Switzerland
- Degree in law from the University of Zurich, Switzerland

Carole Vischer, born 1971, Swiss citizen

Member of the Board of Directors since 2013

Member of the Audit Committee since 2016

Professional experience

- 2002–2011 Director of the Stiftung Dr. Robert und Lina Thyll-Dürr (charitable foundation), Hergiswil, Switzerland

Other activities

- President of the Stiftung Dr. Robert und Lina Thyll-Dürr, Hergiswil, Switzerland
- Member of the Board of Directors of Schindler Aufzüge AG, Ebikon, Switzerland

Qualifications

Degree in law, University of Basel, Switzerland

Prof. Dr. Klaus W. Wellershoff, born 1964, German citizen

Member of the Board of Directors since 2009

Member of the Audit Committee since 2013

Professional experience

- Since 2015 Chairman of the Board of Directors of Wellershoff & Partners Ltd., Zurich, Switzerland
- 2009–2015 CEO of Wellershoff & Partners Ltd., Zurich, Switzerland
- 2003–2008 Global Head of Wealth Management Research at UBS and Chairman of the Investment Committee of the UBS Global Wealth Management & Business Banking Division
- 1997–2009 Chief Economist of the then Swiss Bank Corporation and later UBS, Zurich, Switzerland

Other activities

- President of the Management Committee of the Institute of Economics, University of St. Gallen, Switzerland
- Vice Chairman of the Board of Trustees of the World Demographic & Ageing Forum, St. Gallen, Switzerland
- Honorary Professor of Applied Economics at the University of St. Gallen, Switzerland
- Chairman of the Board of Directors of ZWEI Wealth Experts AG, Zurich, Switzerland
- Member of the Board of Trustees of the Ernst Schmidheiny Foundation, Holderbank, Switzerland
- Member of the Board of Trustees of the ResOrtho Foundation, Zurich, Switzerland

Qualifications

- Visiting fellow at the Department of Economics, Harvard University, Boston, USA
- Studied economics and business administration at the University of St. Gallen, Switzerland
- Banking apprenticeship at Sal. Oppenheim jr. & Cie., Cologne, Germany

3.3 Number of permitted activities

In accordance with Article 35 of the Articles of Association, the members of the Board of Directors may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Board of Directors. The General Meeting of Shareholders may approve exceptions to these rules.

3.4 Elections and term of office

The members of the Board of Directors of Schindler Holding Ltd. are elected individually by the General Meeting of Shareholders for a term of one year ending at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

The Chairman of the Board of Directors and the members of the Compensation Committee are also elected by the General Meeting of Shareholders.

In accordance with the Organizational Regulations of Schindler Holding Ltd., the term of office of members of the Board of Directors ends at the General Meeting of Shareholders in the year in which they reach the age of 73. In exceptional cases, the Board of Directors may extend this age limit.

3.5 Internal organizational structure

3.5.1 Allocation of duties within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, sets the agenda, prepares the meetings and leads them. He decides whether other persons should participate in meetings of the Board of Directors on a case-by-case basis. Every member of the Board of Directors can request that a meeting of the Board of Directors be convened, provided they state the item that is to be discussed and give a brief justification of the matter.

The Chairman of the Board of Directors – in consultation with the CEO – represents the interests of the Group vis-à-vis third parties in all important matters. The Vice Chairman deputizes for the Chairman of the Board of Directors in his absence or in specific cases in which the Chairman does not participate in the decision-making process.

3.5.2 Committees

The Board of Directors delegates certain duties to committees formed from its own members. It has appointed three standing committees: the Supervisory and Nomination Committee, the Compensation Committee, and the Audit Committee. The Board of Directors appoints a chairman for each committee.

3.5.2.1 Supervisory and Nomination Committee

The Board of Directors appoints from among its members a full-time Supervisory and Nomination Committee, consisting of the Chairman and at least one other member of the Board of Directors.

