



Schindler Pension Fund
Annual Report and Financial Statements
as at December 31, 2022



Schindler

Contents

4	An Overview of the 2022 Financial Year
13	Balance Sheet
15	Operating Account
17	Notes
17	I Principles and Organization
19	II Active Insureds and Pensioners
19	III How the Objective is Fulfilled
20	IV Valuation and Accounting Policies / Consistency
20	V Actuarial Risks / Risk Cover / Cover Ratio
24	VI Notes Pertaining to the Investments and the Net Investment Result
30	VII Notes Pertaining to Other Balance Sheet and Operating Account Items
30	VIII Conditions Imposed by the Supervisory Authority
30	IX Additional Information Regarding the Foundation's Financial Position
30	X Events Following the Balance Sheet Date

An Overview of the 2022 Financial Year

1. Financial Position of the Schindler Pension Fund / Cover Ratio

The Pension Fund generated a performance of -7.06% in 2022 (2021: +10.81%), resulting in an expenditure surplus of CHF 148 million (2021: surplus income of CHF 116.5 million). This was due primarily to negative investment performance.

The actuarial cover ratio in accordance with OPO 2 thus contracted from 123.49% to 116.37% over the year, and is now in the lower range of its target bandwidth of 116% to 124%.

The financial cover ratio rose from 111.58% to 116.52%. It is calculated on the basis of liabilities, i.e. pensioners' retirement capital and provisions, valued consistent with the market based on the yield curve (spot interest rates) for Swiss Confederation bonds as at December 31, 2022. This interest rate stood at 1.52% as at the end of 2022. The increase in interest rates took the financial cover ratio higher than the actuarial cover ratio for the first time. For the same reason, pensioners' retirement capital and actuarial provisions were CHF 2.4 million lower, resulting in a financial cover ratio of 116.52%.

2. Interest on Retirement Assets in 2022 / Pension Payments in 2023

The Board of Trustees decided to pay interest on retirement assets at the minimum OPA rate of 1.0% for 2022.

In view of the performance achieved during the year, the Board of Trustees decided not to increase pensions, and also not to pay any one-off supplementary pensions

3. Key Figures for the Past Five Years

	2022	2021	2020	2019	2018
Number of active insured	4477	4400	4461	4579	4566
Number of pensioners	2445	2504	2510	2499	2470
Balance sheet total	2251 Mio	2451 Mio	2243 Mio	2162 Mio	1983 Mio
Performance	-7.06%	10.81%	4.29%	9.83%	-1.91%
Cover ratio	116.37%	123.49%	118.45%	115.17%	111.56%
actuarial interest rate	1.50%	1.50%	1.50%	1.50%	2.50%
financial cover ratio	116.52%	111.58%	106.00%	104.28%	98.17%
act.interest rate financial cover ratio	1.52%	-0.10%	-0.46%	-0.45%	0.00%
Interest on retirement assets	1.00%	8.00%	1.50%	2.50%	1.00%
Conversion rate at age 65	5.16%	5.17%	5.18%	5.19%	5.20%

4. Actuarial Performance

The Pension Fund recorded five deaths and seven new disability cases among active insureds during the year under review.

Two further disability cases are still outstanding, because the federal disability insurance authority has not yet issued any rulings for them.

The costs associated with these risk cases are in the region of the CHF 5.1 million in risk contributions received.

5. Investment Climate

Pent-up demand following the COVID-19 pandemic, supply shortages and exploding energy prices in connection with the war in Ukraine sent inflation soaring around the world. This prompted central banks to raise key interest rates decisively, which also resulted in a sharp rise in long-term yields. The negative interest rate phase appears to be very much in the past.

Higher rates meant not only a clear correction on the equity markets, but also a marked drop in bond values. The index that tracks Confederation bonds, seen as risk-free investments, ended the year down around 17%.

The USD advanced considerably against the CHF during 2022, before giving up its gains again at the close, and finishing 2022 unchanged at 0.92. The EUR once more continued to lose value against the CHF, ending the year some 5% lower than in 2021, at 0.99.

5.1 Securities

Equities

Swiss equities lost 17.03% in total, foreign equities 18.31%. Overall, both results are in line with those of the benchmark.

Bonds

Against a backdrop of rising yields, CHF-denominated and foreign currency (hedged) bonds produced negative results of -9.42% and -16.65% respectively.

Equities and bonds are managed by four portfolio managers under balanced mandates. Only one was able to outperform the benchmark during the reporting year.

5.2 Alternative Investments

Private Equity

After an excellent 2021, private equity achieved a relatively good +6.07% in 2022. Overall, CHF 26.9 million was called up from the different funds we use, while the Pension Fund received repayments of CHF 18.6 million. We did not enter into any new commitments in 2022.

Infrastructure

Investments in infrastructure facilities such as solar and wind power plants, hydroelectric power generation, pipelines, port facilities, etc. also held up well in a difficult climate to end the year at -0.56%.

Hedge Funds

At a disappointing -8.99%, performance was well into negative territory. Investments are distributed between three managers in total.

Insurance-Linked Securities

ILS once again closed the period in the red, at -8.11%. Hurricane Ian and the soft EUR impacted negatively on this result.

Alternative International Real Estate

Rising interest rates have not yet hit the valuations of international real estate investments, which advanced by 0.29% over the year. We do expect the corresponding corrections in 2023, however.

Alternative Bonds

As an alternative to 'normal' bonds, the Pension Fund holds private debt investments via broadly diversified funds. Variable interest rates made for a positive performance of 1.26% here.

