

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

### **Introduction**

The Schindler Foundation 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 Schindler Foundation 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 Schindler Foundation'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 Schindler Foundation exercises its voting rights independently and free of any political requirements or instructions. The Schindler Foundation 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 Schindler Foundation 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 Schindler Foundation recognises its responsibility in exercising its voting rights. The following principles apply in this respect:
  - a. The Schindler Foundation exercises its participation rights in the interests of its insureds.
  - b. The Schindler Foundation bears responsibility for exercising the participation rights that are due to it.
  - c. The Schindler Foundation discloses to its insureds the principles and procedure governing the exercise of its voting rights.
  - d. The Schindler Foundation publishes how it has exercised its participation rights on its website.
- 2.2 It is compulsory for the Schindler Foundation 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 Schindler Foundation 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 Schindler Foundation itself assumes authority for exercising voting rights under these Rules.
- 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 Schindler Foundation. To ensure that voting rights can be exercised, the Schindler Foundation 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 Schindler Foundation does not have a direct presence at general meetings, neither does it intervene in said general meetings.
- 3.5 The Managing Director of the Schindler Foundation is responsible for appointing and instructing the independent proxy to exercise the Schindler Foundation's voting rights on its behalf.
- 3.6 The Board of Trustees is informed of the way that the Schindler Foundation has voted in an annual written summary report from the Management of the Schindler Foundation. It has the right, at all times, to information on the way the Schindler Foundation has voted.

### **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 Schindler Foundation 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 Board of Trustees of the voting recommendation. The Board of Trustees will then decide by simple majority how to vote. Should a proposal fail to achieve a majority among the Board of Trustees, the Schindler Foundation will abstain from voting.

**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 Schindler Foundation will abstain from voting on any and all agenda items which are not placed on the agenda in advance.

5.2 The Board of Trustees may decide to abstain from voting on controversial agenda items in the overriding interests of the Schindler Foundation, 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 Schindler Foundation 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 2, 2014, and enter into force as of January 1, 2015.

Schindler Foundation

Heinz Risi  
Chairman of the Board of Trustees

Günter Schäuble  
Trustee

Hergiswil, December 2, 2014