

# Corporate Governance

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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, 2017, 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, 2017, the market capitalization of Schindler Holding Ltd. amounted to CHF 23.9 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 operating structure as at December 31, 2017, can be summarized as follows:

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#### Board of Directors

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#### Supervisory and Strategy Committee

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#### Group Executive Committee

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Chief Executive Officer (CEO)

Deputy CEO; Chief Financial Officer (CFO)

Chief Technology Officer (CTO)

Chief Digital Officer

Corporate Human Resources

Field Quality & Excellence

Escalators and Supply Chain

Operations

Europe North

Europe South

Americas

Asia-Pacific

China

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Information on organizational or management changes after December 31, 2017, is provided in note 1.4 'Events after the balance sheet date'

The duties of the full-time Supervisory and Strategy Committee (previously 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](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html)).

## 1.2 Significant shareholders

As at the end of 2017, the Schindler and Bonnard families and parties related to these families held – within the scope of shareholder agreements – 47 661 559 registered shares of Schindler Holding Ltd., corresponding to 71.1% 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](http://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

Excerpt from the press release of February 16, 2018:

### **"Changes to the Board of Directors and the Group Executive Committee**

As previously announced, the Board of Directors will propose to the General Meeting of Shareholders in 2018 that Michael Nilles, Chief Digital Officer, be newly elected to the Board of Directors. Following his election, he will become a member of the Supervisory and Strategy Committee.

After more than 27 years of service for Schindler, including 12 years on the Board of Directors of Schindler Holding Ltd., Prof. Dr. Karl Hofstetter has expressed his wish to give up his corporate functions during the course of this year and to focus on his academic and other professional interests. He will therefore not stand for reelection to the Board of Directors of Schindler Holding Ltd. and will step down from the Supervisory and Strategy Committee at the General Meeting of Shareholders in 2018. The Board of Directors sincerely thanks him for his many years of support and his valuable contribution to numerous important projects.

The Board of Directors has decided to propose to the General Meeting of Shareholders in 2018 that Erich Ammann, currently Chief Financial Officer (CFO), be newly elected to the Board of Directors. Following his election, he will become a member of the Supervisory and Strategy Committee. Erich Ammann has been with Schindler since 1988 and he has held various management positions in Finance. He has been serving as CFO since 2001.

The Board of Directors has appointed Urs Scheidegger to the Group Executive Committee as CFO, effective April 1, 2018. Urs Scheidegger received his doctorate from the University of St. Gallen in business administration and since 2003 has held various management positions with Schindler in Finance, most recently as Head Area Controlling. He has spent a large part of his career in Asia, specifically in China.”

## 2 Capital structure

### 2.1 Capital

As at December 31, 2017, 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, 2017, 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, 2017, 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, 2017, 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 application for exceptions in the financial year 2017.

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)).

### Information by majority shareholders

The majority shareholders informed that in the event of a sale of 49% or more of their voting rights to an acquirer that is not party to their shareholder agreement, they will only vote in favor of an exception to the percentage limits if the acquirer makes a voluntary public offer at a price that is equivalent to the price paid for the 49%.

### 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 allocated (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Number as of 31.12.2017		
						Forfeited	Exercised	Outstanding
2008	A	357 092 <sup>1</sup>	80.90	30.4.2011	30.4.2017	-14 917	-342 175	-
2008	B	155 311 <sup>1</sup>	78.90	30.4.2011	30.4.2017	-	-155 311	-
2009	A	464 175 <sup>1</sup>	56.40	30.4.2012	30.4.2018	-2 030	-416 099	46 046
2009	B	314 783 <sup>1</sup>	56.40	30.4.2012	30.4.2018	-2 407	-312 376	-
2010	A	207 896 <sup>2</sup>	53.60	30.4.2013	30.4.2019	-483	-161 812	45 601
2010	B	107 739 <sup>2</sup>	85.10	30.4.2013	30.4.2019	-6 159	-94 334	7 246
2011	A	222 621 <sup>2</sup>	85.10	30.4.2014	30.4.2020	-901	-159 911	61 809
2011	B	104 854 <sup>2</sup>	124.80	30.4.2014	30.4.2020	-	-69 834	35 020
2012	A	162 002 <sup>2</sup>	108.20	30.4.2015	30.4.2021	-750	-99 188	62 064
2013	A	138 012 <sup>1</sup>	137.84	30.4.2016	30.4.2022	-9 442	-56 832	71 738

A = Options from the Capital Participation Plan 2000/2003

B = Options from the Long Term Incentive Plan

<sup>1</sup> One option gives entitlement to purchase one share

<sup>2</sup> 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.