5.3 Real Estate

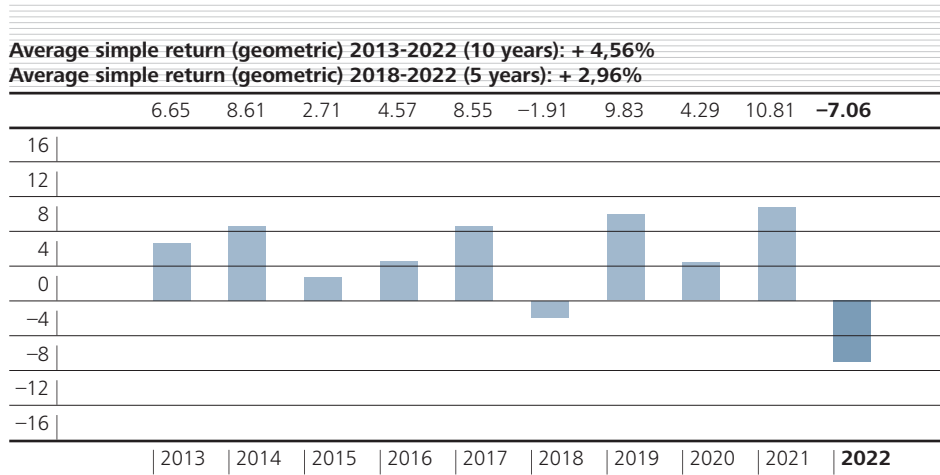
Real estate produced a result of +1.89%. Our own properties and our indirect real estate investments via investment foundations contributed to another positive performance in this asset class, although investment funds and investment companies held aggregate performance down.

Real Estate Project in Schlieren

Objections from two neighbours will delay the start of construction by at least a year. It had been scheduled for March 2023. The building application has been modified slightly in response to the key points of the complaints. The existing properties in Schlieren remain fully rented out.

6. Pension Fund Performance

Performance 2013 – 2022



In 2022 performance on total assets (=net investment income + price gains ./ price losses) came to -7.06%, compared with a benchmark of -14.50%.

The primary elements in this lead over the benchmark for the year were Swiss real estate (+1.89% vs. benchmark -15.17%), private equity (+6.07% vs. benchmark -15.11%) and alternative international real estate (+0.29% vs. benchmark -23.24%).

The following results were achieved in the individual investment segments:

Results of the Individual Investment Segments

In %	Schindler PF		Schindler PF
	2022	Benchmark 2022	2021
CHF bonds	-9.42%	-7.24%	-1.04%
Foreign currency bonds (hedged)	-15.65%	-16.69%	-2.01%
Swiss equities	-17.03%	-18.24%	22.76%
Foreign equities	-18.31%	-17.11%	21.51%
Swiss real estate	1.89%	-15.17%	6.48%
Private equity	6.07%	-15.11%	38.66%
Hedge funds	-8.99%	-6.65%	2.26%
Insurance-linked securities	-8.11%	-12.10%	-1.36%
Infrastructure	-0.56%	-14.20%	8.13%
Alternative internat. real estate	0.29%	-23.24%	6.24%
Alternative bonds	1.26%	-14.96%	8.04%

Performance Comparison

With a result of -7.06% the Schindler Pension Fund once again beat the average when compared with other pension funds. The mean performance figures for pension fund clients that are calculated and published by Switzerland's two major banks came to -9.63% (UBS) and -10.11% (CS) for 2022. The Schindler Pension Fund has outperformed both benchmarks by an average of around 0.8 percentage points every year since 2007.

7. Investment Strategy and Changes in Asset Structure

Investment Strategy

In %	Strategy 2022	Bandwidths
Liquidity	0.5%	0–15.0%
CHF bonds	14.5%	+/-10.0%
Foreign currency bonds (hedged)	4.0%	+/-2.5%
Foreign currency bonds	0.0%	0–5.0%
Swiss equities	11.0%	+/-2.5%
Foreign equities	18.0%	+/-2.5%
Swiss real estate	33.0%	+/-5.0%
Private equity	7.0%	+/-2.0%
Hedge funds	2.0%	+/-2.0%
Commodities	0.0%	0–2.0%
Insurance-linked securities	2.0%	+/-2.0%
Infrastructure	3.0%	+/-2.0%
Alternative internat. real estate	3.0%	+/-2.0%
Alternative bonds	2.0%	+/-2.0%
	100.0%	

The investment strategy gives the following distribution across the four basic sectors:

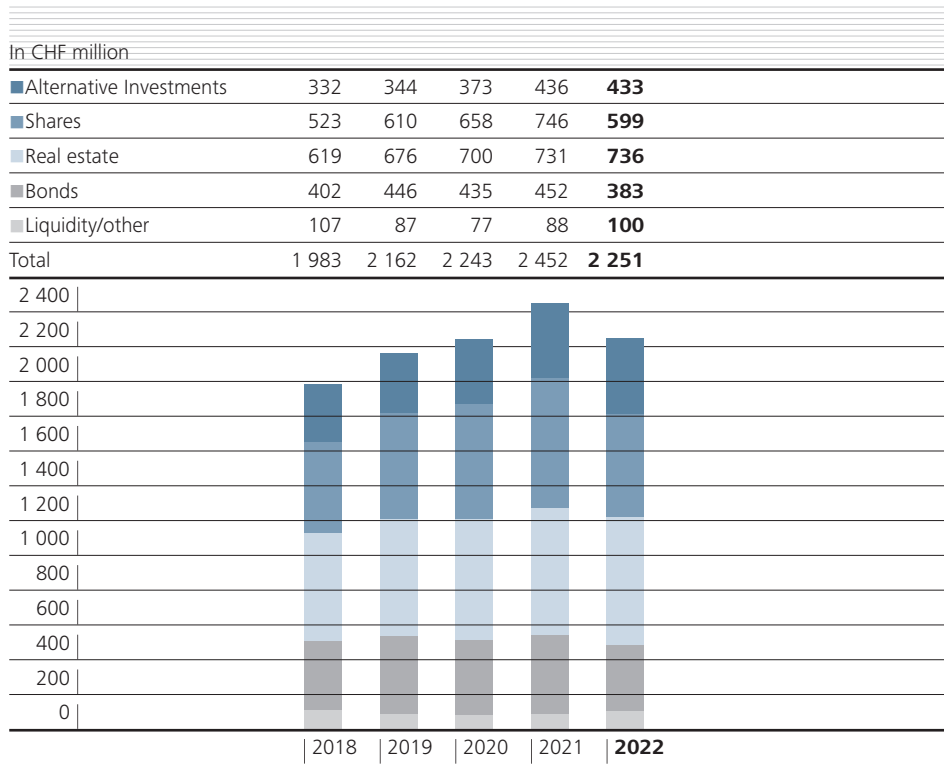
Par-value investment /bonds	19.0%
Shares	29.0%
Swiss real estate	33.0%
Alternative investments	19.0%
	100.0%

The investment strategy was modified slightly as of January 1, 2022. With interest rates remaining low, the allocation of par-value investments was trimmed by a further 1.5 percentage points, and foreign equities increased correspondingly. Among alternative investments, insurance-linked securities were scaled back, and private equity boosted, by one percentage point each.

