



Enhancing the quality of urban living

Financial Statements 2022



Schindler



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Consolidated Financial Statements

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Consolidated income statement

In CHF million	Note	2022	%	2021	%
Revenue	4	11 346	100.0	11 236	100.0
Cost of materials		3 419	30.1	3 323	29.5
Personnel expenses	6	4 290	37.8	4 143	36.9
Other operating expenses	7	2 389	21.1	2 265	20.2
Depreciation, amortization, and impairment	17, 18, 19	344	3.0	339	3.0
Total operating expenses		10 442	92.0	10 070	89.6
Operating profit		904	8.0	1 166	10.4
Financial income	8	33	0.3	32	0.3
Financial expenses	8	77	0.7	77	0.7
Result from associates		-7	-0.1	3	-
Profit before taxes		853	7.5	1 124	10.0
Income taxes	21	194	1.7	243	2.2
Net profit		659	5.8	881	7.8
Net profit attributable to					
Shareholders of Schindler Holding Ltd.		610	5.4	828	7.4
Non-controlling interests		49	0.4	53	0.4
Earnings per share in CHF					
Basic	22	5.67		7.70	
Diluted	22	5.66		7.68	

Consolidated statement of comprehensive income

In CHF million	Note	2022	2021
Net profit		659	881
Other comprehensive income – may be reclassified to the income statement in future			
Exchange differences		-97	24
Cash flow hedges		-15	8
Debt instruments at fair value through other comprehensive income (FVOCI)		-1	–
Income taxes	21	4	-3
Total – may be reclassified to the income statement in future		-109	29
Other comprehensive income – not to be reclassified to the income statement in future			
Equity instruments at fair value through other comprehensive income (FVOCI)		-73	-3
Remeasurements of employee benefits	6	34	130
Income taxes	21	-5	-21
Total – not to be reclassified to the income statement in future		-44	106
Total other comprehensive income (OCI)		-153	135
Comprehensive income		506	1 016
Comprehensive income attributable to			
Shareholders of Schindler Holding Ltd.		463	959
Non-controlling interests		43	57

Consolidated balance sheet

In CHF million	Note	31.12.2022	%	31.12.2021	%
Current assets					
Cash and cash equivalents	24	2 153	18.2	2 841	23.7
Current financial assets	11	1 287	10.9	976	8.1
Accounts receivable	10	2 130	18.1	2 188	18.3
Income tax receivable		95	0.8	81	0.7
Contract assets	15	921	7.8	897	7.5
Inventories	16	1 418	12.0	1 188	9.9
Prepaid expenses		105	0.9	102	0.9
Assets held for sale		–	–	4	–
Total current assets		8 109	68.7	8 277	69.1
Non-current assets					
Property, plant, and equipment	17	962	8.2	1 014	8.5
Right-of-use assets	18	441	3.7	451	3.8
Intangible assets	19	1 457	12.3	1 389	11.6
Associates		25	0.2	30	0.2
Non-current financial assets	11	487	4.1	500	4.2
Deferred taxes	21	305	2.6	291	2.4
Employee benefits	6	22	0.2	22	0.2
Total non-current assets		3 699	31.3	3 697	30.9
Total assets		11 808	100.0	11 974	100.0

In CHF million	Note	31.12.2022	%	31.12.2021	%
Liabilities					
Current liabilities					
Accounts payable	12	1 251	10.6	1 224	10.2
Financial debts	14	457	3.9	79	0.7
Lease liabilities	18	114	1.0	113	0.9
Income tax payable		159	1.3	153	1.3
Contract liabilities	15	2 805	23.8	2 834	23.6
Accrued expenses	13	1 197	10.1	1 303	10.9
Provisions	20	269	2.3	249	2.1
Total current liabilities		6 252	53.0	5 955	49.7
Non-current liabilities					
Financial debts	14	167	1.4	585	4.9
Lease liabilities	18	306	2.6	312	2.6
Provisions	20	276	2.3	291	2.4
Deferred taxes	21	143	1.2	142	1.2
Employee benefits	6	219	1.9	259	2.2
Total non-current liabilities		1 111	9.4	1 589	13.3
Total liabilities		7 363	62.4	7 544	63.0
Equity					
Share and participation capital	22	11	0.1	11	0.1
Share premium		311	2.6	311	2.5
Treasury shares	22	-54	-0.5	-29	-0.2
Exchange differences		-1 117	-9.5	-1 023	-8.5
Other reserves	22	-3	-	5	-
Retained earnings		5 183	43.9	5 028	42.0
Shareholders of Schindler Holding Ltd.		4 331	36.6	4 303	35.9
Non-controlling interests		114	1.0	127	1.1
Total equity		4 445	37.6	4 430	37.0
Total liabilities and equity		11 808	100.0	11 974	100.0