Members

As of 31.12.2016		
Alfred N. Schindler	Chairman, executive member of the Board of Directors	Chairman
Prof. Dr. Karl Hofstetter	Executive member of the Board of Directors	Member
Silvio Napoli	Executive member of the Board of Directors	Member

The Supervisory and Nomination Committee ensures the ultimate direction and supervision of the Group's business by the Board of Directors (overall management and overall supervision, pursuant to Article 716a of the Swiss Code of Obligations). In addition, the Supervisory and Nomination Committee performs the following duties in particular:

- Defining the Group's corporate values (particularly safety, quality, and the Code of Conduct), its short- and long-term objectives, and its strategy in close consultation with the CEO and proposing them for approval by the Board of Directors
- Adopting provisional resolutions or intervening on behalf of the Board of Directors in urgent cases if a regular Board resolution cannot be adopted in a timely manner

- Determining the selection criteria for the appointment of members of the Board of Directors and its committees, as well as members of the Group Executive Committee, and reviewing the corresponding succession plans
- Evaluating and proposing the appointment or recall of members of the Board of Directors and its committees as well as members of the Group Executive Committee, including the CEO

Information on further duties of the full-time Supervisory and Nomination Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.5.2.2 Compensation Committee

In accordance with the Articles of Association, the company has a Compensation Committee that consists of up to three members of the Board of Directors, who are elected individually by the General Meeting of Shareholders.

Members

As of 31.12.2016		
Prof. Dr. Pius Baschera	Independent member of the Board of Directors	Chairman
Dr. Rudolf W. Fischer	Non-executive member of the Board of Directors	Member
Rolf Schweiger	Independent member of the Board of Directors	Member

In accordance with Article 27 of the Articles of Association, the Compensation Committee reviews the compensation system annually and makes proposals to the Board of Directors regarding:

- The terms of employment contracts, benefits, and the annual variable compensation of executive members of the Board of Directors and the CEO
- The target compensation and benefits of the other members of the Group Executive Committee

The roles and responsibilities of the Compensation Committee are defined in detail by the Board of Directors in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulation (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

Information on the duties of the Compensation Committee is also provided in the Compensation Report.

3.5.2.3 Audit Committee

The Board of Directors appoints an Audit Committee, consisting of at least two Board members. The Organizational Regulations of Schindler Holding Ltd. stipulate that at least two members are non-executive and preferably independent members of the Board of Directors. The Chairman of the Audit Committee and at least one other

member must be financially literate and have accounting expertise. The Chairman of the Audit Committee reports to the Board of Directors.

Members

As of 31.12.2016		
Luc Bonnard	Vice Chairman, independent member of the Board of Directors	Chairman
Carole Vischer	Independent member of the Board of Directors	Member
Prof. Dr. Klaus W. Wellershoff	Independent member of the Board of Directors	Member

The Audit Committee is responsible for the following duties in particular:

- Reviewing and approving the quarterly financial statements
- Approving the annual and half-year financial statements for submission to the Board of Directors
- Reviewing the performance and independence of the auditing body and approving its fees
- Reviewing and determining audit programs for Group Assurance, the Compliance departments, and IT Security
- Reviewing all audit reports and status reports produced by Group Assurance, the Compliance departments, and IT Security concerning the implementation of measures
- Issuing new guidelines, directions, clarifications, or other instructions in connection with the Code of Conduct

Information on further duties of the Audit Committee is provided in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

The Audit Committee maintains contact with the external auditors. It is assisted by the Head of Group Assurance as well as by an Audit Expert Group, which possesses the requisite financial and technical expertise.

3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors holds at least six meetings per year, as well as ad hoc meetings as necessary. In the reporting year, the Board of Directors held one two-day meeting, one one-and-a-half-day meeting, one full-day meeting, two half-day meetings, and two telephone conferences, as well as one two-day meeting together with the members of the Group Executive Committee.

The Supervisory and Nomination Committee meets on a regular basis at the invitation of its Chairman. In the reporting year, 26 meetings and 14 strategy meetings were held. The Audit Committee holds at least four meetings and the Compensation Committee holds at least two meetings per year. In the reporting year, the Audit Committee held two full-day meetings and two half-day meetings, as well as one telephone conference. The Compensation Committee held three meetings. The Audit Expert Group that assists the Audit Committee (see note 3.5.2.3) includes three external consultants. No other external consultants attended the meetings.

The agendas of the meetings are set by the respective chairmen. Discussions and resolutions are recorded in the minutes of the meetings. The CEO regularly attends the meetings of the Board of Directors. Other members of the Group Executive Committee and other persons may be invited to attend the meetings of the Board of Directors or its committees by the respective chairmen.