As of 31.12.2017	Domicile	Nationality	Year of election <sup>1</sup>
Silvio Napoli (1965), Chairman	Küsnacht, Switzerland	Italian	2016
Alfred N. Schindler (1949), Chairman emeritus	Hergiswil, Switzerland	Swiss	1977
Prof. Dr. Pius Baschera (1950), Vice Chairman	Zurich, Switzerland	Swiss	2005
Prof. Dr. Karl Hofstetter (1956)	Meggen, Switzerland	Swiss	2006
Luc Bonnard (1946)	Hergiswil, Switzerland	Swiss	1984
Patrice Bula (1956)	Yens, Switzerland	Swiss	2015
Prof. Dr. Monika Bütler (1961)	Zurich, Switzerland	Swiss	2013
Dr. Rudolf W. Fischer (1952)	Bergdietikon, Switzerland	Swiss	2012
Anthony Nightingale (1947)	Hong Kong SAR, China	British	2013
Tobias B. Staehelin (1978)	Heidelberg, Germany	Swiss	2017
Carole Vischer (1971)	Hergiswil, Switzerland	Swiss	2013

<sup>1</sup> Annual General Meeting of Shareholders in the year shown

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 13 members, currently has 11 members. Three members of the Board of Directors are executive members. However, none of them also serves on the Group Executive Committee. Silvio Napoli and Karl Hofstetter are members of the Supervisory and Strategy Committee. Tobias B. Staehelin holds an operational function at a Group company. The eight remaining members are non-executive members of the Board of Directors.



Front row, from left: Alfred N. Schindler, Silvio Napoli, Prof. Dr. Pius Baschera,  
Prof. Dr. Monika Büttler, Tobias B. Staehelin  
2nd row, from left: Carole Vischer, Dr. Rudolf W. Fischer, Anthony Nightingale  
3rd row, from left: Patrice Bula, Prof. Dr. Karl Hofstetter, Luc Bonnard

With the exception of Alfred N. Schindler, all non-executive members of the Board of Directors are independent according to the definition set out in the Swiss Code. Hence, in accordance with the recommendations and criteria set out in the Swiss Code, the majority of the Board of Directors – i.e. 7 of its 11 members – is independent. The Board of Directors comprises both male and female members.

In terms of the composition of the committees of the Board of Directors, 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, allowing them to safeguard their long-term shareholder interests directly.

### **3.2 Other activities and vested interests**

#### **Silvio Napoli**

Executive Chairman of the Board of Directors, Chairman of the Supervisory and Strategy Committee and of the Nomination Committee since 2017, member of the Board of Directors and the Supervisory and Strategy Committee since 2016.

Silvio Napoli holds a master's degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland, and an MBA from Harvard Graduate School of Business Administration, Boston, USA, which he earned as a Fulbright Scholar.

He began his career at The Dow Chemical Co., Rheinmünster, Germany, in 1989. Silvio Napoli has held various international functions in the Schindler Group since 1994. From 2008 to 2013, he served as a member of the Schindler Group Executive Committee with responsibility for the Asia-Pacific region. He then served as CEO of the Schindler Group until March 2016.

Silvio Napoli is an Italian citizen, born in 1965.

#### **Alfred N. Schindler**

Chairman emeritus, member of the Board of Directors since 1977, non-executive member since 2017, member of the Nomination Committee.

Alfred N. Schindler holds a degree in law from the University of Basel, Switzerland, and an MBA from The Wharton School of Finance in Philadelphia, Pennsylvania, USA.