In addition, from January 1, 2022, onwards the proportion of foreign currencies in the portfolio was cut via an overlay mandate from approx. 32% to 25%.

The following chart illustrates how the Pension Fund's assets, and their composition, have changed over the past five years.

Asset Performance / Asset Structure



8. Exercise of Shareholder Voting Rights

The Pension Fund exercised the shareholder voting rights attached to around 30 individual stocks in 2022. The Board of Trustees is supported in this by Inrate Ltd, as proxy advisor. The Pension Fund publishes the way in which it votes on its website.

9. First ESG Report

The Board of Trustees adopted the Pension Fund's first ESG (Environment, Social and Governance) report in fall 2022. The detailed report is available on the website (www.schindler-pk.ch).

Some 78% of total assets could be evaluated against ESG criteria. The assets that were not evaluated are primarily indirect real estate investments, or fund investments that are not assessed.

Among evaluated equities and bonds, the MSCI ESG rating improved from A to AA in the course of the year.

The proportion of fossil fuels used in the Pension Fund's own properties currently stands at a high 94%. To address this, the Board of Trustees has defined a carbon reduction pathway. With renovation and new construction projects (Schlieren), the Pension Fund expects to achieve net-zero emissions by 2040.

10. Revision of Pension Fund Rules Effective April 1, 2023

Life Partner's Pension

Active insureds who retire on or after January 1, 2023, may now also nominate their life partner as the beneficiary of a life partner's pension. The qualifying criteria are laid down from Article 13.7 onwards in the Pension Fund Rules, and also on the beneficiary nomination form (see website). The form must have been submitted to the Pension Fund prior to retirement.

As has been the case up to now, active insureds may still nominate their life partner as the beneficiary of the lump-sum death benefit, which amounts to the retirement assets accumulated by the insured.

Surviving Spouse's Pension

Up to the end of 2022, recipients of a surviving spouse's pension who remarried lost their entitlement to that pension. This 'marriage penalty' was scrapped as of January 1, 2023, so that the pension will continue to be paid if the recipient marries again.

11. Changes to the Board of Trustees

Long-standing trustee and employee representative Hugo Baumann stepped down from the Board of Trustees and the Investment Committee at the end of 2022 owing to his retirement. Michael Schmidt, who has served to date as a substitute member of the Board, took his place as employee representative effective January 1, 2023.

The Board of Trustees appointed Martin Allgäuer as the new member of the Investment Committee.

12. Changes to Pension Fund Management

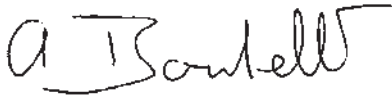
Long-serving Managing Director Mario Passerini will step down from this role at the end of April 2023, when he reaches retirement age. He will remain Head of Asset Management for the Schindler Pension Fund on a part-time basis.

The Board of Trustees has appointed Mr Passerini's current deputy, Antonietta Despeaux, as new Managing Director from May 1, 2023. Ms Despeaux joined the staff of Corporate Human Resources at the Schindler Group in 2000. She moved to the Schindler Pension Fund in 2011, and was appointed Deputy Managing Director in 2018.

Antonietta Despeaux holds federal PET diplomas in both social security and occupational pension provision, as well as an advanced federal PET diploma in pension fund management. The Board of Trustees is delighted to have found an internal successor to Mr Passerini, and looks forward to working with Ms Despeaux.

On behalf of the Board of Trustees and the Management

Schindler Pension Fund



Adrian Boutellier
Chairman of the Board of Trustees



Mario Passerini
Managing Director

Ebikon, April 2023

Balance Sheet

Assets

In CHF	31.12.2022	in %	31.12.2021	in %
Investments	2 250 376 615.16	100.0	2 450 403 174.07	100.0
Cash and cash equivalents	51 355 175.97	2.3	32 622 194.71	1.3
Assets with employer	8 838 339.92	0.4	7 092 261.25	0.3
Current assets	1 766 856.97	0.1	2 242 628.98	0.1
Total liquid assets	61 960 372.86	2.8	41 957 084.94	1.7
Bonds in CHF/Loans	292 701 006.45	13.0	347 087 901.24	14.2
Foreign currency bonds (hedged)	81 134 477.71	3.6	92 279 361.68	3.8
Foreign currency bonds	9 587 634.85	0.4	12 455 297.23	0.5
Total bonds	383 423 119.01	17.0	451 822 560.15	18.4
Real estate, property in co-ownership	476 463 400.00	21.2	470 482 500.00	19.2
Construction accounts	9 319 310.55	0.4	7 912 962.65	0.3
Indirect real estate, CH	250 351 022.94	11.1	252 106 695.64	10.3
Total real estate	736 133 733.49	32.7	730 502 158.29	29.8
Swiss equities	230 817 164.56	10.3	304 967 389.18	12.4
Foreign equities	367 986 765.67	16.4	441 126 805.37	18.0
Total equities	598 803 930.23	26.6	746 094 194.55	30.4
Private equity	181 906 088.26	8.1	163 048 036.62	6.7
Hedge funds	33 114 857.79	1.5	32 079 529.92	1.3
Insurance-linked securities	31 885 200.33	1.4	58 699 725.19	2.4
Infrastructure	75 834 016.58	3.4	67 848 990.22	2.8
Alternative internat. real estate	60 558 099.91	2.7	60 139 367.64	2.5
Alternative bonds	49 180 737.85	2.2	54 261 541.40	2.2
Total alternative investments	432 479 000.72	19.2	436 077 190.99	17.8
Mixed funds	37 576 458.85	1.7	43 949 985.15	1.8
Accrued income	150 421.65	0.0	933 754.32	0.0
Assets from insurance contracts	23 521.00	0.0	37 357.00	0.0
Total assets	2 250 550 557.81	100.0	2 451 374 285.39	100.0