3.6 Definition of areas of responsibility

According to Swiss law, the Board of Directors is responsible for the ultimate direction and supervision of the Group. The non-transferable and inalienable responsibilities set out in Article 716a, paragraph 1, of the Swiss Code of Obligations are incumbent on the Board of Directors. In addition, the Board of Directors can resolve all matters that are not defined by Swiss law or the Articles of Association as being the responsibility of the General Meeting of Shareholders.

It is also incumbent on the Board of Directors to approve, or decide on, the following:

- The Group's corporate values (particularly safety, quality, and the Code of Conduct), as well as its objectives and strategy
- The conditions required to enable the company to conduct its business activities
- The Group's plans, budget, and forecasts
- The election of the chairmen of the committees of the Board and of the members of the Supervisory and Nomination Committee and the Audit Committee, as well as the election of the CEO, the members of the Group Executive Committee, and the Group General Counsel
- The preparation of the Compensation Report

The Group Executive Committee performs the following duties in particular:

- Preparing strategic objectives for submission to the Board of Directors in close collaboration with the Supervisory and Nomination Committee
- Achieving the strategic and operational objectives approved by the Board of Directors
- Defining the Group's budget, plans, and forecasts for submission to the Supervisory and Nomination Committee and the Board of Directors
- Ensuring the implementation of the Group's corporate values (particularly safety, quality, and the Code of Conduct)
- Issuing guidelines that are binding on the Group

Information on further duties of the Board of Directors and the Group Executive Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

3.7 Information and control instruments vis-à-vis the Group Executive Committee

The Board of Directors oversees the Group Executive Committee and supervises its work. The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). The Board of Directors receives a written report each quarter. The Supervisory and Nomination Committee is informed in detail each month about financial and operational developments. In the presence of the responsible

persons, the reports are discussed in detail at the meetings of the Board of Directors and/or the Supervisory and Nomination Committee.

Once annually, the Board of Directors and the Group Executive Committee hold a joint two-day meeting.

Schindler defines and evaluates the most important risks facing the Group in a four-phase process based on a detailed risk catalog. These risks are divided into the categories of product, market, and business risks; financial, operational, and organizational risks; and safety, health, and environmental risks. Legal aspects are also evaluated for all risk categories. The four phases of the process are as follows:

- Each Group company creates a risk matrix as part of its budget process
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for approval

Group Assurance, the auditing body, and the Compliance departments support the Board of Directors in exercising its supervisory and control functions.

4 Group Executive Committee

4.1 Members of the Group Executive Committee

As of 31.12.2016	Nationality	Function
Thomas Oetterli (1969)	Switzerland	CEO
Miguel A. Rodríguez (1953)	Spain	Deputy CEO, Asia-Pacific and Middle East
Erich Ammann (1957)	Switzerland	CFO
Karl-Heinz Bauer (1958)	Germany	CTO
David Clymo (1961)	United Kingdom	Corporate Human Resources
Paolo Compagna (1968)	Italy	Europe North
Carlos Guembe (1952)	Spain	Europe South
Albert Haffert (1953)	Germany	Field Quality & Excellence
Andre Inserra (1964)	Brazil	Americas
Michael Nilles (1973)	Germany	Chief Digital Officer
Oswald Schmid (1959)	Austria	New Installations and Supply Chain
Christian Schulz (1964)	Germany	Existing Installations
Daryoush Ziai (1963)	USA	China



Standing, from left: Oswald Schmid, Carlos Guembe, Christian Schulz, Thomas Oetterli, Andre Inserra, Miguel A. Rodríguez, Albert Haffert, Karl-Heinz Bauer
Sitting, from left: Michael Nilles, David Clymo, Daryoush Ziai, Paolo Compagna, Erich Ammann

Thomas Oetterli, born 1969, Swiss citizen

CEO since 2016

Professional experience

- 2010–2016 Member of the Schindler Group Executive Committee
 - 2013–2016: Responsible for China
 - 2010–2013: Responsible for Europe North
- 2006–2009 CEO of Schindler Aufzüge AG, Switzerland
- 2003–2006 CFO of Schindler Deutschland GmbH, Germany
- 2000–2002 COO and CFO of the C. Haushahn Group, Germany
- 1994–1999 Project Leader for the introduction of IFRS in the Schindler Group and Head of Corporate Consolidation and Reporting, Schindler Management AG, Switzerland

