



Schindler Foundation

Annual Report and Financial Statements as at December 31, 2020



Schindler

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An Overview of the 2020 Financial Year

1. The Schindler Foundation's Financial Position

The Foundation closed the 2020 financial year with surplus expenses of CHF 128,337 (2019: income surplus of CHF 93,048). The cover ratio contracted marginally to 103.14%, from 103.41% the previous year.

The retirement capital accruing to active insureds increased from CHF 76.0 million to CHF 77.4 million in the course of the year.

2. Actuarial Performance 2020

There was one new risk case during the reporting year, the benefits for which are fully reinsured.

3. Interest on Retirement Capital

Interest was paid on individual retirement capital accounts on a monthly basis in line with the performances achieved by the various investment strategies. In addition, bonus interest of 1.40 percentage points was paid on all investment strategies in April 2020. This additional interest was financed by a surplus that was paid by our reinsurer, as well as from disposable assets.

4. Investment Climate

Record indices at the beginning of 2020 were soon followed by the fastest-ever collapse – owing to the COVID-19 pandemic – and then the fastest-ever recovery in stock market history, as the major exchanges surged to new highs. It was a year of extremes. The oil price turned negative for a time, and the market capitalisation of electric car company Tesla is now higher than Nissan/Renault/Mitsubishi, General Motors, Toyota and Volkswagen combined. It was a lively year for investments. Equities were driven for one thing by the prospect of several more years of the low interest phase, with negative rates in most places. At the same time, investors were almost giddy at the results of the US elections, a Brexit deal, the positive outlook for COVID-19 vaccines and the expectation of billions in infrastructure investments. Interest rates remain stubbornly low around the world. In Switzerland, the yield on 10-year Confederation bonds remained at a steady -0.5%. Short-term yields are around -1.0%.

The USD weakened markedly from 0.97 to 0.88 against the CHF in the course of 2020. By contrast, at 1.08 the EUR/CHF exchange rate remained stable year on year.

5. Performance of the Individual Investment Modules

In 2020 insureds had a choice of ten investment strategies, each of which was composed of different weightings of the four investment modules. The performance of these investment modules is described below.

a) Basic Investment Module / Performance 2020: +2.56% (2019: +12.25%)

The Basic investment module achieved a pleasing performance of +2.56%, although it lagged behind the benchmark of +4.03%. This shortfall was attributable primarily to Swiss real estate (+5.1% vs. benchmark +10.8%). The Foundation mainly invests in this segment via low-risk investment foundations. Meanwhile listed investment funds (i.e. the benchmark) profited from strong demand as a result of the low interest level. Where Swiss equities were concerned, stock selection meant that the portfolio also fell behind the benchmark (+1.1% vs. benchmark +3.8%).

Private equity was the best performer, at +12.7%, thanks to a considerable extent to the very encouraging performance of one Partners Group fund. In contrast to Swiss real estate, the performance of international real estate was a weak -11.0% (benchmark -16.2%). Hedge funds simply collapsed in March 2020. They recovered as the year progressed, but still produced a disappointing performance of -9.4%.

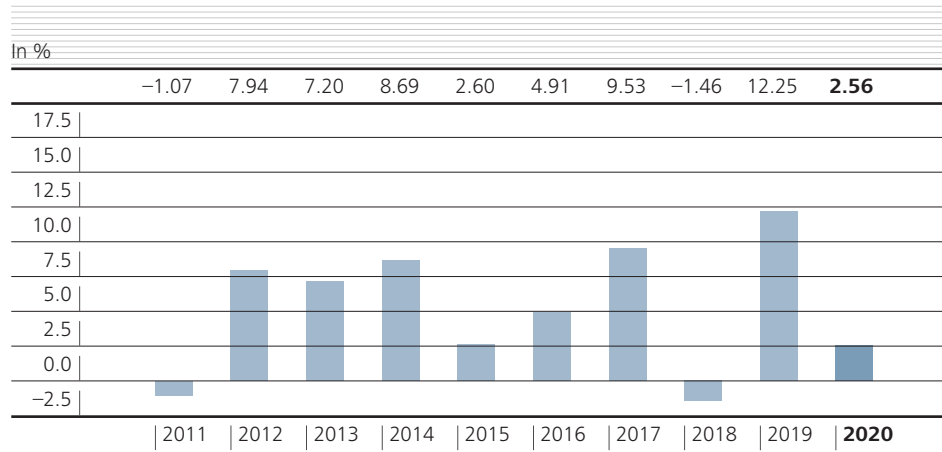
Compared with other pension funds in Switzerland, measured against the UBS pension funds barometer of +3.8% the Foundation's result was below average for the first time in nine years.

