



# Approval Process

## Annex I

Version March 2014

All references to amounts are in million CHF unless specified otherwise.

A = Approval; I = Information; P = Proposal (numbers reflect sequence of proposal steps); PA = Proposal and approval authority

AC = Audit Committee; CC = Compensation Committee; KL = Group Executive Committee; VRA = Supervisory and Nomination Committee

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
<b>1. Values and Strategy</b>					
1.1 Values (e. g. safety, quality and Code of Conduct)	A	P2: VRA	P1		
1.2 Strategy and objectives of the Group	A	P2: VRA	P1		
1.3 Entry in* / exit of a certain country		A: VRA	P2	P1: MKL-FO or CFO	* including establishing of a KG, JV, branch or office or entering into a distributorship, agency or similar agreement in a certain country
1.4 Mergers, acquisitions, divestitures, establishment and dissolution of joint ventures					Section 1.3 is prevailing to Section 1.4
1.4.1 Initial Requests					
1.4.1.1 TV* > 50		A: VRA	P2	P1: MKL-FO or CFO	* TV means Transaction Value and is determined in accordance with ON 0-04100 M&A
1.4.1.2 TV* > 20 ≤ 50		I: VRA	A	P: MKL-FO or CFO	
1.4.1.3 TV* ≤ 20			A**	P: MKL-FO or CFO	
1.4.2 Final Requests					
1.4.2.1 TV* > 100	A	P2: VRA		P1: KL	
1.4.2.2 TV* > 50 ≤ 100		A: VRA		P: KL	
1.4.2.3 TV* > 20 ≤ 50				A: KL P: MKL-FO or CFO	
1.4.2.4 TV* ≤ 20			A**	P: MKL-FO or CFO	** Subdelegation to MKL possible (permanent or on a case by case basis)
<b>2. Structure, Organization and Corporate Matters</b>					
2.1 Material changes to the organizational structure of the Group	A	P: VRA			
2.2 Organization and management structure of the Company and the Group	A	P2: VRA	P1		
2.3 Formation and liquidation of Group Companies			A	P: MKL-FO and/or CFO	Section 1.3 is prevailing to Section 2.3

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
2.4 Establishment and closure of branches and representative offices			A	P: MKL-FO and/or CFO	Section 1.3 is prevailing to Section 2.4
2.5 Articles of Association of the Company	A*	P: VRA			* To be submitted to a General Meeting of Shareholders for approval
2.6 Organizational Regulations of the Company	A	P: VRA		P: KL	
2.7 Charter for the Audit Committee	A	P: AC			
2.8 Internal regulations, organizational norms, directives and policies		P1: VRA or AC	P1	A*: KL P1: KL member	* Subdelegation to KL member based on KL decision possible
2.9 Annual report, section on Corporate Governance	A	P2: VRA		P1: Group General Counsel	Regarding compensation see Section 3.3.3
2.10 Assumption of external functions					See article 35 (2) of the Articles
2.10.1 Members of the Board	I	(A: chairman AC)			Annual reporting of outside engagements to the chairman AC
2.10.2 CEO		A: VRA	P		
2.10.3 Group Executive Committee members		A: VRA	P2	P1: KL member	
2.11 Preparing and Convening the General Meeting of Shareholders	A	P: Chairman			
2.12 Company's share register					
2.12.1 Organization		PA: Chairman			
2.12.2 Registration, cancellation and refusal of registration	A	P: Chairman			According to art. 13 of the Articles of Association of the Company
2.13 Signatory power					
2.13.1 Signatory power policy for the Company and the Group	A			P: CHR	
2.13.2 Designating signatories for the Company	A				
2.14 Notifying the court in case of over-indebtedness	A	P2: VRA		P1: CFO	

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
<b>3. Personnel and Compensation</b>					
3.1 Appointments, dismissals and removals					
3.1.1 Nomination of Company Board members					
3.1.1.1 Nomination of the Chairman	A*	P: VRA			* to be submitted to the General Meeting of Shareholders for election
3.1.1.2 Nomination of other Board members	A*	P: VRA			* to be submitted to the General Meeting of Shareholders for election
3.1.1.3 Nomination of members of the Compensation Committee	A*	P: VRA			* to be submitted to the General Meeting of Shareholders for election
3.1.1.4 Appointment of the Vice-Chairmen, the Committees' chairmen and the members of the VRA and the AC	A	P: VRA			
3.1.1.5 Group General Counsel	A	P: VRA			
3.1.2 Appointments and dismissals or removals of KL members					
3.1.2.1 CEO	A	P1: Chairman P2: VRA			
3.1.2.2 KL members	A	P2: VRA	P1		
3.1.3 Nomination and removals of Group Companies' Board members					
3.1.3.1 Strategic (long-term) joint ventures		A: VRA	P		
3.1.3.2 Large-Size Group Companies*				A: KL P: KL member	* Top ten Group Companies
3.1.3.3 Other Group Companies			A	P: MKL-FO	
3.1.4 Appointment and dismissal or removal of head Group Assurance		A: AC P: Chairman AC	P	P: CFO	
3.1.5 Appointment and dismissal or removal of management					
3.1.5.1 Area managers, heads of large-size Group Companies*		A: VRA	P		* Top ten Group Companies
3.1.5.2 Other key personnel		A: VRA	P		
3.1.5.3 Heads of other Group Companies		I	A	P: KL member	
3.1.5.4 Key position holders				PA: CHR and KL member or Group General Counsel	
3.2 Succession Plans					
3.2.1 Board members	I	PA: VRA			
3.2.2 Committee members	I	PA: VRA			
3.2.3 Group General Counsel		PA: VRA			
3.2.4 CEO		PA: VRA			
3.2.5 KL members		A: VRA	P		
3.2.6 Head Group Assurance		A: Chairman AC		P: CFO	
3.2.7 Key personnel		I: VRA*		PA*: KL	* Submission to the VRA twice a year