Other activities

Member of the Board of Directors of SFS Group, Heerbrugg, Switzerland

Qualifications

Degree in business administration from the University of Zurich, Switzerland

Miguel A. Rodríguez, born 1953, Spanish citizen

Member of the Group Executive Committee since 1998, Deputy CEO
Responsible for Asia-Pacific and Middle East

Professional experience

- Since 1998 Member of the Schindler Group Executive Committee
 - 2013: Responsible for India and Middle East, and for the Top Range Division
 - 2010–2013: Responsible for Global Business, India and Gulf
 - 2001–2009: Responsible for all of Europe
 - 1998–2000: Responsible for Europe South West
- 1991–1998 CEO of Schindler Spain and Portugal
- 1981–1991 General Manager of various Group companies of the Armstrong Group, Spain

Qualifications

Degree in industrial engineering from the Escuela Técnica Superior de Ingenieros Industriales (E.T.S.I.I.), University of Bilbao, Spain

Erich Ammann, born 1957, Swiss citizen

Member of the Group Executive Committee since 2001
CFO

Professional experience

1997–2001 Head Group Controlling, Schindler Group
1992–1997 CFO of Schindler USA
1988–1992 Area Controller, Schindler Group, responsible for North America
1985–1988 Treasurer of Intershop Holding AG, Zurich, Switzerland
1982–1985 Auditor at Schweizerische Treuhandgesellschaft (STG) AG,
Geneva, Switzerland

Other activities

Member of the Board of Directors of Swiss Federal Railways (SBB AG), Berne,
Switzerland

Qualifications

- Executive MBA from The Wharton School, University of Pennsylvania, USA
- Degree in economics and business administration from the University of St. Gallen,
Switzerland

Karl-Heinz Bauer, born 1958, German citizen

Member of the Group Executive Committee since June 2015
CTO

Professional experience

2007–2015 Chief Technology Officer with global responsibility at Honeywell
Transportation Systems, Torrance, USA, and Rolle, Switzerland
1994–2007 Various positions at BorgWarner Inc., including Global Vice President
Engineering, Auburn Hills, USA, and Germany
1986–1994 Various engineering and management positions at Dr. Ing. h. c.
F. PORSCHE AG, Weissach, Germany
1984–1986 Product Development Engineer at Robert Bosch GmbH,
Stuttgart, Germany

Qualifications

- Business degree from the MIT Sloan School of Management, Cambridge,
Massachusetts, USA
- Master's degree in mechanical engineering from the University of Karlsruhe, Germany

David Clymo, born 1961, British citizen

Member of the Group Executive Committee since 2012

Responsible for Corporate Human Resources (Human Resources, Talent Management and Development, Corporate Safety & Health and Sustainability)

Professional experience

- 2010–2011 Head of Human Resources for Global Business and Corporate Functions, Schindler Group
- 2007–2009 Head of Human Resources Europe, Schindler Group
- 2004–2006 Managing Director of Schindler Singapore with additional responsibility for various Schindler companies in Southeast Asia
- 1997–2003 Various management positions at the Jardine Matheson Group, Asia
- 1992–1996 CFO of Jardine Schindler Hong Kong
- 1985–1991 Chartered Accountant at Pricewaterhouse, London and Hong Kong

Qualifications

Degree in engineering from University College London, UK

Paolo Compagna, born 1968, Italian citizen

Member of the Group Executive Committee since 2015

Responsible for Europe North

Professional experience

- 2013–2014 CEO of Schindler Deutschland GmbH, Germany
- 2010–2013 Field Operations Manager at Schindler Deutschland GmbH, Germany
- 2002–2010 Area Business Manager and Member of the Management Board of Cofely, Cologne, Germany
- 1992–2002 Various management positions at Krantz TKT, Bergisch Gladbach, Germany

Qualifications

- Degree in industrial engineering and business administration from the Beuth University of Applied Sciences Berlin, Germany
- Degree in electrical engineering from the Technical University of Cologne, Germany