He began his career in 1974 as an auditor at Neutra Treuhand AG, Berne, and served as CFO of Notz AG, Biel, Switzerland, from 1980. He subsequently held various management positions at the Schindler Group. In 1982, he was appointed Head of Corporate Planning and he served as CEO of the Schindler Group from 1985 to 2011. Alfred N. Schindler was Chairman of the Board of Directors of Schindler Holding Ltd. and Chairman of the Supervisory and Strategy Committee from 1995 until March 2017. He currently serves as an advisor to Schindler.

Alfred N. Schindler is a Swiss citizen, born in 1949.

**Prof. Dr. Pius Baschera**

Vice Chairman of the Board of Directors since 2017, non-executive, independent member of the Board of Directors since 2005, member of the Compensation Committee since 2008 and its Chairman since 2015.

Trustee and Speaker of the Martin Hilti Family Trust and member of the Board of Directors of Hilti Corporation, Schaan, Liechtenstein; member of the Advisory Board of Vorwerk & Co., Wuppertal, Germany, of Ardex GmbH, Witten, Germany, and until the AGM on March 14, 2017, member of the Board of Directors of Roche Holding AG, Basel, Switzerland; President of the Board of Trustees of the ETH Zurich Foundation, Zurich, Switzerland; Professor emeritus at the ETH Zürich, Zurich, Switzerland.

Pius Baschera studied at the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland, where he obtained a degree in mechanical engineering and in management science.

From 1979 to 2017, he held various international functions at Hilti Corporation, Schaan, Liechtenstein, including the role of CEO for 13 years and after that the role of Chairman of the Board of Directors.

Pius Baschera is a Swiss and Italian citizen, born in 1950.

**Prof. Dr. Karl Hofstetter**

Executive member of the Board of Directors since 2006, member of the Supervisory and Strategy Committee since 2016, and of the Nomination Committee since 2017.

Chairman of SwissHoldings, Berne, Switzerland; Chairman of the Board of Trustees of the Kuoni and Hugentobler Foundation, Stans, Switzerland; member of the Board of Directors of ALSO Holding AG, Emmen, Switzerland, and of Venture Incubator AG, Zug, Switzerland; member of the Foundation Board of Stichting INPAR, Amsterdam, the Netherlands; 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; and Chairman of the Advisory Board of the Program on Comparative Corporate Law, Governance, and Finance at Harvard Law School, Boston, USA.

Karl Hofstetter studied law (including doctorate) and economics at the University of Zurich. He went on to study at Stanford University, UCLA, and Harvard University, USA. He is a licensed attorney-at-law admitted to the bar in Zurich and New York.

He has held various functions at the Schindler Group since 1990 and has served as Group General Counsel since 1993. He has also been a Professor of Civil and Commercial Law at the University of Zurich, Switzerland, since 1995.

Karl Hofstetter is a Swiss citizen, born in 1956.

### **Luc Bonnard**

Member of the Board of Directors since 1984, non-executive since 2012, independent member since 2015, Chairman of the Audit Committee since 2013, and member of the Nomination Committee since 2017.

Luc Bonnard holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland.

He joined the Schindler Group in 1972 and held various management positions, including Head of the Elevators & Escalators business. He served as a member of the Supervisory and Strategy Committee from 1991 to 2012 and as Vice Chairman of the Board of Directors from 1996 to March 2017. He currently serves as an advisor to Schindler.

Luc Bonnard is a Swiss citizen, born in 1946.

### **Patrice Bula**

Non-executive, independent member of the Board of Directors since 2015, member of the Compensation Committee since 2017.

As a representative of Nestlé, he is Chairman of Blue Bottle Coffee Inc, Oakland, USA, and member of the Board of Directors of Cereal Partners Worldwide S.A., Lausanne, Switzerland, of Beverage Partners Worldwide S.A., Zurich, Switzerland, of Yinlu Food Group Companies, China, of Hsu Fu Chi Group Companies, China, and of Froneri (joint venture between Nestlé and R&R Ice Cream), London, United Kingdom. He is also a member of the Board of Directors of Bobst Group SA, Mex, Switzerland.

Patrice Bula holds a master's degree in economic sciences from the University of Lausanne, Faculty of Business and Economics (HEC), Switzerland. He completed the Program for Executive Development at IMD business school, Lausanne, Switzerland.