Liabilities

In CHF	31.12.2022	in %	31.12.2021	in %
Accounts payable	17 102 499.53	0.8	15 302 174.25	0.6
Vested benefits and pensions	11 784 649.45	0.5	9 054 980.55	0.4
Mortgages	5 800 000.00	0.3	5 800 000.00	0.2
Other liabilities	-482 149.92	-0.0	447 193.70	0.0
Accrued liabilities	560 817.46	0.0	836 952.38	0.0
Employer contribution reserve	22 000 000.00	1.0	22 000 000.00	0.9
Retirement capital and actuarial provisions	1 899 828 455.50	84.4	1 954 161 935.35	79.7
Retirement capital, active insureds	991 904 583.50	44.1	978 682 322.35	39.9
Pensioners' retirement capital	811 333 872.00	36.1	857 065 613.00	35.0
Actuarial provisions	96 590 000.00	4.3	118 414 000.00	4.8
Fluctuation reserves	311 058 785.32	13.8	459 073 223.41	18.7
Foundation capital	0.00	-	0.00	-
Balance at beginning of period	0.00	-	0.00	-
Income / expenditure surplus	0.00	-	0.00	-
Total liabilities and equity	2 250 550 557.81	100.0	2 451 374 285.39	100.0

Operating Account

Operating Account

In CHF	2022	2021
Ordinary and other contributions and deposits	84 682 405.90	88 465 790.45
Employee savings contribution	32 811 464.65	32 527 236.75
Employee risk contribution	1 886 029.25	1 877 122.35
Employee contributions to administrative costs	752 200.70	749 288.65
Total employee contributions	35 449 694.60	35 153 647.75
Employer savings contribution	40 311 366.60	40 122 985.45
Risk contribution/cont. for early retirement Employer	3 177 726.60	3 172 377.25
Employer contribution to administrative costs	748 433.60	747 169.45
Total employer contributions	44 237 526.80	44 042 532.15
Third-party contributions	1 035 348.00	3 555 095.75
Lump-sum deposits and AVCs	3 959 836.50	5 714 514.80
Benefits brought in	18 537 172.90	20 158 177.26
Vested benefits deposited	17 650 787.35	18 855 831.81
Inpayment of advances rel. to home ownership/divorce	886 385.55	1 302 345.45
Inflow from contribs and vested benefits brought in	103 219 578.80	108 623 967.71
Benefits under regulations	-85 745 808.76	-84 415 729.55
Retirement pensions	-46 149 707.11	-46 130 499.50
Survivors' pensions	-12 137 459.90	-12 437 022.80
Disability pensions	-2 366 714.45	-2 724 426.20
Misc. benefits under regulations	-12 654 606.90	-2 698 791.05
Lump-sum retirement benefits	-12 069 262.10	-20 180 653.15
Lump-sum death/disability benefits	-368 058.30	-244 336.85
Withdrawal benefits	-42 026 533.35	-49 203 136.35
Vested benefits upon withdrawal	-36 361 119.70	-43 965 554.90
Advance withdrawals: home purchase/divorce	-5 665 413.65	-5 237 581.45
Outflows for benefits and advance withdrawals	-127 772 342.11	-133 618 865.90
Write back/additions to retirement cap., actuarial provs.	54 333 479.85	-98 016 883.25
Additions to/write-back of ret. cap., active insureds	-3 771 108.15	10 894 136.40
Additions to/write-back of ret. cap., pension recipients	45 731 741.00	-4 847 132.00
Addition to/write back of actuarial provisions	21 824 000.00	-36 134 000.00
Interest on savings capital	-9 451 153.00	-67 929 887.65
Income from insurance benefits	15 891.20	15 891.20
Insurance expense	-368 986.00	-367 902.00
Insurance contract	-13 836.00	-8 691.00
Contributions to the Guarantee Fund	-355 150.00	-359 211.00
Net result from insurance portion	29 427 621.74	-123 363 792.24

Operating Account

In CHF	2022	2021
Net investment income	-176 281 792.96	240 770 201.05
Income from liquid assets	-3 389 716.81	2 734.60
Income from CHF bonds	-30 762 744.06	-3 548 047.47
Income from foreign currency bonds (hedged)	-14 999 052.71	-1 748 891.60
Income from foreign currency bonds	-1 326 009.56	-8 200.67
Income from real estate, property in co-ownership	17 597 210.78	34 461 011.88
Income from indirect Swiss real estate	-1 845 449.94	17 049 336.13
Income from Swiss equities	-47 462 918.28	59 194 072.95
Income from foreign equities	-82 107 070.08	82 083 860.29
Income from private equity	22 334 885.45	51 147 992.83
Income from hedge funds	-2 588 995.37	1 363 548.46
Income from commodities	0.00	-59 841.37
Income from insurance-linked securities	-2 383 759.54	-14 407.58
Income from infrastructure	-2 047 029.09	5 220 946.03
Income Alternative internat. real estate	-33 083.60	3 734 125.78
Income Alternative bonds	718 671.25	5 182 723.40
Income from mixed funds	-5 961 277.56	4 524 005.87
Income from securities lending	22 215.45	29 808.40
Interest on vested benefits (arrear) / misc.	-194 659.25	-214 243.25
Portfolio management expense	-21 853 010.04	-17 630 333.63
Other income	167 506.05	351 209.11
Management fee revenue	164 864.80	164 752.10
Other revenue	2 641.25	186 457.01
Administrative expense	-1 327 772.92	-1 194 244.09
General administrative expense	-1 236 172.72	-1 116 088.64
Occupational pensions expert	-44 412.85	-33 144.65
Auditors	-35 889.95	-33 760.70
Supervisory authorities	-11 297.40	-11 250.10
Surplus income / expense before write back/additions of fluctuation reserve	-148 014 438.09	116 563 373.83
Write back/additions of fluctuation reserve	148 014 438.09	-116 563 373.83
Surplus income / expense	0.00	0.00

I Principles and Organization

Legal Form

Foundation

Foundation Objectives

The object of the Schindler Pension Fund is to provide occupational pension provision within the framework of the deed of foundation, the Pension Fund Rules and the provisions of Swiss occupational pension legislation (Occupational Pensions Act, OPA) for employees and their families and survivors, insuring them against the financial consequences of old age, disability and death.