Strategy 2020

The strategy applied to the Basic investment module was left unchanged in 2020.

in %	Strategy Basic 2020 as per 31.12.2020		Bandwidths
Liquidity	0.0%	4.3%	0–5%
CHF bonds	16.5%	10.8%	+/-7.5%
Foreign currency bonds	5.5%	1.4%	+/-5.0%
Swiss equities	15.5%	15.7%	+/-3.0%
Foreign equities	15.5%	17.2%	+/-3.0%
Swiss real estate	22.5%	28.1%	+/-7.5%
International real estate	5.0%	3.6%	+/-1.5%
Private equity	5.5%	6.9%	+/-2.0%
Hedge funds	3.0%	2.4%	+/-2.0%
Commodities	2.5%	0.6%	+/-2.0%
Insurance-linked securities	2.5%	1.6%	+/-2.0%
Infrastructure	3.0%	4.4%	+/-2.0%
Alternative bonds	3.0%	3.0%	+/-2.0%
	100.0%	100.0%	

Performance of the Basic Investment Module, 2011 – 2020



b) Equities Investment Module / Performance 2020: +6.25% (2019: +25.81%)

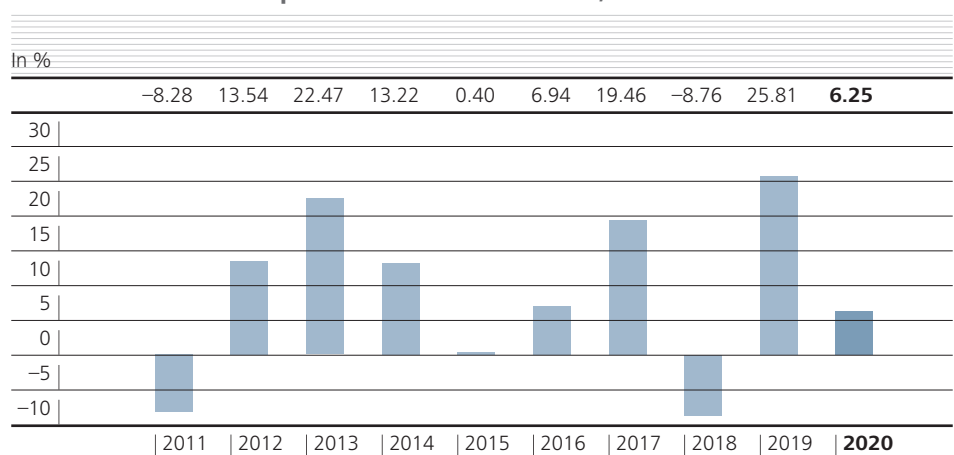
The Equities investment module generated a performance of +6.25% (benchmark +5.83%).

The decision to overweight second-line stocks meant that Swiss equities outperformed the benchmark at +5.9% vs. +3.8%. At +6.5%, the performance of foreign equities was in line with that of the reference index.

Strategy 2020

in %	Strategy	Bandwidths
Liquidity	0.0%	0.0–5.0%
Swiss equities	30.0%	20.0–40.0%
Foreign equities	70.0%	60.0–80.0%

