



**Schindler**

## **Approval Process**

### **Annex I**

Version August 2018

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; NC = Nomination Committee; VRA = Supervisory and Strategy Committee

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
<b>1. Values and Strategy</b>					
1.1 Values (e.g. safety, quality, corporate sustainability and Code of Conduct)	A	P2: VRA	P1		
1.2 Strategy and objectives of the Group	A	P2: VRA	P1		
1.3 Entry in <sup>1)</sup> / exit of a certain country		A: VRA	P2	P1: MKL-FO or CFO	<sup>1)</sup> Including establishing of a KG, JV, branch or office or entering into a distributorship, agency or similar agreement in a certain country. A change from a distributorship to an own KG (or vice versa) does not constitute an entry into a country (or exit of a 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 Request					
1.4.1.1 $TV^2) > 50$		A: VRA	P2	P1: MKL-FO or CFO	<sup>2)</sup> TV means Transaction Value and is determined in accordance with ON 0-04100 M&A
1.4.1.2 $TV^2) > 20 \leq 50$		I: VRA	A	P: MKL-FO or CFO	
1.4.1.3 $TV^2) \leq 20$			A <sup>3)</sup>	P: MKL-FO or CFO	<sup>3)</sup> Subdelegation to MKL possible (permanent or on a case by case basis)
1.4.2 Final Request					
1.4.2.1 $TV^2) > 100$	A	P2: VRA		P1: KL	
1.4.2.2 $TV^2) > 50 \leq 100$		A: VRA		P: KL	
1.4.2.3 $TV^2) > 20 \leq 50$		A: VRA <sup>4)</sup>		A: KL <sup>4)</sup> P: MKL-FO or CFO	<sup>4)</sup> s. ON 0-04100 M&A
1.4.2.4 $TV^2) \leq 20$			A <sup>3)</sup>	P: MKL-FO or CFO	
<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		review by AC and NC

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
2.3 Formation and liquidation of Group Companies			A	P: MKL-FO and/or CFO	Section 1.3 is prevailing to Section 2.3
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 <sup>5)</sup>	P: VRA			<sup>5)</sup> To be submitted to 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 <sup>6)</sup> : KL P1: KL member	<sup>6)</sup> 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 <sup>7)</sup>					See article 35 (2) of the Articles <sup>7)</sup> Annual reporting of external functions to the chairman of the NC
2.10.1 Non-executive board members	I	I: Chairman NC			
2.10.2 Executive board members		A: NC			
2.10.3 CEO		A: NC	P		
2.10.4 KL members		A: NC	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	
<b>3. Personnel and Compensation</b>					
3.1 Appointments, nominations, dismissals and removals					

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
3.1.1 Nomination of Company Board members					
3.1.1.1 <i>Chairman</i>	A <sup>8)</sup>	P: NC			<sup>8)</sup> To be submitted to the General Meeting of Shareholders for election
3.1.1.2 <i>Members of the Compensation Committee</i>	A <sup>8)</sup>	P: NC			
3.1.1.3 <i>Other Board members</i>	A <sup>8)</sup>	P: NC			
3.1.2 Appointment, dismissal or removal of					
3.1.2.1 <i>Vice-Chairmen, Committees chairmen and members of the VRA, the NC and the AC</i>	A	P: NC			
3.1.2.2 <i>Group General Counsel</i>	A	P: NC			
3.1.2.3 <i>CEO</i>	A	P1: Chairman P2: NC			
3.1.2.4 <i>KL members</i>	A	P2: NC	P1		
3.1.3 Nomination, dismissal or removal of Group Companies' Board members					
3.1.3.1 <i>Strategic (long-term) joint ventures</i>		A: VRA	P		
3.1.3.2 <i>Large-Size Group Companies<sup>9)</sup></i>				A: KL P: KL member	<sup>9)</sup> Top ten Group Companies
3.1.3.3 <i>Other Group Companies</i>			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 <i>Area managers, heads of large-size Group Companies<sup>10)</sup></i>		A: VRA	P		<sup>10)</sup> Top ten Group Companies
3.1.5.2 <i>Other key personnel</i>		A: VRA	P		
3.1.5.3 <i>Heads of other Group Companies</i>		I	A	P: KL member	
3.1.5.4 <i>Key position holders</i>				PA: CHR and KL member or Group General Counsel	
3.2 Succession Plans					
3.2.1 Board members	I	PA: NC			
3.2.2 Committee members	I	PA: NC			
3.2.3 Group General Counsel		PA: NC			
3.2.4 CEO		PA: NC			
3.2.5 KL members		A: NC	P		
3.2.6 Head Group Assurance		A: Chairman AC		P: CFO	
3.2.7 Key personnel		I: VRA <sup>11)</sup>		PA <sup>11)</sup> : KL	<sup>11)</sup> Submission to the VRA twice a year
3.3 Compensation system and plans					
3.3.1 Compensation system <sup>12)</sup>	A	P3: VRA P4: CC	P2	P1: CHR	<sup>12)</sup> Subject to principles set out in the Articles