Registered Under the Occupational Pensions Act (OPA)

Yes, reg. no.: LU 0144

Deed

December 11, 1990

Pension Fund Rules

January 1, 2022, revised as at January 1, 2023

Organizational and Election Regulations

December 1, 2018

Investment Regulations

January 1, 2022

Regulations on the Creation of Provisions and Reserves

December 31, 2019

Regulations Relating to Partial Liquidation

December 1, 2009

Rules on the Exercise of Shareholder Voting Rights

January 1, 2015

Board of Trustees for the 2022 – 2024 period of office

Employer representatives	Employee representatives
Adrian Boutellier*, Chairman	Martin Allgäuer*, SIS
Bernhard Gisler	Hugo Baumann*, Ebi office, until 31.12.2022
Georg Jenni*	Michael Schmidt, EBI, as of 1.1.2023
Renate Lang	Moritz Blum, SBB
Erika Neumann	Adriano Linguanotto*, S-ZH
Günter Schäuble*	Bernhard Megert, S-BE
Sabine Schibli	Rosanna Ramoni, SCS
	Mike Weidlich, ASZ

* Member of the Investment Committee

Management

Mario Passerini, Managing Director
Antonietta Despeaux, Dep. Managing Director

Signing Authority

Joint with a minimum of two signatures. Only trustees who are members of the Investment Committee are authorized to sign. One signature must come from among the employer representatives, one signature from among the employee representatives.

Accredited Pensions Actuary

Toptima AG, Aarau (contracting partner), Pascal Renaud (actuary-in-charge)

Auditors

PricewaterhouseCoopers AG, Zurich
Reto Tognina, auditor-in-charge

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 31.12.2022	Number of insureds 31.12.2021	Change
Schindler Elevator Ltd., Ebikon	2 503	2 526	-23
Schindler Management Ltd., Ebikon	403	327	76
Building Minds Technology AG, Hergiswil	3	3	0
Schindler IT Services AG, Ebikon	0	109	-109
Inventio AG, Hergiswil	26	28	-2
Schindler Supply Chain Europe Ltd., Ebikon	457	409	48
AS Elevators Ltd., Küsnacht	892	834	58
Schindler Repro Ltd., Ebikon	21	19	2
Schindler Berufsbildung, Ebikon	136	115	21
Schindler Pension Fund, Ebikon	6	6	0
Schindler Vorsorge Ltd., Ebikon	2	2	0
Schindler Holding AG, Hergiswil	23	16	7
External insureds	5	6	-1
Total	4 477	4 400	77

Schindler IT Services Ltd has been merged with Schindler Management Ltd and its employees integrated into Schindler Management Ltd.

II Active Insureds and Pensioners

Active Insureds

	31.12.2022	31.12.2021	Change
Men	3 740	3 667	73
Women	737	733	4
Total	4 477	4 400	77
as per 1.1.2022/2021	4 400	4 461	
New members	501	414	
Withdrawals	-359	-386	
Retirements	-53	-84	
Disability cases	-7	-2	
Deaths	-5	-3	
as per 1.1.2022/2021	4 477	4 400	

Pensioners

	31.12.2022	31.12.2021	Change
Retirement pensions	1 620	1 654	-34
Disability pensions	72	76	-4
Surviving spouse's pen.	692	711	-19
Divorcing pen.	5	6	-1
Children's / orphans' pen.	56	57	-1
Total	2 445	2 504	-59

III How the Objective is Fulfilled

Organizational Structure

Autonomous pension fund

Insured Benefits

	2022	2021
Maximum pensionable salary	172 080	172 080
Coordination deduction	-14 340	-14 340
Maximum insured salary	157 740	157 740
Max. disability pension (60%)	94 644	94 644
Max. surv. spouse's pen. (36%)	56 786	56 786
Max. children's / orphans' pen.	18 929	18 929
Retirement pension	Division of contributions (standard plan)	
Distribution of contributions		
Employer	55.8%	55.8%
Employee	44.2%	44.2%

IV Valuation and Accounting Policies / Consistency

Accounting Policies / Consistency

Bookkeeping, accounting and valuations all comply with the requirements of the Swiss Code of Obligations (CO) and the Swiss Occupational Pensions Act (OPA). The annual financial statements, consisting of the Balance Sheet, Operating Account, and Notes convey the actual financial position of the Pension Fund in accordance with legislation on occupational pension provision, and comply with Swiss GAAP ARR 26.

Valuation Policies

Listed securities are carried at their market value as at December 31, 2022, and **alternative investments** at their latest reported values. Real estate was valued by Wüest Partner using the DCF method and an average discount rate of 2.66% (2021: 2.72%).

The DCF method is also used to value properties held in co-ownership (valuers: PRIVERA, Wüest Partner).

Portfolio management expense (the TER cost ratio) is recognized in accordance with Directive 02/2013 issued by the Occupational Pension Supervisory Commission. Details of portfolio management expense are given in the Notes.

Actuarial Basis

Pensioners' cover capital was calculated on the basis of the OPA 2020 (previously OPA 2015) generational method and an actuarial interest rate of 1.5% (previously 1.5%).