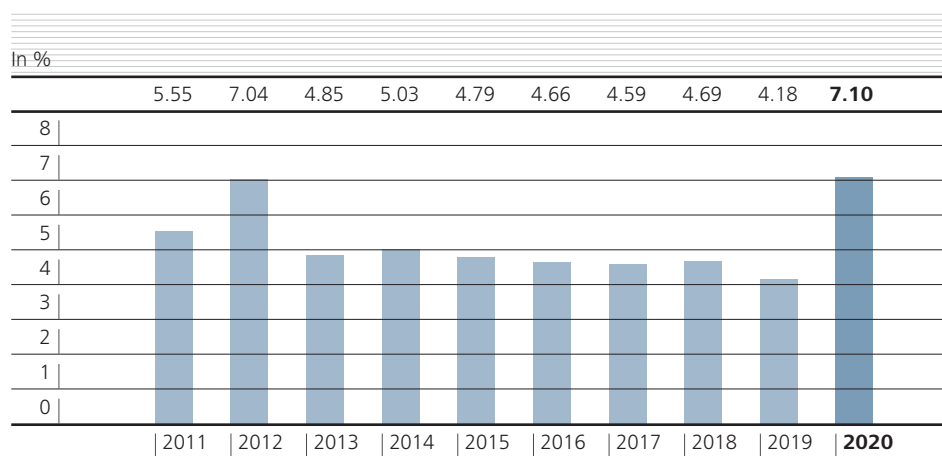
Performance of the Equities Investment Module, 2011 – 2020



c) Real Estate Investment Module / Performance 2020: +7.10% (2019: +4.18%)

Real estate generated a gratifying performance of +7.1%. The investment foundation we use benefited from upward property revaluations.

Performance of the Real Estate Investment Module, 2011 – 2020



d) Current Account Investment Module

Interest of 0.0% was paid on the Current Account in 2020.

e) Summary of Overall Performance

Summary of Overall Performance

Asset Class	Investment module	Schindler Foundation	Benchmark
CHF bonds	Basic	0.58%	1.11%
Foreign currency bonds	Basic	-3.62%	1.24%
Swiss equities	Basic	1.13%	3.82%
	Shares	5.88%	
Foreign equities	Basic	6.03%	6.74%
	Shares	6.47%	
Swiss real estate	Basic	5.11%	10.81%
	Real estate	7.06%	
International real estate	Basic	-10.79%	-16.18%
Private equity	Basic	13.13%	0.95%
Hedge funds	Basic	-9.44%	2.77%
Commodities	Basic	-4.73%	-11.57%
Insurance-linked securities	Basic	-0.59%	0.90%
Infrastructure	Basic	3.14%	4.33%
Alternative bonds	Basic	5.31%	1.24%

f) Composition and Performance of Investment Strategies

Composition and Performance of Investment Strategies in 2020

Investment strategy	Account	composition of the investment strategies			Performance	
		Basic	Shares	Real estate	Total	2020
1	100%	0%	0%	0%	100%	0.00%
2	70%	0%	0%	30%	100%	2.07%
3	70%	30%	0%	0%	100%	0.84%
4	50%	50%	0%	0%	100%	1.36%
5	25%	60%	0%	15%	100%	2.67%
6	0%	100%	0%	0%	100%	2.56%
7	0%	60%	15%	25%	100%	4.47%
8	0%	60%	25%	15%	100%	4.43%
9	0%	75%	25%	0%	100%	3.67%
10	0%	25%	50%	25%	100%	5.99%

6. Investments by Insureds

Investments by Insureds as at December 31, 2020

Investment strategy	Retirement capital in CHF million	Number of insureds
1	3.8	19
2	0.8	8
3	1.0	1
4	2.7	4
5	6.4	16
6	32.7	126
7	21.9	65
8	3.8	15
9	4.0	4
10	0.3	11
Total	77.4	269

7. Revision of Schindler Foundation Rules Effective April 1, 2021

The order of beneficiary precedence for the lump sum death benefit that is laid down in the Schindler Foundation Rules (Art. 13.10) was amended with effect from April 1, 2020. Whether or not they are entitled to an orphan's pension, children's claims to the lump-sum death benefit are treated equally. As is already the case, unmarried insureds may nominate their partner as beneficiary of the lump sum death benefit.

The Occupational Pension Supervisory Commission (OPSC) has issued new rules in connection with additional voluntary contributions to 1e plans. This means that the savings contributions table must be adjusted to increase the required applicable salary for each category of savings contribution. This brings savings contributions as a whole (for both the Schindler Pension Fund and Schindler Foundation) into line with the appropriate levels that were originally planned.