Carlos Guembe, born 1952, Spanish citizen

Member of the Group Executive Committee since 2014

Responsible for Europe South

Professional experience

2006–2014 CEO of Schindler Iberia

2001–2005 Managing Director of Schindler Portugal

1990–2001 Various functions at Schindler Spain

1989–1990 Managing Director of ITISA, Madrid, Spain

1987–1988 Managing Director of Eurolatin SA, Santiago, Chile

1985–1987 Vice President at Indar Chile SA, Santiago, Chile

1978–1984 Export Manager at Electrotermic, Madrid, Spain

Qualifications

– MBA from IE Business School, Madrid, Spain

– Master's degree in foreign trade from EOI, Madrid, Spain

– Degree in industrial electrical engineering from ICAI (Escuela Técnica Superior de Ingeniería), Madrid, Spain

Albert Haffert, born 1953, German citizen

Member of the Group Executive Committee since 2010

Responsible for Field Quality & Excellence

Professional experience

2008–2010 CEO of Schindler Deutschland GmbH with additional responsibility for the Nordic and Baltic countries

2002–2008 CEO of Schindler Deutschland GmbH, Germany

1984–2002 Various functions at Schindler Germany, including as Head of the C. Haushahn Group, a dual-brand Schindler company in Germany; Field Operations Manager and Manager of the component plant in Berlin

Qualifications

Degree in business engineering from the Technical University of Berlin, Germany

Andre Inserra, born 1964, Brazilian citizen

Member of the Group Executive Committee since 2016

Responsible for Americas

Professional experience

2012–2016 CEO of Atlas Schindler, Brazil

2008–2011 Head of Global Business Unit Mining and Cement at ABB, USA and Switzerland

1994–2007 Various functions at ABB, São Paulo, Brazil

1989–1990 Engineer at Indústrias Villares S.A., São Paulo, Brazil

Qualifications

- Master's degree in industrial management from Chalmers University of Technology, Gothenburg, Sweden
- Degree in mechanical engineering from FAAP (Fundação Armando Álvares Penteado), São Paulo, Brazil

Michael Nilles, born 1973, German citizen

Member of the Group Executive Committee since 2016

Chief Digital Officer

Professional experience

2009–2016 CIO of Schindler Group and CEO of Schindler Digital Business AG, Switzerland

2008–2009 CIO and CPO of Schaeffler AG, Herzogenaurach, Germany

2006–2008 CIO of Bosch Rexroth AG, Lohr am Main, Germany

2000–2005 CIO Americas of Bosch Rexroth Corp., Chicago, USA

1998–1999 IT Director at Mannesmann Rexroth (China) Ltd., Hong Kong, China

1996–1997 Consultant at SAP China, Shanghai, China

Other activities

Member of the Supervisory Board of Lufthansa Technik AG, Hamburg, Germany

Qualifications

Master's degree in business administration and computer science, University of Cologne, Germany

Oswald Schmid, born 1959, Austrian citizen

Member of the Group Executive Committee since 2013

Responsible for New Installations and Supply Chain

Professional experience

- Since 2013 Member of the Schindler Group Executive Committee
2013–2014: Responsible for Europe North
- 2010–2013 CEO of Schindler Deutschland GmbH, Germany
- 2007–2010 CEO of Schindler Aufzüge und Fahrtreppen GmbH, Austria,
with additional responsibility for Eastern Europe, Italy, and Greece
- 2002–2007 Head of Global Purchasing & Strategic Sourcing at the Schindler Group
- 1995–2002 Various management positions in the area of Supply Chain and
General Management at Continental AG, Hanover, Germany
- 1994–1995 Head of Group Materials Management at Veitsch-Radex, Vienna, Austria
- 1990–1994 Head of Purchasing and Procurement at ContiTech, Hanover, Germany

Qualifications

Degree in mechanical engineering from the University of Applied Sciences,
Vienna, Austria

Christian Schulz, born 1964, German citizen

Member of the Group Executive Committee since 2016

Responsible for Existing Installations

Professional experience

- 2015–2016 Head of Service and Modernization business, Schindler Group
- 2009–2014 Managing Director of the C. Haushahn Group, Germany
- 2003–2009 Product Line Manager, Existing Installations, Schindler Germany
- 1998–2003 Managing Director of ABB NetServ, Mannheim, Germany
- 1993–1998 Various management positions at ABB, Mannheim and Heidelberg,
Germany

