



# **Charter for the Audit Committee**

## **Schindler Holding Ltd.**

### **Annex II**

Version January 2017

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## 1. CONSTITUTION

The Audit Committee (the **AC**) consists of at least two Board members. At least two members shall be non-executive and preferably independent.

The majority of the AC members and its chairman shall be financially literate.

## 2. POWERS AND DUTIES

1 The AC has the following powers and duties:

Regarding Financial Reporting:

- a) reviewing and approving the Company's and the Group's quarterly financial statements;
- b) reviewing the Company's and the Group's half-year and annual financial statements in order to recommend their approval to the Board;
- c) reviewing the implementation of and compliance with the Company's and the Group's accounting principles and policies as well as the internal controls over financial reporting;

Regarding External Auditor:

- d) proposing the nomination and removal of the external auditor for approval by the Board and election by the General Meeting of Shareholders;
- e) approving the fees of the external auditor;
- f) reviewing the qualifications, performance and independence of the external auditor, including considering whether the external auditor's quality controls are adequate;
- g) ensuring rotation of the lead partner of the external auditor at least every 7 years;
- h) reviewing with the external auditor the results of its audit, in particular any unusual items and disclosures contained in the audit;
- i) approving the provision of non-audit services in an amount over CHF 500'000 by the external auditor;

Regarding Risk Management Processes:

- j) reviewing the enterprise risk management process;

Regarding Group Assurance, the Various Compliance Functions and IT-Security:

- k) periodically reviewing the adequacy, effectiveness and efficiency of Group Assurance, the various compliance functions and IT-security as well as issuing instructions or recommendations with regard to their tasks, organization, processes and budget;
- l) periodically assessing the individual qualifications, expertise, independence and performance of the head Group Assurance, the Group Compliance Officer, the Technical Compliance Officer and the IT-Security Officer and their teams;
- m) reviewing and approving the adequacy and appropriateness of Group Assurance's, the various compliance functions' and IT-security's annual internal audit programs, based on the evaluation of risks and requests by the Board and the VRA, input by the CEO and other KL members as well as proposals by the responsible officers,
- n) initiating, directing and monitoring any internal audit or investigation as it considers necessary;
- o) reviewing all audit reports issued by Group Assurance, the various compliance functions and IT-security to assure:
  - detection of major or systemic risks;
  - implementation of adequate corrective actions by management;
  - consistency of sanctions proposed or imposed by the responsible line managers regarding appropriateness and timeliness;
- p) reviewing status reports with respect to implementation measures issued by Group Assurance, the various compliance functions and IT-security;
- q) imposing sanctions regarding violations of the reporting obligations under the Management Transactions organizational norm;
- r) ensuring that appropriate whistle blowing mechanisms are in place and periodically reviewing employee submissions of concerns regarding questionable accounting, auditing, compliance or other matter;
- s) deciding on the forfeiture of bonus shares and option grants due to serious Code of Conduct violations (so-called "Key Violations"), within the discretion specified in the bonus share and option plans; the Board shall be informed accordingly;
- t) issuing or recommending new rules in the form of organizational norms, directives, instructions or clarifications in connection with the Code of Conduct;
- u) dismissing or removing the head Group Assurance.

- 2 The chairman of the AC has the following powers and duties:
  - a) approving the provision of non-audit services in an amount over CHF100'000 but not over CHF 500'000 by the external auditor;
  - b) exercising veto power on sanctions imposed for compliance violations in accordance with the internal Compliance Sanctioning Guidelines.
- 3 Further details of powers and duties delegated to the AC and the chairman of the AC are set out in **Annex I** of the Organizational Regulations.
- 4 The AC is assisted by the head Group Assurance. The head Group Assurance coordinates the various audit and compliance functions and establishes common tools and processes, including internal administration of organizational norms.

### **3. MEETINGS, RESOLUTIONS AND REPORTING**

- 1 The AC meets at least four times a year. At least two AC members shall be present for the purpose of adopting resolutions.
- 2 The chairman of the AC may invite to its meetings, the head Group Assurance, the Group Compliance Officer, the Technical Compliance Officer, the IT-Security Officer, the external auditor and other persons.
- 3 The chairman of the AC meets regularly with the head Group Assurance, the Group Compliance Officer, the Technical Compliance Officer and the IT-Security Officer.
- 4 The chairman of the AC reports to the Board about the activities, findings and main resolutions of the AC.
- 5 Articles 3.3 - 3.5 of the Organizational Regulations apply analogously to the AC.

### **4. FINAL PROVISIONS**

#### **4.1 Effectiveness**

This Charter for the AC entered into effect on 1 August 2012 and was amended on 11 February 2013 and 26 September 2016.

#### **4.2 Review**

This Charter shall be reviewed by the Board at the AC's or the Chairman of the Board's request, but at least every three years.