On behalf of the Board of Trustees and the Management

Schindler Foundation



Günter Schäuble
Chairman of the Board of Trustees



Mario Passerini
Managing Director

Ebikon, May 2021

Balance Sheet

Assets

In CHF	31.12.2020	in %	31.12.2019	in %
Investments	86 490 881.13	98.7	80 754 185.20	100.0
Cash and cash equivalents	4 925 075.42	5.6	1 894 538.21	2.3
Miscellaneous credit balances	2 078 268.41	2.4	1 909 828.04	2.4
Assets with employer	4 848 350.85	5.5	130 432.50	0.2
Total liquid assets	11 851 694.68	13.5	3 934 798.75	4.9
CHF-denominated bonds	7 018 356.45	8.0	8 645 540.54	10.7
Foreign currency bonds	930 587.19	1.1	989 905.74	1.2
Total par-value investments	7 948 943.64	9.1	9 635 446.28	11.9
Swiss equities	11 672 216.64	13.3	13 587 184.62	16.8
Foreign equities	14 614 337.27	16.7	14 682 496.36	18.2
Total equities	26 286 553.91	30.0	28 269 680.98	35.0
Swiss real estate	24 770 013.77	28.3	21 817 246.22	27.0
International real estate	2 340 211.80	2.7	2 545 441.98	3.2
Real estate investment funds	27 110 225.57	30.9	24 362 688.20	30.2
Private equity	5 005 459.04	5.7	5 025 512.02	6.2
Hedge funds	1 569 651.19	1.8	2 024 012.57	2.5
Commodities	365 119.96	0.4	833 510.80	1.0
Insurance-linked securities	1 034 000.00	1.2	1 028 000.00	1.3
Infrastructure	3 349 514.17	3.8	3 339 363.76	4.1
Alternative bonds	1 969 718.97	2.2	2 301 171.84	2.8
Total alternative investments	13 293 463.33	15.2	14 551 570.99	18.0
Accrued income	1 131 903.30	1.3	285.40	0.0
Total assets	87 622 784.43	100.0	80 754 470.60	100.0

Liabilities

In CHF	31.12.2020	in %	31.12.2019	in %
Liabilities	5 309 871.00	6.1	785 121.25	1.0
Vested benefits	4 555 438.80	5.2	44 272.65	0.1
Banks/insurance companies/creditors	754 432.20	0.9	740 848.60	0.9
Accrued liabilities	14 776.44	0.0	10 352.67	0.0
Non-actuarial provisions	120 000.00	0.1	120 000.00	0.1
Retirement capital and actuarial provisions	79 672 798.45	90.9	77 205 321.35	95.6
Retirement capital, active insureds	77 423 209.40	88.4	75 933 357.30	94.0
Cover capital for pensioners	1 749 589.05	2.0	771 964.05	1.0
Actuarial provisions	500 000.00	0.6	500 000.00	0.6
Fluctuation reserves	2 422 634.10	2.8	2 422 634.10	3.0
Foundation capital, disposable assets	82 704.44	0.1	211 041.23	0.3
Balance at beginning of period	211 041.23	0.2	0.00	0.0
Reduction in/additions to disposable assets	-128 336.79	-0.1	211 041.23	0.3
Balance at end of period	82 704.44	0.1	211 041.23	0.3
Total liabilities	87 622 784.43	100.0	80 754 470.60	100.0