He has held various international functions in the Nestlé Group since 1983. He has served as Executive Vice President of Nestlé S.A. since 2011, with responsibility for the Strategic Business Units, Marketing, Sales and Nespresso. Prior to that, he served as Market Head of Nestlé Greater China Region (2007 to 2011), among other roles.

Patrice Bula is a Swiss citizen, born in 1956.

**Prof. Dr. Monika Bütler**

Non-executive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2017.

Member of the Bank Council of the Swiss National Bank, Zurich, Switzerland; member of the Board of Directors of HUBER+SUHNER AG, Herisau, Switzerland, and member of the Suva Council, Lucerne, Switzerland; Chairperson of the Swiss Institute for International Economics and Applied Economic Research, St. Gallen, Switzerland; Vice President of the Foundation Board of Gebert Rűf Foundation, Basel, Switzerland.

Monika Bütler holds a doctorate in economics from the University of St. Gallen, Switzerland, and a degree in mathematics, majoring in physics, from the University of Zurich, Switzerland.

Since 2008, she has been Managing Director of the Swiss Institute for Empirical Economic Research, University of St. Gallen, Switzerland, and since 2004 Professor of Economics at the University of St. Gallen, Switzerland. From 2009 to 2013, she served as Dean of the School of Economics and Political Science of the University of St. Gallen, Switzerland. Prior to that, she was a Visiting Professor at the University of New South Wales, Sydney, Australia in 2008 and 2011.

Monika Bütler is a Swiss citizen, born in 1961.

**Dr. Rudolf W. Fischer**

Non-executive, independent member of the Board of Directors and member of the Compensation Committee since 2012.

Member of the Board of Directors of Vetropack Holding AG, Bűlach, Switzerland.

Rudolf W. Fischer holds a doctorate in economics from the University of Zurich, Switzerland.

Before joining the Schindler Group in 1996, he served as CEO of various companies and as a partner in a consulting firm. He was a member of the Schindler Group Executive Committee Elevators & Escalators with responsibility for Corporate Human Resources, Management Training, and Corporate Safety & Health until 2011. From 2012 to 2016, he was a member of the Supervisory and Strategy Committee.

Rudolf W. Fischer is a Swiss citizen, born in 1952.

### **Anthony Nightingale**

Non-executive, independent member of the Board of Directors since 2013.

Member of the Board of Directors of Jardine Matheson Holdings, Bermuda, of Vitasoy International Holdings Ltd., Hong Kong, of Jardine Strategic Holdings, Bermuda, of Dairy Farm International Holdings, Bermuda, of Hong Kong Land Holdings, Bermuda, and of Mandarin Oriental International, Bermuda, as well as of Jardine Cycle & Carriage, Singapore, of Prudential plc, England and Wales, and of Shui On Land Ltd., Cayman Islands; Commissioner of PT Astra International, Jakarta, Indonesia; member of the School Advisory Council of the Hong Kong University of Science and Technology, Hong Kong; Chairman of The Sailors Home and Missions to Seamen, Hong Kong, and Director of the UK-ASEAN Business Council, United Kingdom.

Anthony Nightingale holds a bachelor's degree (honors) in classics from Peterhouse College, University of Cambridge, United Kingdom.

He held various functions at Jardine Matheson Group and served as CEO of Jardine Matheson Holdings, Bermuda, from 2006 to 2012.

Anthony Nightingale is a British citizen, born in 1947.

### **Tobias B. Staehelin**

Executive member of the Board of Directors since 2017 with an operational function at a Group company.

Member of the Board of Directors of Schindler Aufzüge AG, Ebikon, Switzerland.

Tobias B. Staehelin holds a degree in law and a CEMS master in international management from the University of St. Gallen, Switzerland. He completed joint studies in law at the Northwestern University School of Law, Chicago, USA, and at the Instituto de Empresa, Madrid, Spain (master of laws with honors). He is a licensed attorney-at-law admitted to the bar in Geneva, Switzerland.