Qualifications

- Ph.D. in mechanical engineering from the University of Kaiserslautern, Germany
- Degree in production engineering from the University of Kaiserslautern, Germany

Daryoush Ziai, born 1963, US citizen

Member of the Group Executive Committee since 2016
Responsible for China

Professional experience

- 2015–2016 CEO, Schindler China
- 2014–2015 Vice President, Service, Otis China Area at United Technologies Corporation, Shanghai, China
- 2003–2014 Various management positions at United Technologies Corporation, Dubai, UAE; Shanghai, China; Boston, USA; Syracuse, USA; and Atlanta, USA

Qualifications

- MBA (Master of science in management) from Krannert Graduate School of Management, Purdue University, West Lafayette, USA
- Master of science in civil engineering from Purdue University, West Lafayette, USA
- Bachelor of science in civil engineering from Virginia Military Institute, Lexington, USA

4.2 Number of permitted activities

In accordance with Article 35 of the Articles of Association, the members of the Group Executive Committee may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Group Executive Committee. The General Meeting of Shareholders may approve exceptions to these rules.

4.3 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation, participations, and loans

This information is provided in the Compensation Report.

6 Shareholders' participation rights

6.1 Restrictions on voting rights and representation

Provided it is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see note 2.6.1).

Shareholders' rights of participation in the General Meeting of Shareholders are defined by law and the Articles of Association. All shareholders can personally participate in and vote at the General Meeting of Shareholders, or be represented by a person with a written power of attorney. They may also be represented by the independent proxy. Shareholders are not permitted to participate in the General Meeting of Shareholders via electronic channels.

Shareholders may also grant a power of attorney or issue instructions to the independent proxy electronically. The requirements that apply to powers of attorney and instructions are determined by the Board of Directors (Article 18 of the Articles of Association). The independent proxy has a duty to exercise the voting rights assigned to him by shareholders in accordance with their instructions.

The independent proxy is elected annually by the General Meeting of Shareholders. The term of office begins on the day of election and ends at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

In accordance with Article 21 of the Articles of Association, resolutions are taken and elections are carried out by open vote or electronically. If the Chairman orders it, or the General Meeting of Shareholders decides so, votes will be cast by means of a written procedure. Since 2014, resolutions have been taken and elections have been carried out by electronic means.

The Chairman shall declare as invalid a resolution that has been passed or an election that has been carried out by open vote or electronically if, based on his assessment, the result is ambiguous or if one or several shareholders immediately express reasonable doubts regarding the obviousness of the result.

6.2 Statutory quorums

6.2.1 Quorum

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders specified below, the presence of shareholders representing at least half of the share capital entered in the Commercial Register is required:

- Election or recall of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual right of choice of shareholders, conversion of shares into participation certificates
- Issuance of profit-sharing certificates, or conversion of participation certificates into profit-sharing certificates
- Exceptions to the restrictions on the registration of acquirers as full shareholders when the percentage limit is exceeded
- Resolutions that can only be passed by a qualified majority according to legal or statutory requirements

6.2.2 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

According to the Articles of Association, the following resolutions require the approval of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Article 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company name, issuance of profit-sharing certificates, and any change in the share capital or participation capital

6.3 Convocation of the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board of Directors or, if necessary, by the auditing body or other bodies in accordance with Articles 699 and 700 of the Swiss Code of Obligations. Notice of the General Meeting of Shareholders is given in the form of an announcement published once only in the Swiss Official Gazette of Commerce. This publication date is of relevance when ensuring compliance with the statutory notice period. In addition, non-registered letters may be sent to the addresses of registered shareholders entered in the share register to notify them of the General Meeting of Shareholders, or shareholders may be notified electronically upon request. Although not required by statute, it is also customary to publish the agenda of the General Meeting of Shareholders in selected Swiss daily newspapers. The statutory notice period is 20 days.

6.4 Inclusion of items on the agenda

The Board of Directors prepares the agenda of the items to be discussed. According to Article 17 of the Articles of Association, shareholders who represent 5% of the share capital can request that an item be included on the agenda. The request, with details of the item to be discussed, must be submitted in writing by the deadline announced and published once by the Board of Directors.