V Actuarial Risks / Risk Cover / Cover Ratio

Actuarial Risks

Actuarial risks are borne independently by the Pension Fund.

Retirement Assets, Active Insureds

In CHF million	31.12.2022	31.12.2021	Change
Retirement assets	991.9	978.7	13.2
of which			
BVG retirement assets	397.6	389.1	8.5

Changes in Retirement Assets

In CHF million	2022	2021
Retirement assets as at 1.1	978.7	921.6
Vested benefits brought in	17.4	18.9
Purchased benefits (AVCs)	4.0	5.7
Retirement credits	73.0	72.6
Advances: home ownership and divorce (net)	-4.8	-3.9
Vested benefits paid out	-36.4	-44.0
Lump-sum retirement benefits	-12.1	-20.2
Reclass. ret. assets, retirement pensions	-32.5	-37.5
Reclass. ret. assets, disability / death	-4.9	-2.0
Interest on retirement assets	9.5	67.9
Adjustment to FZG 17 / divers	0.0	-0.4
Retirement assets as at 31.12	991.9	978.7

Interest on Retirement Assets

In %	
2006	3.25%
2007	4.00%
2008	1.50%
2009	2.00%
2010	2.00%
2011	2.00%
2012	1.50%
2013	1.80%
2014	5.80%
2015	2.05%
2016	1.55%
2017	2.50%
2018	1.00%
2019	2.50%
2020	1.50%
2021	8.00%
2022	1.00%

Pensioners' Cover Capital

In CHF million	31.12.2022	31.12.2021	Change
Cover capital	811.3	857.1	-45.8

Pension Adjustments

Pensions were not increased in the period from 2003 to 2022.

Actuarial Report

Last produced: December 31, 2022

Actuarial basis: OPA 2020 generational method (formerly OPA 2015 generational method)

Actuarial interest rate: 1.5% (previously 1.5%)

Cover Ratio Pursuant to Art. 44 OPO 2

In %	
31.12.2007	115.95%
31.12.2008	99.40%
31.12.2009	104.92%
31.12.2010	106.49%
31.12.2011	102.99%
31.12.2012	107.34%
31.12.2013	111.39%
31.12.2014	115.55%
31.12.2015	114.44%
31.12.2016	113.49%
31.12.2017	116.24%
31.12.2018	111.56%
31.12.2019	115.17%
31.12.2020	118.45%
31.12.2021	123.49%
31.12.2022	116.37%

Changes to Actuarial Basis and Assumptions

Pensioners' retirement capital was calculated on the actuarial basis of the OPA 2020 generational method (2021: OPA 2015 generational method) and an actuarial interest rate of 1.5%.

Composition of / Changes in / Notes on Actuarial Provisions

In CHF	31.12.2022	31.12.2021
Prov. outstanding pension cases	6 500 000	3 500 000
Prov. risk fluctuation fund	9 000 000	13 000 000
Prov. retirement losses	18 590 000	20 420 000
Prov. reduction actuarial int. rate	0	9 000 000
Prov. pension increase	0	9 994 000
Prov. for Measures to Comp.Lower Conv. Rate	62 500 000	62 500 000
	96 590 000	118 414 000

Provision for Outstanding Pension Cases

This provision contains the retirements assets and potential retirement capital required for pension cases that have not yet been resolved.

Provision for Fluctuations in Risk, Active Insureds

According to the risk analysis conducted by the accredited pensions actuary, there is a 90% probability that anticipated total risk will amount to less than CHF 14.1 million. Once the risk premiums under the Pension Fund Rules (approx. CHF 5.1 million) have been deducted, CHF 9 million is required according to the new actuarial basis that we apply.

Provision for Retirement Losses

Conversion rates are too high in comparison with the actuarial basis and therefore require a provision of CHF 18.6 million.

Provision for the Reduction in the Actuarial Interest Rate

A provision for the reduction in the actuarial interest rate must be increased when the low-risk interest rate (the yield on 10-year Confederation bonds), plus a structural premium to take structural risk tolerance into account is lower than the actuarial interest rate applied by the Pension Fund. Based on the Pension Fund's structural risk tolerance, the structural premium on top of the interest rate for low-risk investments has been set at 1.5 percentage points. The low-risk interest rate/ yield on 10-year Confederation bonds (1.565%) plus the structural premium of 1.5 percentage points was therefore higher than the actuarial interest rate of 1.5% as at the balance sheet date. The earlier provision of CHF 9 million was therefore liquidated as at December 31, 2022.

Provision for Pension Increases

The Board of Trustees has decided that pensions will not be increased as of January 1, 2023. The provision created as at December 31, 2021, to pay a one-off supplementary pension equivalent to two monthly pensions (paid out in February 2022) was therefore dissolved.

Provision for Measures to Compensate for the Lower Conversion Rate

The current conversion rate is based on an actuarial interest rate of 2.5%. Since the actuarial interest rate for calculating retirees' retirement capital was set at 1.5%, what are known as retirement losses are incurred for each insured who retires. Reducing these losses would require the conversion rate to be lowered. In view of the changing interest climate, the Board of Trustees has decided not to cut the conversion rate for the time being, but will discuss the matter again in 2023. The CHF 62.5 million provision for any compensatory measures therefore remains in place.

VI Notes Pertaining to the Investments and the Net Investment Result

Investment Regulations

January 1, 2022

Board of Trustees

The Board of Trustees bears primary responsibility for the investment of assets.

Investment Committee

The Investment Committee comprises five members. Its task is to supervise the investment activities of the portfolio managers. It is also responsible for transactions in the Satellites portfolio (mainly alternative investments, indirect real estate holdings, and special foreign equity funds).

Global Custodian

The depository for the safekeeping of securities is Credit Suisse

Securities

Manager	Portfolio type
Credit Suisse (FINMA)	Mixed mandate
SwissLife Asset Management (FINMA)	Mixed mandate
Bank Vontobel (FINMA)	Mixed mandate
Zürcher Kantonalbank (Finma)	Mixed mandate (passive)
UBS Anlagefonds (FINMA)	Foreign equities

Swiss Real Estate

The Pension Fund's own properties are managed externally by HIG Asset Management AG. Indirect real estate investments are effected via investment companies, investment funds and investment foundations.