Operating Account

In CHF		2020	2019
Ordinary and other contributions and deposits		13 530 769.35	10 445 374.10
Employer contributions		8 197 377.60	7 933 637.10
Lump-sum deposits and benefit purchases		5 333 391.75	2 511 737.00
Inflow from contribs and vested benefits brought in	A	13 530 769.35	10 445 374.10
Benefits under regulations		-3 525 622.90	-10 980 612.00
Survivors' benefits		-312 647.70	-126 898.20
disability benefit		0.00	0.00
Misc. benefits under regulations		-1 033.65	-966.65
Lump-sum retirement benefits		-3 211 941.55	-10 852 747.15
Lump-sum death and disability benefits		0.00	0.00
Withdrawal benefits		-8 360 811.40	-15 031 746.50
Vested benefits upon withdrawal		-8 518 811.40	-14 714 076.20
Advance withdrawals: home purchase/divorce		158 000.00	-317 670.30
Outflows for be ne fits and advance withdrawals	B	-11 886 434.30	-26 012 358.50
Additions to/write-back of ret. cap. and act. prov.	C	-2 363 713.85	9 195 386.85
Additions to/write-back of ret. cap., active insureds		1 436 152.60	18 614 360.40
Write-back/addition to cover cap., pensioners		-936 153.45	126 898.20
Interest on savings capital		-2 863 713.00	-9 545 871.75
Income from insurance benefits	D	2 272 301.00	1 150 225.00
Insurance benefits		1 129 510.00	0.00
Bonus payments on insurance policies		1 142 791.00	1 150 225.00
Insurance expense	E	-3 660 033.55	-3 562 511.50
Risk premiums		-3 274 877.60	-3 175 241.60
Use of share of surplus		-380 999.95	-383 407.90
Contributions to the Guarantee Fund		-4 156.00	-3 862.00
Net result from insurance portion	F (=A+B+C+D+E)	-2 107 111.35	-8 783 884.05

In CHF		2020	2019
Net investment income	G	2 075 004.76	8 982 229.27
Investment income			
Income from liquidity		-32 036.48	-3 608.94
Income from CHF bonds		94 731.01	480 269.51
Income from foreign currency bonds		-36 926.55	123 427.38
Income from Swiss equities		122 881.07	3 469 587.27
Income from foreign equities		651 339.46	2 882 271.55
Income from Swiss real estate		1 536 279.55	1 269 966.37
Income from international real estate		-242 033.16	319 097.49
Income from private equity		858 861.06	380 536.27
Income from hedge funds		-125 685.24	164 109.61
Income from commodities		-210 515.83	237 523.22
Income from insurance-linked securities		18 527.00	15 070.00
Income from infrastructure		150 578.91	158 049.69
Income from alternative bonds		74 539.47	99 136.02
Portfolio management expense		-744 063.96	-613 206.17
Interest on vested benefits (arrears)/miscellaneous		-41 471.55	0.00
Additions to non-actuarial provisions	H	0.00	0.00
Other income	I	9 630.70	11 619.70
Administrative expense	J	-105 860.90	-116 917.32
General administrative expense		-85 355.10	-94 317.22
Auditors		-9 207.25	-9 578.15
Accredited pensions actuary		-4 176.60	-5 277.30
Supervisory authority		-7 121.95	-7 744.65
Surplus income before additions to/write-back of fluctuation reserve	K (=F+G+H+I+J)	-128 336.79	93 047.60
Write back/additions of fluctuation reserve	L	0.00	117 993.63
Surplus income/expense	M (=K+L)	-128 336.79	211 041.23

I Principles and Organization

Legal Form

Foundation

Foundation Objectives

The purpose of the Foundation is to protect insured employees against the economic consequences of old age and disability, or to protect their surviving dependants in the case of the insured's early death, in accordance with the Foundation's Rules and in addition to the benefits provided by existing occupational benefits institutions.

Insured Persons

Management and executive staff

Registered Under the Occupational Pensions Act (OPA)

No

Security Fund

Affiliated to the Security Fund

Deed

April 11, 1973

Schindler Foundation Rules

January 1, 2020

Investment Regulations

December 1, 2020

Regulations Relating to Partial Liquidation

January 1, 2007

Regulations on the Creation of Provisions

December 1, 2009

Organizational and Election Regulations

December 1, 2012

Rules on the Exercise of Shareholder Voting Rights

January 1, 2015

Board of Trustees for 2018 – 2020

Employer representatives	Employee representatives
Günter Schäuble, President *	Bernhard Gisler
Adrian Boutellier *	Erich Murer
Sabine Schibli *	

* Joint with a minimum of two signatures

Management

Mario Passerini, Managing Director*

Antonietta Despeaux, Dep. Managing Director*

Signing Authority

*=Joint with a minimum of two signatures

Accredited Pensions Actuary

Pascal Renaud, Toptimax AG, Aarau

Auditors

Ernst & Young AG, Bern

Supervisory Authority

Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA) (office of occupational pension provision and foundation supervision for central Switzerland), Lucerne