He practiced law in Geneva before joining the Schindler Group in 2009. He has since held positions including Project Sales Manager of the Top Range Division in China and General Manager of Jardine Schindler, Macau. From 2015 to 2017, he served as Regional Director South West at Schindler Deutschland GmbH. In 2018, he was appointed Field Operations Director of the C. Haushahn Group, Germany.

Tobias B. Staehelin is a Swiss citizen, born in 1978.

### **Carole Vischer**

Non-executive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2016.

President of the Stiftung Dr. Robert und Lina Thyll-Dürr, Hergiswil, Switzerland.

Carole Vischer holds a degree in law from the University of Basel, Switzerland.

From 2002 to 2011, she served as the Director of the Stiftung Dr. Robert und Lina Thyll-Dürr (charitable foundation), Hergiswil, Switzerland.

Carole Vischer is a Swiss citizen, born in 1971.

### **3.3 Number of permitted activities outside Schindler**

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.

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

### 3.5.2 Tasks and areas of responsibility for each committee

As of 31.12.2017	Supervisory and Strategy Committee	Nomination Committee	Compensation Committee	Audit Committee
Silvio Napoli	● (chairman)	● (chairman)		
Alfred N. Schindler		●		
Prof. Dr. Pius Baschera			● (chairman)	
Prof. Dr. Karl Hofstetter	●	●		
Luc Bonnard		●		● (chairman)
Patrice Bula			●	
Prof. Dr. Monika Büttler				●
Dr. Rudolf W. Fischer			●	
Anthony Nightingale				
Tobias B. Staehelin				
Carole Vischer				●

#### 3.5.2.1 Supervisory and Strategy Committee

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

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

- Defining the Group's corporate values (particularly safety, quality, and the Code of Conduct), strategy and short- and long-term objectives, 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
- Preparing the Board meetings and supervising the implementation of its resolutions

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

### 3.5.2.2 Nomination Committee

The Board of Directors appoints a Nomination Committee, consisting of the Chairman and at least two Board members who are representatives of the major shareholders.

The Nomination Committee performs the following duties in particular:

- Evaluating the composition and size of the Board of Directors and the Group Executive Committee and determining the selection criteria for the appointment of the Chairman, the 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 Chairman, the members of the Board of Directors and the Compensation Committee for nomination by the Board and election by the General Meeting of Shareholders
- Evaluating and proposing the appointment of other committee members, their chairmen, the CEO, the members of the Group Executive Committee, and the Group General Counsel for approval by the Board of Directors
- Preparing of a periodic self-evaluation of the Board of Directors

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

### 3.5.2.3 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.

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 fixed compensation, the annual target compensation and fringe benefits, and the annual variable compensation of the Chairman, the executive members of the Board of Directors, and the CEO
- The fixed compensation, the annual target compensation, and fringe benefits of the other members of the Group Executive Committee
- The granting of loans or credits to members of the Board of Directors or the Group Executive Committee in accordance with Article 34 of the Articles of Association

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](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulation ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://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.

#### 3.5.2.4 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.

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

- Reviewing and approving the quarterly financial statements
- Reviewing the annual and half-year financial statements for approval by the Board of Directors
- Reviewing the qualifications, performance, and independence of the auditing body and approving its fees
- Reviewing and approving the adequacy and appropriateness of the annual internal audit programs for Group Assurance, the Compliance departments, and IT Security
- Reviewing all audit reports and status reports issued by Group Assurance, the Compliance departments, and IT Security
- 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](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://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. Once a year, it holds a two-day meeting together with the members of the Group Executive Committee.

The members of the Supervisory and Strategy Committee work on a full-time basis and meet on average two to three times per month. The Nomination Committee meets on a regular basis at the invitation of its chairman, the Compensation Committee holds at least two meetings per year and the Audit Committee holds at least four meetings per year.

As of 31.12.2017	Number of planned meetings	Average duration (hours)
Board of Directors	7	9
Supervisory and Strategy Committee	full-time	full-time
Nomination Committee	2	4
Compensation Committee	6	1
Audit Committee	5	4.5

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. The Audit Expert Group that assists the Audit Committee (see note 3.5.2.4) includes three external consultants. No other external consultants attended the meetings.

