

Rules on the Exercise of Participation Rights in Companies Limited by Shares

Introduction

The Schindler Pension Fund fulfils its duties as a shareholder by exercising all voting rights attached to its direct investments in Swiss-listed companies which are limited by shares.

When exercising its voting rights, the Pension Fund bases its decision on recognised good governance principles for effective and ethical company management, and on its assigned task, which is to preserve and to increase the Pension Fund's invested assets. Voting rights are exercised in each case in the long-term interests of the company concerned and its shareholders, although the legitimate concerns of further stakeholders must also be taken into consideration.

The Pension Fund exercises its voting rights independently and free of any political requirements or instructions. The Pension Fund publishes its rules on the exercise of voting rights, as well as its voting decisions, on its website in accordance with the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

1 Scope

- 1.1 These Rules govern the exercise of participation rights attached to shares held directly in Swiss public companies. Appropriate principles for the exercise of participation rights in foreign or unlisted companies or organisations may also be drawn from these Rules.
- 1.2 With these Rules, the Pension Fund implements those provisions of the Federal Council Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) which are relevant to pension institutions.

2 Principles for the Exercise of Voting Rights

- 2.1 The Pension Fund recognises its responsibility in exercising its voting rights. The following principles apply in this respect:
 - a. The Pension Fund exercises its participation rights in the interests of its insureds.
 - b. The Pension Fund bears responsibility for exercising the participation rights that are due to it.
 - c. The Pension Fund discloses to its insureds the principles and procedure governing the exercise of its voting rights.
 - d. The Pension Fund publishes how it has exercised its participation rights on its website.
- 2.2 It is compulsory for the Pension Fund to exercise its voting rights at ordinary general meetings in respect of the agenda items described in Art. 22 ERCO. The principles for determining what, with regard to these agenda items, is in the interests of the insureds, are described in Section 4. They serve as a guideline.
- 2.3 The Pension Fund will usually exercise its voting rights by appointing and instructing the independent proxy for the company in question.

3 Organisation

- 3.1 The Board of Trustees of the Pension Fund delegates authority to exercise voting rights under these Rules to the Investment Committee.
- 3.2 The services of a proxy advisor are engaged to analyse the proposals made to general meetings of listed public companies. The proxy advisor is appointed by the Board of Trustees.
- 3.3 Responsibility for the exercise of participation rights is not delegated to any third party, i.e. no third party is permitted to exercise voting rights at its own discretion on behalf of the Pension Fund. To ensure that voting rights can be exercised, the Pension Fund does not enter into any securities lending transactions in respect of Swiss shares at the time of the general meeting of the company in question.
- 3.4 As a rule, the Pension Fund does not have a direct presence at general meetings, neither does it intervene in said general meetings.
- 3.5 The Managing Director of the Pension Fund is responsible for appointing and instructing the independent proxy to exercise the Pension Fund's voting rights on its behalf.
- 3.6 The Board of Trustees is informed of the way that the Pension Fund has voted in an annual written summary report from the Management of the Pension Fund. The Board of Trustees has the right at all times to information on the way in which the Pension Fund has voted and/or on the resolutions of the Investment Committee.

4 Principles for Decision-Making

4.1 Basic Position

The general guideline is that votes are exercised for the benefit of the insureds, in accordance with the long-term interests of the company and its shareholders. The interests of other stakeholders should also be factored in to the decision.

The Pension Fund is otherwise guided by the recommendations of the Swiss Code of Best Practice for Corporate Governance.

4.2 Proxy Advisor

Votes are usually cast on the basis of the recommendation of the proxy advisor. Should the proxy advisor recommend that a proposal from a board of directors be rejected, the Management will notify the Investment Committee of the voting recommendation. The Investment Committee will then decide by simple majority how to vote. Should a proposal fail to achieve a majority from the Investment Committee, the Pension Fund will abstain from voting. A meeting of the Investment Committee may be called to discuss particularly sensitive and controversial decisions.

4.3 Election of the Board of Directors and the Chairman

Candidates for first-time or re-election must be assessed in terms of their suitability within the board of directors of the company in question. The main criteria are specialist

capabilities, professional experience, leadership experience, good reputation and availability (time). To ensure that the interests of all shareholders are represented, a board of directors must have a sufficient number of independent members.

A director, and specifically a chairman, should not hold more than five directorships with listed companies.

4.4 Election of Members of the Compensation Committee

The chairman of the compensation committee should be objectively independent and should not hold an executive function at senior management level.

4.5 Approval of Compensation Report and Compensation

Approval of the compensation report or system of compensation is conditional upon a transparent description of the principles of compensation policy, as well as the components of compensation. The total amounts of such compensation must be commensurate with the size and complexity of the company concerned, as well as its market environment.

The compensation report or individual amounts of compensation will be rejected if:

- compensation policy is not transparent;
- there is no clear logic to compensation policy;
- the level of compensation appears excessive in the light of shareholder interests.

5 Abstention

5.1 The Pension Fund will abstain from voting on any and all agenda items which are not placed on the agenda in advance.

5.2 The Investment Committee may decide to abstain from voting on controversial agenda items in the overriding interests of the Pension Fund, or if there are important business relationships which might be damaged if voting rights were to be exercised.

6 Final provisions

6.1 These Rules are published on the Pension Fund website.

6.2 The use in these Rules of the masculine form to describe any individual is to be interpreted as referring to both men and women.

6.3 The present Rules were adopted by the Board of Trustees on December 5, 2014, and enter into force as of January 1, 2015.

Schindler Pension Fund

Heinz Risi
Chairman of the Board of Trustees

René Zbinden
Trustee

Ebikon, December 5, 2014