Affiliated Companies

Company	Number of insureds as per 31.12.2020	Number of insureds as per 31.12.2019
Schindler Elevator Ltd., Ebikon	94	91
Schindler Management Ltd., Ebikon	110	106
Schindler IT Services AG, Ebikon	13	18
Schindler Digital Group AG, Ebikon	0	9
Inventio AG, Hergiswil	5	6
AS Elevators Ltd., Küssnacht	9	6
Schindler Pension Fund, Ebikon	1	1
Executive staff abroad	16	20
Schindler Training Centre	1	1
BuildingMinds Technology AG	1	1
Schindler Supply Chain Europe AG, Hergiswil	9	8
Schindler Holding AG, Hergiswil	10	10
Total	269	277

II Active Insured and Pensioners

Active Insured

	31.12.2020	31.12.2019	Change
Men	250	255	-5
Women	19	22	-3
Total	269	277	-8

	2020	2019
Number as at 1.1	277	270
Insureds joining	22	25
Insureds leaving	-24	-16
Retirements	-5	-2
Cases of death	-1	0
Number as at 31.12	269	277

Pensioners

	31.12.2020	31.12.2019	Change
Disability pensions	0	0	0
Surviving spouse's pensions	1	1	0
Children's/orphan's pensions	0	0	0
Total	1	1	0

III How the Objective is Fulfilled

Organizational Structure

Extra-mandatory and partially independent pension fund

Insured Salary as of January 1, 2020

Monthly salary x 12 plus year-end bonus, plus 100% of target bonus (previously 75%), less coordination deduction of CHF 127,980 (previously CHF 113,760); maximum CHF 696,780 (previously CHF 687,960)

Benefits

Savings	Defined contribution
Disability pension	70% of pensionable salary
Life annuity	56% of pensionable salary
Orphan's pension	7% of pensionable salary

Financing

Benefits under the Rules are financed by the employer.

IV Valuation and Accounting Policies / Consistency

Valuation Policies

Listed securities are carried at their market value as at December 31, 2020, and alternative investments at their latest reported values for the year.

Accounting Policies

The present annual report has been prepared in accordance with Swiss GAAP ARR 26.

V Actuarial Risks / Risk Cover / Cover Ratio

Actuarial Risks

Actuarial risks are reinsured with Zurich Life Insurance Company Ltd. The contract runs to December 31, 2022.

Retirement Assets, Active Insureds

In CHF million	31.12.2020	31.12.2019	Change
Retirement assets	77.4	75.9	1.5

Cover Capital for Pensioners

In CHF million	31.12.2020	31.12.2019	Change
Cover capital	1.7	0.8	0.9

Changes in Retirement Assets

In CHF	2020	2019
Capital on 1.1	75 933 357	85 001 846
Purchased benefits (AVCs)	5 333 392	2 511 737
Savings contributions	4 865 500	4 758 395
Divorce/home own./lump-sum death ben.	158 000	-317 670
Lump-sum payment upon withdrawal	-3 211 942	-10 852 747
Vested benefits upon withdrawal	-8 518 811	-14 714 076
Interest on retirement assets	2 863 713	9 545 872
Retirement assets as at 31.12	77 423 209	75 933 357

Interest on Retirement Assets

The interest paid on individual retirement assets depended on the performance of the specific investment strategies selected by the insured.

Increase in Pensions

Spouses' and orphans' pension have not been increased since 2003.

Actuarial Report

The most recent actuarial report as produced as at December 31, 2016.

Actuarial Provisions

In CHF	2020	2019
Provisions for risk insurance	500 000	500 000
Total provisions	500 000	500 000

This provision is designed to cover those cases in which the risk benefits under the Rules are greater than the benefits that have been reinsured. It currently stands at the minimum level of CHF 0.5 million.

Non-Actuarial Provisions

In CHF	2020	2019
Non-actuarial provisions	120 000	120 000
Total provisions	120 000	120 000

This provision serves to finance any costs of medical examinations for insureds that are provided for in the Rules and not otherwise covered.