### 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 Strategy Committee, the 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 Annual Report, including the Compensation Report
- The compensation proposals for the General Meeting of Shareholders

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 Strategy 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 Strategy Committee and the Board of Directors
- Ensuring the implementation of the Group's corporate values (particularly safety, quality, and the Code of Conduct)
- Issuing internal regulations, guidelines, directives, and policies

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](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://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 report at least each quarter. The Supervisory and Strategy 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 Strategy Committee.

At least once annually, the Board of Directors and the Group Executive Committee hold a joint 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 appraisal

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 31.12.2017	Nationality	Current function (since)	Member since
Thomas Oetterli (1969)	Swiss	CEO (2016)	2010
Erich Ammann (1957)	Swiss	Deputy CEO, CFO (2001)	2001
Julio Arce (1968)	Spanish	Field Quality & Excellence (2017)	2017
Karl-Heinz Bauer (1958)	German	Chief Technology Officer (2015)	2015
David Clymo (1961)	British	Corporate Human Resources (2012)	2012
Paolo Compagna (1968)	Italian	Europe North (2015)	2015
Carlos Guembe (1952)	Spanish	Europe South (2014)	2014
Andre Inerra (1964)	Brazilian	Americas (2016)	2016
Michael Nilles (1973)	German	Chief Digital Officer (2016)	2016
Christian Schulz (1964)	German	Operations (2017)	2016
Robert Seakins (1960)	Australian	Asia-Pacific (2017)	2017
Egbert Weisshaar (1956)	Swiss	Escalators and Supply Chain (2017)	2017
Daryoush Ziai (1963)	American	China (2016)	2016



From left: Michael Nilles, Julio Arce, Daryoush Ziai, Carlos Guembe, Christian Schulz, Erich Ammann, Thomas Oetterli, David Clymo, Karl-Heinz Bauer, Paolo Compagna, Andre Inserra, Egbert Weisshaar, Robert Seakins

## 4.2 Other activities and vested interests

### Thomas Oetterli

CEO since 2016, Member of the Group Executive Committee since 2010.

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

Thomas Oetterli holds a degree in business administration from the University of Zurich, Switzerland.

He joined the Schindler Group in 1994 and has held various international functions, including CEO of Schindler Aufzüge AG, Switzerland (2006 to 2009). In 2010, he was appointed as a member of the Group Executive Committee with responsibility first for Europe North (2010 to 2013) and then for China (until March 2016).

Thomas Oetterli is a Swiss citizen, born in 1969.

### Erich Ammann

CFO, Member of the Group Executive Committee since 2001, Deputy CEO since 2017.

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

Erich Ammann holds a degree in economics and business administration from the University of Applied Sciences of St. Gallen, Switzerland, and an executive MBA from The Wharton School, University of Pennsylvania, USA.

He began his career in 1982 as an auditor in Geneva, Switzerland. Since 1988, he has held various international functions in the area of finance in the Schindler Group.

Erich Ammann is a Swiss citizen, born in 1957.

### Julio Arce

Responsible for Field Quality & Excellence, Member of the Group Executive Committee since 2017.

Julio Arce holds a bachelor's degree in electrical engineering from the University of Cantabria, Santander, Spain; a master of science in industrial engineering from the University of Cantabria, Santander, Spain; and an executive MBA from the IE Business School, Madrid, Spain.

He began his career in 1995 at Schindler Spain. From 2006 to 2007, Julio Arce served as CEO of Schindler Netherlands, before returning to Schindler Spain as Existing Installations Manager in 2008. From 2011 to 2014, he served as Technical Director of Schindler Spain and Schindler Iberia before being appointed CEO of Schindler Iberia and Area Manager Northwest Africa and Morocco.

Julio Arce is a Spanish citizen, born in 1968.

### **Karl-Heinz Bauer**

CTO, Member of the Group Executive Committee since 2015.

Karl-Heinz Bauer holds a master's degree in mechanical engineering from the University of Karlsruhe (TU), Germany, and a degree from the MIT Sloan School of Management, Cambridge, Massachusetts, USA.