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
3.3 Compensation system and plans					
3.3.1 Compensation system*	A	P3: VRA P4: CC	P2	P1: CHR	* subject to principles set out in the Articles
3.3.2 Key terms of compensation plans and programs	A	P3: VRA P4: CC	P2	P1: CHR	
3.3.3 Annual report (section on compensation) and compensation report	A*	P2: VRA		P1: CHR	
3.4 Fixed compensation, annual target compensation and fringe benefits					Annual aggregate fixed compensation to be submitted to the General Meeting of Shareholders for approval
3.4.1 Chairman	A	P: CC			
3.4.2 Board members (excluding Chairman) and CEO	A	P1: Chairman P2: CC			
3.4.3 KL members (excluding CEO)	A	P2: CC	P1		
3.4.4 Head Group Assurance		A: Chairman AC		P: CFO	
3.5 Performance assessment and annual variable compensation					Annual aggregate variable compensation to be submitted to the General Meeting of Shareholders for approval
3.5.1 Chairman	A	P: CC			
3.5.2 VRA members (excluding Chairman), CEO and Group General Counsel		PA: Chairman			
3.5.3 KL members (excluding CEO)			PA		
3.5.4 Head Group Assurance		A: Chairman AC		P: CFO	
3.6 Material related party agreements and transactions	I	A: CC			P: Related party

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
<b>4. Corporate Identity and Communication</b>					
4.1 Corporate identity principles	I	A: Chairman		P: KL	
4.2 Communication principles (policies)	I	PA: VRA			
4.3 Disclosure / postponement of disclosure of price-sensitive information (ad-hoc)		A: VRA	P*	P*: KL member and Group General Counsel	* In addition, each person being aware of a potentially price sensitive fact
4.4 Crisis and emergencies management with relevance for the:					
4.4.1 Group	I	A: VRA	P		
4.4.2 Group Company/ies		I: VRA	A	P: MKL-FO	
4.4.3 Employee and customer communication		I: VRA		PA: KL	
4.5 Organization and activities of Investor Relations		A: VRA	P2	P1: CFO	
<b>5. Financial Planning, Reporting and Capital Expenditure</b>					
5.1 Financial planning					
5.1.1 Annual budget, mid-term plan and forecasts					
5.1.1.1 Group	A	P3: VRA	P2	P1: CFO	
5.1.1.2 Group Companies			A	P1: KL member	
5.2 Financial reporting					
5.2.1 Accounting principles and policies	I	A: VRA		P: CFO	
5.2.2 Company's and Group's annual financial statements and annual report	A*	P3: VRA P4: AC	P2	P1: CFO	* To be submitted to General Meeting of Shareholders for approval
5.2.3 Company's and Group's half-year financial statements	A	P3: VRA P4: AC	P2	P1: CFO	
5.2.4 Company's and Group's quarterly financial statements	I	A: AC P3: VRA	P2	P1: CFO	
5.2.5 Monthly financial statements		I: VRA	I	PA: CFO	
5.3 Approval of annual investment budget of the Group	A	P3: VRA	P2	P1: KL	

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
5.4 Capital expenditure and operating lease commitments with multi-year P&L impact (amount below refers to each capital expenditure and operating lease commitment)					
5.4.1 > 100	A	P2: VRA		P1: KL	
5.4.2 > 50 ≤ 100		A: VRA		P: KL	
5.4.3 > 20 ≤ 50				A: KL P: KL member	
5.4.4 ≤ 20			A	P: KL member*	* Subdelegation in accordance with ON 0-02880 Investment Matters in the Schindler Group and ON 0-04210 Limits of Authority
5.5 Unbudgeted capital expenditure and operating lease commitments with multi-year P&L impact (amount below refers to each capital expenditure and operating lease commitment)					
5.5.1 > 50	A	P3: VRA	P2	P1: KL member	
5.5.2 > 10 ≤ 50		A: VRA	P2	P1: KL member	
5.5.3 ≤ 10			A: CEO	P: KL member	
<b>6 Treasury Management</b>					
6.1 Capital management					
6.1.1 Framework and policy		A: VRA		P: CFO	
6.1.2 Increase and decrease of share capital, creation of conditional and authorized capital					
6.1.2.1 Company	A*	P2: VRA		P1: CFO	* to be submitted to a General Meeting of Shareholders for approval
6.1.2.2 Group Companies ≥ 50		A: VRA		P: CFO	
6.1.2.3 Group Companies < 50				PA: CFO	
6.1.3 Establishment and use of share repurchase programs	A	P2: VRA		P1: CFO	
6.1.4 Sale and purchase of treasury stock		A: VRA		P: CFO	
6.1.5 Listing and de-listing of Company shares and participation certificates	A	P2: VRA		P1: CFO	
6.1.6 Issue of bonds and third party loans					
6.1.6.1 Company	A	P2: VRA		P1: CFO	
6.1.6.2 Group companies ≥ 50		A: VRA		P: CFO	
6.1.6.3 Group companies < 50				PA: CFO	