Cover Ratio under Occupational Pensions Ordinance 2 (OPO2)

In percent	
31.12.2011	102.84%
31.12.2012	103.30%
31.12.2013	103.47%
31.12.2014	103.40%
31.12.2015	103.56%
31.12.2016	103.58%
31.12.2017	103.09%
31.12.2018	102.94%
31.12.2019	103.41%
31.12.2020	103.14%

VI Notes Pertaining to the Investments and the Net Investment Result

Investment Regulations

December 1, 2020

Board of Trustees

The Board of Trustees determines the investment strategy, bandwidths and guidelines pertaining to the individual investment segments.

Management

The Management is responsible for managing invested assets in accordance with the Investment Regulations.

Bonds

Investments take the form of individual positions and collective vehicles.

Equities

Equity investments mainly take the form of collective investment schemes.

Investment Vehicles

Manager	Name
Hedge funds	
FRM	ARS I (CHF) / in liquidation
MFO Capital	MFO Diversified
Private equity	
Partners Group	Commerzbank P3 certificate
Partners Group	PG Direct Equity 2016
Partners Group	Pearl Holding
Commodities	
FRM	FRM Commodity / in liquidation
Insurance-linked securities	
LGT	LGT ILO Fund (CHF)
Infrastructure investments	
LODH Macquarie	Infrastructure fund (LMIF)
Alternative bonds	
Partners Group	European Mezzanine
Partners Group	Private Markets Credit Strategies

Real Estate

Investments are effected via investment companies, investment foundations and investment funds.

Investment Income

Net investment income comprises the following:

In CHF	2020	2019
Investment income		
Income from liquidity	-32 036	-3 609
Income from CHF bonds	94 731	480 270
Income from foreign currency bonds	-36 927	123 427
Income from Swiss equities	122 881	3 469 587
Income from foreign equities	651 339	2 882 272
Income from Swiss real estate	1 536 280	1 269 966
Income from international real estate	-242 033	319 097
Income from private equity	858 861	380 536
Income from hedge funds	-125 685	164 110
Income from commodities	-210 516	237 523
Income Insurance linked Securities	18 527	15 070
Income from infrastructure	150 579	158 050
Income from alternative bonds	74 539	99 136
Portfolio management expense	-744 064	-613 206
Interest on vested benefits/miscellaneous	-41 472	0
Net investment income	2 075 004	8 982 229

2020 Performance

2020 performance (after expenses) was +2.56% for the Basic investment module and +6.25% for the Equities module. These calculations were made by the global custodian.

Portfolio Management Expense

In CHF	31.12.2020	31.12.2019
Investments	87 622 784	80 754 471
of which:		
cost-transparent investments	87 608 970	78 859 280
non-transparent investments (see overview below)	13 814	1 895 191
Percentage of cost-transparent investments	100.0%	97.7%
	2020	2019
Portfolio management expense		
Portfolio management expense carried directly	58 531	52 024
Indirect portfolio management expense (as per TER)	685 533	561 182
Carrying amount of portfolio management expense	744 064	613 206
as % of cost-transparent investments	0.85%	0.78%

As in 2019, the expense item of CHF 744,064 carried in the 2020 operating account comprises direct costs (custody fees, costs for portfolio managers, stamp duty, etc.) as well as additional TER (Total Expense Ratio) costs for the funds used. TER costs were calculated in accordance with the requirements of the Occupational Pension Supervisory Commission on the basis of holdings at the end of the year, and thus represent only a rough approximation.

Non-Cost-Transparent Collective Investment Schemes

in CHF			
Investment vehicle	Provider	ISIN number	31.12.2020
CMZ/CS 21	CS	CH0123871573	0
FRM Commodity Strategies	FRM	n.a.	3 193
FRM ARS I	FRM	n.a.	10 621
Total			13 814

Continued investment in non-transparent collective investment schemes is approved as part of the annual investment policy adoption process.

Open Commitments

In CHF million Programme	Provider	Commitment		Value as at 31.12.2019
		Total	Open	
PG Europ. Mezzanine 2008	Partners Group	1.1	0.1	0.2
PG Direct Equity 2016	Partners Group	2.3	0.2	2.2
PG Private Markets Credit Strategies	Partners Group	1.6	0.0	1.0

Fluctuation Reserves

The fluctuation reserves are used to offset price losses on investments. As the insureds have carried all investment risks (except for the risks associated with the current account investment module) since January 1, 2004, the cover ratio bandwidth was fixed at 101.5% to 103.0%. At a cover ratio of 103.14%, the fluctuation reserves had reached their maximum level as at December 31, 2020.