He began his career in 1984 as a Product Development Engineer and held international functions at various companies until 2007. From 2007 to 2015, Karl-Heinz Bauer served as Chief Technology Officer with global responsibility at Honeywell Transportation Systems, Torrance, USA, and Rolle, Switzerland. He joined the Schindler Group in 2015 and was appointed as a member of the Group Executive Committee.

Karl-Heinz Bauer is a German citizen, born in 1958.

### **David Clymo**

Responsible for Corporate Human Resources (Human Resources, Talent Management and Development, Corporate Safety & Health, and Sustainability), Member of the Group Executive Committee since 2012.

David Clymo holds a degree in engineering from University College London, UK.

He began his career in 1985 as a chartered accountant and subsequently held various functions in Jardine Matheson Group and in the Schindler Group. From 2007 to 2009, David Clymo served as Head of Human Resources Europe and from 2010 as Head of Human Resources for Global Business and Corporate Functions. He was appointed as a member of the Group Executive Committee in 2012.

David Clymo is a British citizen, born in 1961.

### **Paolo Compagna**

Responsible for Europe North, Member of the Group Executive Committee since 2015.

Paolo Compagna holds a degree in electrical engineering from the Technical University of Cologne, Germany, and a degree in business engineering from Beuth University of Applied Sciences, Berlin, Germany.

He began his career in 1992 and has held various management positions. Before joining the Schindler Group in 2010, he was Area Business Manager and a member of the Management Board of Cofely, Cologne, Germany. From 2010 to 2013, Paolo Compagna held the role of Field Operations Manager at Schindler Deutschland GmbH and he then served as CEO of Schindler Deutschland AG & Co. KG until 2014.

Paolo Compagna is an Italian citizen, born in 1968.

**Carlos Guembe**

Responsible for Europe South, Member of the Group Executive Committee since 2014.

Carlos Guembe holds a degree in industrial electrical engineering from ICAI (Escuela Técnica Superior de Ingeniería), Madrid, Spain, and a master's degree in foreign trade from EOI (Escuela de organización industrial), Madrid, Spain, as well as a master's in business administration from IE Business School, Madrid, Spain.

He began his career in 1978 and performed a number of international functions before joining the Schindler Group in 1990. He subsequently held various positions at Schindler Spain and Schindler Portugal. Before being appointed as a member of the Group Executive Committee, he served as CEO of Schindler Iberia from 2006 to 2014.

Carlos Guembe is a Spanish citizen, born in 1952.

**Andre Inserra**

Responsible for Americas, Member of the Group Executive Committee since 2016.

Andre Inserra holds a degree in mechanical engineering from FAAP (Fundação Armando Álvares Penteado), São Paulo, Brazil, and a master's degree in industrial management from Chalmers University of Technology, Gothenburg, Sweden.

He began his career in 1989 as an engineer and subsequently performed various international functions at ABB until 2011, including Head of the Global Business Unit Mining and Cement in the USA and Switzerland. He joined the Schindler Group in 2012 and assumed the function of CEO of Atlas Schindler in Brazil.

Andre Inserra is a Brazilian citizen, born in 1964.

**Michael Nilles**

Chief Digital Officer, Member of the Group Executive Committee since 2016.

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

Michael Nilles holds a degree in business administration and computer science from the University of Cologne, Germany.

He began his career in 1996 as a Software Engineer and Consultant with SAP China and subsequently held various international posts in the field of digital transformation, including as CIO Americas and Group CIO of Bosch Rexroth AG, Chicago, USA, and Lohr am Main, Germany (2000 to 2008). He was appointed CIO of the Schindler Group and CEO of Schindler Digital Business AG in 2009.

Michael Nilles is a German citizen, born in 1973.

### **Christian Schulz**

Responsible for Operations, Member of the Group Executive Committee since 2016.

Christian Schulz holds a degree in production engineering from the University of Kaiserslautern, Germany, and a PhD in mechanical engineering from the University of Kaiserslautern, Germany.

He began his career in 1993 and joined the Schindler Group in 2003, where he initially held the position of Product Line Manager, Existing Installations, at Schindler Germany. From 2009 to 2014, he served as Managing Director of the C. Haushahn Group, Germany. He then held the function of Head of Service and Modernization in the Schindler Group before being appointed as a member of the Group Executive Committee.