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
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 <sup>5)</sup>	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 (in coordination with the Chairman)		
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		P: Chairman A: VRP/CC			
3.5.3 KL members (excluding CEO)		A: CC (aggregate compensation)	PA (individual compensation; in in coordination with the Chairman)		
3.5.4 Head Group Assurance		A: Chairman AC		P: CFO	
3.6 Material related party agreements and transactions (> CHF 0.1)	I	A: CC			P: Related party
3.7 Loans and credits to Board and KL members	A	P2: CC			P1: Borrower
<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 <sup>13)</sup>	P: KL member and Group General Counsel <sup>13)</sup>	<sup>13)</sup> 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	

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
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	I2	A: VRA I1: AC		P: CFO	
5.2.2 Company's and Group's annual financial statements and annual report	A <sup>5)</sup>	P3: VRA P4: AC	P2	P1: CFO	
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	
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); including acquisition of any real estate					
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 <sup>14)</sup>	<sup>14)</sup> Subdelegation in accordance with ON 0-02880 Investment Matters in the Schindler Group and ON 0-04210 Limits of Authority

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
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); including investments in already owned real estate					
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	
5.6 Divestiture of any real estate (used for operational business or held for investment purposes)					
5.6.1 > 10		A: VRA	P3	P1: KL member P2: CFO	
5.6.2 ≤ 10		I: VRA	A	P: KL member A: CFO	
<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 <i>Company</i>	A <sup>5)</sup>	P2: VRA		P1: CFO	
6.1.2.2 <i>Group Companies ≥ 50</i>		A: VRA		P: CFO	
6.1.2.3 <i>Group Companies &lt; 50</i>				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 <i>Company</i>	A	P2: VRA		P1: CFO	
6.1.6.2 <i>Group companies ≥ 50</i>		A: VRA		P: CFO	
6.1.6.3 <i>Group companies &lt; 50</i>				PA: CFO	
6.1.7 Intercompany financing (loans)					
6.1.7.1 ≥ 250		A: VRA		P: CFO	
6.1.7.2 < 250		I: VRA		AP: CFO	

Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
6.2 Dividends					
6.2.1 Dividend policy (pay-out ratio)	A	P: VRA			
6.2.2 Annual dividend payment of Company <sup>5)</sup>	A	P: VRA			
6.2.3 Annual dividend payment of Group Companies				PA: CFO	
6.3 Group liquidity management policy <sup>15)</sup>	A	P2: VRA		P1: CFO	<sup>15)</sup> According to Treasury Operating Plan
6.4 Guarantees and similar instruments issued by the Company or third party <sup>16)</sup>					<sup>16)</sup> See also ON 0-02838 Group Guarantees and Letters of Comfort
6.4.1 ≥ 50		A: VRA		P: CFO	
6.4.2 < 50				A: CFO	
6.5 Letters of comfort issued by the Company				A: CFO <sup>16)</sup>	
6.6 Hedging (P&L, transactions, dividends, net investments) <sup>17)</sup>					<sup>17)</sup> Amount refers to total exposure for each special hedge category, e.g. transactions, dividends
6.6.1 ≥ 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 - ≤ 12 months and ≤ 250				PA: CFO	
6.7.3 ≤ 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 <sup>18)</sup>		PA: CFO	<sup>18)</sup> Quarterly information of bank limits
<b>7 External Audit, Group Assurance and Compliance</b>					
7.1 External Audit					
7.1.1 Appointment and removal of the external auditor	A <sup>5)</sup>	P1: AC P2: VRA			
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		A: AC P: VRA	P / I	P: KL member	<sup>19)</sup> Proposals may also be submitted by the Head Group Assurance, the



Responsibility	Board	Chairman / Committees	CEO	KL	Remarks
various compliance functions and IT-Security <sup>19)</sup>					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	
9.1.2 Initiation/settlement of IP litigation with a material financial, reputational or strategic impact	I	A: VRA <sup>20)</sup>	P2 <sup>20)</sup>	P1: KL member <sup>20)</sup>	<sup>20)</sup> 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	