6.5 Entries in the share register

Only those shareholders with voting rights whose names were entered in the company's register of shareholders on the respective record date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the record date for registration as close as possible to the date of the General Meeting of Shareholders, i.e. generally 5 to 10 days before the respective General Meeting of Shareholders. There are no exceptions to this rule regarding the record date. The record date is provided in the notice of the General Meeting of Shareholders and published on the company's website.

7 Change of control and defensive measures

7.1 Duty to submit an offer pursuant to Article 125 of FMIA

According to Article 39 of the Articles of Association, the obligation to submit a public takeover offer has been foregone (opting out).

7.2 Clauses on changes of control

There are no contractual agreements (e.g. golden parachutes, termination rights) in favor of members of the Board of Directors or the Group Executive Committee, or other members of management, in the event of a change of control.

The Capital Participation Plans allow for the early conversion of Performance Share Units into shares or the lifting of restriction periods in the event of a change of control.

8 Auditing body

8.1 Duration of mandate and term of office of the auditor-in-charge

Ernst & Young AG has been the auditing body of Schindler Holding Ltd., as well as of the Group, since 1999.

The auditor-in-charge has held this function since 2010. As required by law, the auditor-in-charge is changed every seven years.

8.2 Audit fees and additional fees

Ernst & Young is the auditing body of Schindler Holding Ltd. and audits the Group's consolidated financial statements as well as the majority of Group companies in Switzerland and abroad. The audit fees and fees for additional services are as follows:

In CHF 1 000	2016	2015
Audit fee	3 595	3 245
Additional fees		
Additional audit-related services	127	87
Tax advice	407	702
Transaction advice	359	345
Total additional fees	893	1 134

8.3 Information instruments relating to external audits

The Audit Committee evaluates the performance, fees, and independence of the auditors each year according to the following criteria:

- Quality of the Management Letter
- Global coverage and coordination of audit instructions
- Benchmark analysis of the audit fees
- Independence as defined by the relevant rules of the Swiss Audit Oversight Act

The Audit Committee discusses and reviews the scope of the audits, and the resulting feedback. Based on this information, it determines changes and improvements as necessary.

Material non-audit-related services (e.g. tax advisory services) that are provided by the auditors must be approved in advance by the Audit Committee.

Further information is available in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: www.schindler.com – About Schindler – Corporate Governance – Organizational Regulations (www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html).

In the reporting year, the auditing body had regular contact with members of the Supervisory and Nomination Committee and the CFO. In the reporting year, two meetings took place with the Audit Committee.

Group Assurance reported once to the Audit Committee and once to the Board of Directors.

9 Information policy

The Schindler Group pursues an information policy which is timely, fact based, and comprehensive. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. Ad hoc announcements can be accessed at the same time as they are communicated to the SIX Swiss Exchange and for two years thereafter at: www.schindler.com – Media (www.schindler.com/com/internet/en/media.html).

It is also possible to receive potentially price-relevant information directly, promptly and free of charge from Schindler by e-mail. This service is offered at: www.schindler.com – Media – Subscription Service (www.schindler.com/com/internet/en/media/subscription-service.html).

Schindler provides information about its annual results in the Annual Report in printed and electronic form. The Annual Report (including the Compensation Report) can be ordered free of charge from the company or can be accessed at: www.schindler.com – Investor Relations – Financials & Reports (www.schindler.com/com/internet/en/investor-relations/reports.html). Schindler also presents its annual financial statements at its annual results media and analysts conference and at the General Meeting of Shareholders.

Its Interim Report as at June 30, as well as selected key figures as at March 31 and September 30, are available in electronic form at: www.schindler.com – Investor Relations – Financials & Reports (www.schindler.com/com/internet/en/investor-relations/reports.html).

Key dates:

	Closing	Publication
Closing of the financial year	December 31	
Annual results media and analysts conference		Mid-February
Publication of the Annual Report		Mid-February
Selected key figures	March 31 and September 30	April and October
Interim Report	June 30	August
General Meeting of Shareholders		2nd half of March

The exact dates for the current year and following year are available at: www.schindler.com – Investor Relations – Financial Calendar (www.schindler.com/com/internet/en/investor-relations/calendar.html).