Christian Schulz is a German citizen, born in 1964.

### **Robert Seakins**

Responsible for Asia-Pacific, Member of the Group Executive Committee since 2017.

Robert Seakins holds an Electrical & Lifts Licence from the Royal Melbourne Institute of Technology, Melbourne, Australia, and a master's degree in business administration and strategy from the University of New South Wales, Sydney, Australia.

He began his career in 1980. In 2003, Robert Seakins joined Schindler Australia as New Installations Director and he later performed the same function for Jardine Schindler Group. From 2010 to 2013, he served as Managing Director of Schindler Hong Kong and was then appointed Managing Director of Schindler Australia, a role he performed until 2017.

Robert Seakins is an Australian citizen, born in 1959.

### **Egbert Weisshaar**

Responsible for Escalators and Supply Chain, Member of the Group Executive Committee since 2017.

Egbert Weisshaar holds a degree in purchasing and commerce from SVME Aarau, Switzerland, and a master's in business administration from IMD Lausanne, Switzerland.

He began his career in 1974 joining ABB for various Supply Chain positions in England, Switzerland, and the USA. In 1993, Egbert Weisshaar joined the Schindler Group and held various functions, including Head of AS Aufzüge Switzerland in 2007 and 2008. He also served as Head Supply Chain Europe (2008 to 2009) and Area Manager Eastern Europe (2009 to 2012). From 2013 to 2017, he was Head of the Escalator Division of the Schindler Group.

Egbert Weisshaar is a Swiss citizen, born in 1956.

**Daryoush Ziai**

Head of China, Member of the Group Executive Committee since 2016.

Daryoush Ziai holds a bachelor of science in civil engineering from the Virginia Military Institute, Lexington, Virginia, USA; a master of science in civil engineering from Purdue University, West Lafayette, USA; and an MBA (master of science in management) from Krannert Graduate School of Management, Purdue University, West Lafayette, USA.

He began his career in 1989. Before joining the Schindler Group in 2015, he held various management positions at United Technologies Corporation from 1989 to 2014, including as Vice President Service for Otis China. He has been CEO of Schindler China since 2015.

Daryoush Ziai is an American citizen, born in 1963.

**4.3 Number of permitted activities outside Schindler**

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.

**4.4 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 determined by the Board of Directors and published once in the Swiss Official Gazette of Commerce.

### 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 lead auditor

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

As required by law, the lead auditor is changed every seven years. The current lead auditor took over this function in 2017.

### 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	2017	2016
<b>Audit fee</b>	<b>3 163</b>	3 595
Additional fees		
Additional audit-related services	<b>171</b>	127
Tax advice	<b>901</b>	407
Transaction advice	<b>755</b>	359
<b>Total additional fees</b>	<b>1 827</b>	893

### 8.3 Information instruments relating to external audits

The Audit Committee evaluates the performance, fees, and independence of the auditors each year. It discusses and reviews the scope of the audits, and the resulting feedback. Based on this information, it determines which changes and improvements are 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 or its chairman.

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](http://www.schindler.com) – About Schindler – Corporate Governance – Organizational Regulations ([www.schindler.com/com/internet/en/about-schindler/corporate-governance/organizational-regulations.html](http://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 Strategy Committee and the CFO. In the reporting year, one meeting 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 that 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 \(www.schindler.com/com/internet/en/media.html\)](http://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 email. This service is offered at: [www.schindler.com – Media – Subscription Service \(www.schindler.com/com/internet/en/media/subscription-service.html\)](http://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 can be ordered free of charge from the company or can be accessed at: [www.schindler.com – Investor Relations – Financials & Reports \(www.schindler.com/com/internet/en/investor-relations/reports.html\)](http://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 \(www.schindler.com/com/internet/en/investor-relations/reports.html\)](http://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 \(www.schindler.com/com/internet/en/investor-relations/calendar.html\)](http://www.schindler.com – Investor Relations – Financial Calendar (www.schindler.com/com/internet/en/investor-relations/calendar.html).