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
6.1.7 Intercompany financing (loans)					
6.1.7.1 $\geq 250$		A: VRA		P: CFO	
6.1.7.2 $< 250$		I: VRA		AP: CFO	
6.2 Dividends					
6.2.1 Dividend policy (pay-out ratio)	A	P: VRA			
6.2.2 Annual dividend payment of Company*	A	P: VRA			* to be submitted to a General Meeting of Shareholders for approval
6.2.3 Annual dividend payment of Group Companies				PA: CFO	
6.3 Group liquidity management policy*	A	P2: VRA		P1: CFO	* According to Treasury Operating Plan ("TOP")
6.4 Guarantees and similar instruments*					* According to ON 0-02838 Group Guarantees and Letters of Comfort
6.4.1 $\geq 50$		A: VRA		P: CFO	
6.4.2 $< 50$				PA: CFO	
6.5 Letters of comfort					
6.5.1 Company				A: CFO	
6.5.2 Group Companies				PA: CFO	
6.6 Hedging (P&L, transactions, dividends, net investments)*					* amount refers to total exposure for each special hedge category, e.g. transactions, dividends etc.
6.6.1 $\geq 50$		A: VRA		P: CFO	
6.6.2 $< 50$				PA: CFO	
6.7 Management of financial assets					
6.7.1 $> 12$ months or $> 3$ months and $> 250$		A: VRA		P: CFO	
6.7.2 $> 3 - \leq 12$ months and $\leq 250$				PA: CFO	
6.7.3 $\leq 3$ months				PA: CFO	
6.8 Bank relations and counterparty limits					
6.8.1 $> 200$ per bank		A: VRA		P: CFO	
6.8.2 $< 200$ per bank		I: VRA*		PA: CFO	* Quarterly information of bank limits



Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
<b>7 External Audit, Group Assurance and Compliance</b>					
7.1 External Audit					
7.1.1 Appointment and removal of the external auditor	A*	P1: VRA P2: AC			* to be submitted to a General Meeting of Shareholders for approval
7.1.2 Fees of the external auditor		A: AC		P: CFO	
7.1.3 Appointment, removal and fees of external auditors of Group Companies				A: CFO	
7.1.4 Non-audit services by external auditor					
7.1.4.1 > 0.5		A: AC			
7.1.4.2 > 0.1 < 0.5		A: Chairman AC			
7.2 Determination of audits as well as other activities by Group Assurance, the various compliance functions and IT-Security*		A: AC P: VRA	P / I	P: KL member	* Proposals may also be submitted by the Head Group Assurance, the Group Compliance Officer, the Group Technical Compliance Officer and the IT-Security Officer
<b>8 Risk Management</b>					
8.1 Risk management and enterprise risk management process	A	P2: VRA		P1: CFO	
8.2 Insurance risk management		A: VRA		P: KL	
8.3 Risk reporting (including risk map)	A	P2: VRA		P1: KL	
<b>9 Litigation and Tax Matters</b>					
9.1 Litigation, settlements and provisions involving litigation					
9.1.1 Initiation / settlement of commercial litigation or arbitration:					
9.1.1.1 > 50	A	P2: VRA	I	P1*: Group General Counsel / KL member P2: KL	
9.1.1.2 > 20 ≤ 50		A: VRA	I	P1: Group General Counsel / KL member P2: KL	
9.1.1.3 ≤ 20		I: VRA	A	P: Group General Counsel / KL member	

Responsibility		Board	Chairman / Committees	CEO	KL	Remarks
9.1.2	Initiation/settlement of IP litigation with a material financial, reputational or strategic impact	I	A: VRA*	P2*	P1: KL member*	* In consultation with Inventio
9.2	Tax matters					
9.2.1	Tax risk management and policy		A: VRA	I	P: CFO	
9.2.2	Tax audit settlement					
9.2.2.1	> 100	A	P2: VRA	I	P1: MKL-FO/CFO	
9.2.2.2	> 20 ≤ 100		A: VRA	I	P: MKL-FO/CFO	
9.2.2.3	≤ 20			A	P: MKL-FO/CFO	