Alternative International Real Estate

Investments are made via listed or unlisted funds.

Private Equity

Investments are made primarily via unlisted funds.

Infrastructure

Investments are made via unlisted funds.

Hedge Funds

Investments are made via funds of funds.

Insurance-Linked Securities

Investments are made via unlisted funds.

Alternative Bonds

Investments are made primarily via unlisted funds.

Open Commitments

The Schindler Pension Fund has the following open commitments in the private equity, hedge funds, infrastructure, international real estate and alternative bonds segments (in CHF millions):

Open Commitments

Investment category	31.12.2022	31.12.2021
Private equity	101.9	120.2
Hedge funds	13.9	17.1
Infrastructure	27.6	30.6
Alternative internat. real estate	8.9	12.8
Alternative bonds	4.9	4.9
Total Private Equity	157.2	185.6

Investment Strategy

In %	Strategy 2022	Bandwidths	Status at 31.12.2022	Status at 31.12.2021
Liquidity / other	0.5%	0-15%	1.9%	1.7%
CHF bonds	14.5%	+/-10.0%	13.1%	14.2%
Foreign currency bonds (hedged)	4.0%	+/-2.5%	3.7%	3.8%
Foreign currency bonds	0.0%	0-5.0%	0.4%	0.5%
Swiss real estate	33.0%	+/-5.0%	32.7%	29.8%
Swiss equities	11.0%	+/-2.5%	10.4%	12.4%
Foreign equities	18.0%	+/-2.5%	16.6%	18.0%
Private equity	7.0%	+/-2.0%	8.2%	6.6%
Hedge funds	2.0%	+/-2.0%	1.5%	1.3%
Commodities	0.0%	+/-2.0%	0.0%	0.0%
Ins.-linked securities	2.0%	+/-2.0%	1.4%	2.4%
Infrastructure	3.0%	+/-2.0%	3.4%	2.8%
Alternative internat. real estate	3.0%	+/-2.0%	2.8%	2.5%
Alternative bonds	2.0%	+/-2.0%	2.2%	2.2%
Infrastructure	0.0%	+2.0%	1.7%	1.8%
Total	100.0%		100.0%	100.0%

Performance

Performance on total assets was -7.06% in 2022 (2021: 10.81%). This is calculated by the global custodian, Credit Suisse.

Net investment income is composed as follows (CHF):

Investment Income

In CHF	2022	2021
Income from liquid assets	-3 389 717	2 735
Income from CHF bonds	-30 762 744	-3 548 847
Income from foreign currency bonds (hedged)	-14 999 053	-1 748 892
Income from foreign currency bonds	-1 326 010	-8 201
Income from real estate, property in co-ownership	17 597 211	34 461 012
Income from indirect Swiss real estate	-1 845 450	17 049 336
Income from Swiss equities	-47 462 918	59 194 073
Income from foreign equities	-82 107 070	82 083 860
Income from private equity	22 334 885	51 147 993
Income from hedge funds	-2 588 995	1 363 548
Income from commodities	0	-59 841
Income from insurance-linked securities	-2 383 759	-14 408
Income from infrastructure	-2 047 029	5 220 946
Income Alternative internat. real estate	-33 083	3 734 126
Income Alternative bonds	718 671	5 182 723
Income from mixed funds	-5 961 278	4 524 006
Income from securities lending	22 215	29 808
Interest on vested benefits (arrears) / miscellaneous	-194 659	-214 243
Portfolio management expense	-21 853 010	-17 630 334
Net investment income	-176 281 793	240 770 200

Portfolio Management Expense

In CHF	31.12.2022	31.12.2021
Investments	2 250 550 558	2 451 376 448
of which		
cost-transparent investments	2 243 860 198	2 408 675 960
non-transparent investments	6 690 360	42 700 488
% of cost-transparent investments	99.7%	98.3%
	2022	2021
Portfolio management expenses		
Portf. mgmt. expenses booked directly	3 080 279	3 207 119
Indirect TER costs	18 772 731	14 423 215
Book portfolio management expenses	21 853 010	17 630 334
as % of cost-transparent investments	0.97%	0.73%

The expenses of CHF 21.9 million (2021: CHF 17.6 million) reported in the operating account comprise direct costs (custody fees, portfolio manager costs, property management, stamp duty, etc.) and the additional TER (Total Expense Ratio) costs for the funds used. TER costs were generally calculated in accordance with the require-

ments of the Occupational Pension Funds Supervisory Commission, on the basis of year-end holdings. These costs therefore represent an approximation. They are relatively high in comparison with other pension funds. This is mainly due to the investment strategy, which includes a high proportion of real estate and alternative investments. Costs have risen sharply year on year, primarily because of additional TER costs for private equity investments. They increased considerably because of these investments' outstanding performance in 2021.

No TER costs can be calculated for the following investments. They are therefore classified as "non-transparent collective investment schemes".

Non-Cost-Transparent Collective Investment Schemes

In CHF				
Investment instrument	Provider	ISIN number	31.12.2022	31.12.2021
FRM ARS I	FRM	KYG580005901	0	134 114
Pinebridge PEP IV	Pinebridge	n.a.	97 112	475 058
Pinebridge Secondary II	Pinebridge	n.a.	68 395	394 908
Paul Capital Secondary IX	Paul Capital	n.a.	996 328	1 999 866
Highstar III	Highstar	n.a.	468	26 996
Highstar IV	Highstar	n.a.	1 231 430	2 012 755
4IP Europ. Property FoF	4IP Mangement	n.a.	2 288 511	2 209 196
JP Morgan Europ. Properties	JP Morgan	n.a.	16 428	14 514
Axa Secondary V	Ardian	n.a.	0	79 558
Access Capital Private Debt Fund II	Access	n.a.	1 724 881	2 765 154
Blackrock Private Opportunity V 2022	Blackrock	n.a.	266 807	0
Unigestion Secondary V 2021	Unigestion	n.a.	0	6 012 060
Digital Transformation II 2021	Swisscom	n.a.	0	1 227 419
Crown Co-Investment Opportunity III 2021	LGT	n.a.	0	1 332 444
PG SPK Private Equity Private Markets 2021	Partners Group	n.a.	0	24 016 446
Total			6 690 360	42 700 488

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

Fluctuation Reserves

The fluctuation reserves are used to offset price losses on investments. Based on the current investment strategy and the interest level, the target bandwidth has been set at 116% to 124%. The Board of Trustees believes that when the upper target is met there will be sufficient cover for two poor investment years, without the Pension Fund having a shortfall in cover.