Expansion of Investment Options in Accordance with Art. 50.4 / Art. 55 OPO2

At 15.2%, alternative investments exceed the maximum of 15% laid down in OPO2. In addition, the maximum real estate and foreign exchange allocations, of 30% each, are exceeded by 0.9 and 0.7 percentage points respectively.

This is the result of two factors: the investment strategies chosen by the insureds, and the broadly diversified international investment modules determined by the Board of Trustees.

Depository

Credit Suisse has been appointed as the global custodian (depository).

Financial Controlling

The Board of Trustees receives detailed monthly reports from Management. Performance figures are also published on the website every month (www.schindler-pk.ch).

Derivative Financial Investments

The use of derivative financial investments is governed by the Investment Regulations and complies with the requirements of OPO2. With the exception of structured products and forward foreign exchange transactions, no derivatives were used during 2020.

Securities Lending

The Foundation does not engage in securities lending.

Investments in the Employer

No investments (shares / participation certificates / bonds) were made with employer companies.

The Foundation has an account with Schindler Holding AG that is used to collect contributions. The balance in favour of the Foundation on December 31, 2020, stood at CHF 4,848,351.

Credit interest rate with Schindler Holding AG at December 31, 2020: 0.00% p.a.

Pension Fund Governance

All of the members of the Board of Trustees, and the Managing Director, are required to confirm in writing once a year that they have complied with both the ASIP Charter and the specific Schindler Code of Conduct. At the same time, they must also disclose any other interests.

Retrocessions

The Foundation received retrocessions totalling CHF 10,338 from a variety of fund providers during the year just ended. This amount was set off against portfolio management expense.

Exercise of Shareholder Voting Rights

On December 2, 2014, the Board of Trustees adopted Rules on the Exercise of Participation Rights in Companies Limited by Shares, which entered into force on January 1, 2015. The Foundation was not required to exercise shareholder voting rights in connection with any direct investment in 2020.

VII Notes Pertaining to Other Balance Sheet and Operating Account Items

Share of Surplus from Insurance Companies

Following positive risk performance during the 2019 financial year, the reinsurer paid out a surplus of CHF 1.1 million in 2020. Two-thirds of this was distributed among the insureds in the form of bonus interest of 1.40 percentage points on all investment strategies, paid in April 2020. The remainder was used to reduce the risk contributions paid by affiliated companies.

VIII Conditions Imposed by the Supervisory Authority

The annual financial statements up to the 2019 financial year were approved without any conditions being imposed.

IX Additional Information Regarding the Foundation's Financial Position

Some securities – up to a maximum of CHF 1.0 million – are pledged to Credit Suisse as collateral for forward foreign exchange transactions.

X Events Following the Balance Sheet Date

None.

Auditor's Report



Ernst & Young Ltd
Schanzenstrasse 4a
P.O. Box
CH-3001 Berne

Phone: +41 58 286 61 11
Fax: +41 58 286 68 18
www.ey.com/ch

To the Foundation Board of
Schindler-Stiftung

Berne, 9 April 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Schindler-Stiftung, which comprise the balance sheet, operating accounts and notes, for the year ended 31 December 2020.

Foundation Board's responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation's deed of formation and the regulations. This responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Foundation Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the expert in occupational benefits

In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with article 52e paragraph 1 of the Occupational Pensions Act (OPA) and article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and with the foundation's deed of formation and the regulations.

Report on additional legal and other requirements

We confirm that we meet the legal requirements on licensing (article 52b OPA) and independence (article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by article 52c paragraph 1 OPA and article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organization, management and investments are applied.

We have assessed whether:

- ▶ organization and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation
- ▶ funds are invested in accordance with legal and regulatory requirements
- ▶ measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfill their duties of loyalty and disclosure of interests
- ▶ the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions
- ▶ the legally required information and reports have been given to the supervisory authority
- ▶ the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Patrick Schaller
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Raymond Frey
(Qualified
Signature)

Licensed audit expert

Enclosure

- ▶ Financial statements (balance sheet, operating accounts and notes)