Status of Fluctuation Reserves

In CHF million	31.12.2022	31.12.2021
Ret. capital and actuarial reserves	1 899.8	1 954.2
Fluctuation reserves target for 124% coverage	455.9	469.1
Fluctuation reserves as per balance sheet	311.1	459.0
Reserve deficit	144.8	10.1

Expansion of Investment Options in Accordance with Art. 50 para. 4 OPO 2

With a share of 19.2% of the overall portfolio, alternative investments exceed the prescribed 15% threshold.

This is within the scope of the investment strategy approved by the Board of Trustees. Alternative investments are distributed across six different asset classes and are thus broadly diversified.

Even with these expanded investment options, the Pension Fund continues to comply with the principles of Art. 50 paras. 1 to 3 OPO 2.

Retrocessions

The Pension Fund received retrocessions totalling CHF 33,383 from a variety of fund providers during the year under review. This amount was set off against portfolio management expense.

Depository

Credit Suisse was appointed as the Pension Fund's central depository (global custodian).

Financial Controlling

Controlling is carried out by the Global Investment Reporting department at Credit Suisse (compliance with bandwidths and quality requirements), as well as by the Treasury department at Schindler Management Ltd (results analysis).

The Investment Committee meets at least four times a year. The Board of Trustees meets at least three times a year and, at each meeting, receives a detailed briefing on the results that have been achieved. It also receives monthly reports from the Management, and the annual Financial Controller's report.

The portfolio managers present results to both the Board of Trustees and the Investment Committee on a regular basis.

Derivative Financial Investments

The use of derivatives is governed by the Investment Regulations and the agreements with portfolio managers. It complies with OPO 2 provisions. The use of derivatives is permitted if the Fund holds the corresponding liquidity or underlying investments and the use of derivatives will not result in the predetermined bandwidths being exceeded. Short selling is forbidden. The following forward foreign exchange transactions remained open as at December 31, 2022.

Pending forward exchange transaction	Rate	Maturity
Sale USD 134 243 000	0.92	13.01.2023
Sale EUR 51 546 000	0.98	13.01.2023

Securities Lending

Securities lending is capped at a countervalue of CHF 150 million. As collateral, Credit Suisse deposits equities and/or bonds corresponding to 105% of the value of the loaned securities in a safekeeping account in the name of the Pension Fund.

- Loaned securities as at Dec. 31, 2022 Counterval. CHF 7.1 million
- Contracting partner Credit Suisse
- System Collateral

Investments in the Employer

The Pension Fund does not make any investments in employer companies. External portfolio managers may nonetheless buy and sell the shares/participation certificates and bonds issued by Schindler Holding AG. No such securities were held in the investment portfolio of the Pension Fund as at December 31, 2022, however.

The Pension Fund has a current account with Schindler Holding AG that is used to collect contributions. As at December 31, 2022, there was a credit balance of CHF 8.8 million (balance of Schindler Holding AG account plus contributions for December 2022) in favour of the affiliated companies. The rate of interest paid on the account with Schindler Holding AG as at December 31, 2022, was 0.00% p.a. Outstanding contributions were paid in January 2023.

Pension Fund Governance

The Pension Fund is voluntarily subject to the ASIP Charter. 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.

Exercise of Shareholder Voting Rights

In accordance with the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), the Board of Trustees has adopted rules on the exercise of shareholder voting rights. The Pension Fund exercises the voting rights attached to shares in Switzerland that it holds directly. The Board of Trustees is supported in this by Inrate Ltd, as proxy advisor. The Pension Fund publishes the way in which it has voted on the website.

Offices Held with External Companies

The following external offices were held by the Pension Fund's Trustees and officers during the year under review:

- Mario Passerini, Trustee of the HIG Anlagestiftung

VII Notes Pertaining to Other Balance Sheet and Operating Account Items

Third-Party Contributions

This item contains contributions from companies of CHF 1.0 million, related to compulsory retirements during the year under review.

Administration Costs

In CHF	2022	2021
Administration costs		
Salary costs	846 796	824 258
Rent	51 373	36 833
IT	158 684	164 929
Printed matter, training, etc.	179 319	90 067
Supervisory authority	11 297	11 250
Accredited pensions actuary	44 413	33 145
Auditors	35 890	33 761
Management fee revenue	-164 865	-164 752
Total administration costs	1 162 907	1 029 491
Number of insureds	6 922	6 904
Administration costs per insured	168	149

Employer Contribution Reserve

The employer contribution reserve of CHF 22.0 million formed by Schindler Elevator Ltd in 2005 does not earn interest from the Pension Fund.

Mortgages

Two mortgages totalling CHF 5.8 million were taken out in connection with the purchase of the Libelle property. One of these, for CHF 1.8 million, has been transferred to the property at Winkelriedstrasse 58 in Lucerne. The mortgages run to 2025 and 2028, respectively.

VIII Conditions Imposed by the Supervisory Authority

The annual financial statements up to the 2021 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 25 million – are pledged to Credit Suisse as collateral for forward foreign exchange transactions.

X Events Following the Balance Sheet Date

None.

Contact address:
Schindler Pension Fund
6030 Ebikon
Tel. +41 41 445 31 71
pk.ch@schindler.com
www.schindler-pk.ch