Consolidated statement of changes in equity

In CHF million	Share and participation capital	Share premium	Treasury shares	Exchange differences	Other reserves	Retained earnings	Total	Non-controlling interests	Total Group
January 1, 2021	11	311	-54	-1 045	–	4 667	3 890	116	4 006
Net profit						828	828	53	881
Other comprehensive income (OCI)				22	5	104	131	4	135
Comprehensive income				22	5	932	959	57	1 016
Dividends						-430	-430	-46	-476
Change in treasury shares			25			-20	5		5
Share-based payments						19	19		19
Change in liabilities towards non-controlling interests						-140	-140	–	-140
December 31, 2021	11	311	-29	-1 023	5	5 028	4 303	127	4 430
Net profit						610	610	49	659
Other comprehensive income (OCI)				-94	-8	-45	-147	-6	-153
Comprehensive income				-94	-8	565	463	43	506
Dividends						-431	-431	-54	-485
Change in treasury shares			-25			-21	-46		-46
Share-based payments						24	24		24
Change in non-controlling interests						2	2	-2	–
Change in liabilities towards non-controlling interests						16	16		16
December 31, 2022	11	311	-54	-1 117	-3	5 183	4 331	114	4 445

Note 22 provides additional information on the Group's equity and changes in equity. Refer to note 14 for information on liabilities towards non-controlling interests.

Consolidated cash flow statement

In CHF million	Note	2022	2021
Operating profit	24	904	1 166
Depreciation, amortization, and impairment	17, 18, 19	344	339
Other non-cash items	24	248	221
Other cash items	24	-179	-165
Dividends received		9	8
Interest received		24	17
Interest paid		-23	-21
Other financial result		-27	-43
Income taxes paid, net	21	-237	-267
Change in net working capital	24	-375	59
Cash flow from operating activities		688	1 314
Additions			
Property, plant, and equipment	17	-121	-117
Intangible assets	19	-9	-15
Current and non-current financial assets		-1 507	-1 104
Disposals			
Property, plant, and equipment	17	21	37
Associates		-	1
Current and non-current financial assets		1 130	965
Assets held for sale		4	-
Business combinations	23	-164	-141
Cash flow from investing activities		-646	-374
Proceeds from increase in current and non-current financial debts	14	3	7
Repayments of current and non-current financial debts	14	-18	-20
Lease payments	18	-136	-132
Purchase of treasury shares	22	-49	-
Disposal of treasury shares	22	3	5
Dividends paid to the shareholders of Schindler Holding Ltd.	22	-431	-430
Dividends paid to non-controlling interests		-55	-44
Cash flow from financing activities		-683	-614
Exchange differences		-47	32
Change in cash and cash equivalents		-688	358
Cash and cash equivalents as of January 1		2 841	2 483
Cash and cash equivalents as of December 31		2 153	2 841

Notes to the consolidated financial statements

1 General information

These are the consolidated financial statements of the Schindler Group (“Schindler” or “the Group”), which comprises Schindler Holding Ltd. and its subsidiaries. Schindler is one of the world’s leading suppliers of elevators, escalators, and moving walks, and offers mobility solutions across the entire life cycle of a unit – from planning and installation to maintenance and modernization. Schindler operates in more than 100 countries around the globe. The registered shares and participation certificates of Schindler Holding Ltd. are traded on the SIX Swiss Exchange.

The consolidated financial statements were approved for publication by the Board of Directors of Schindler Holding Ltd. on February 21, 2023, and will be presented to the General Meeting of Shareholders for approval on March 28, 2023.

2 Basis of preparation

The Group’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, and are compliant with Swiss law. The consolidated financial statements are prepared using the accrual basis of accounting and the historical cost approach with the exception of financial instruments measured at fair value.

The consolidated financial statements are based on the annual financial statements of the individual Group companies controlled directly or indirectly by Schindler Holding Ltd. The reporting periods of all Group companies end on December 31. An overview of material Group companies is provided in note 26.

2.1 Changes in IFRS

Amendments to IFRS, applied for the first time as of January 1, 2022, did not have a material impact on the Group’s consolidated financial statements.

There are no plans for the early adoption of published standards, interpretations, or amendments prior to their mandatory effective date. The Group does not expect that other changes to IFRS will have a material impact on the Group’s consolidated financial statements.

2.2 Significant assumptions and estimates

The Group’s consolidated financial statements contain certain assumptions and estimates that influence the figures presented in this report. They are based on analyses and judgments that are continuously reviewed and adjusted if necessary. The actual results may differ from these assumptions and estimates.

The main assumptions and estimates that have a significant risk of resulting in a material adjustment to the consolidated financial statements in future years are described in the following notes:

Post-employment benefits Assumptions in actuarial reports Note 6	Provisions Assumptions in actuarial reports Note 20	Income taxes Estimation of future tax assessments Note 21
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3 General accounting policies

3.1 Scope of consolidation

The consolidated financial statements are based on the annual financial statements of the individual Group companies controlled directly or indirectly by Schindler Holding Ltd. Control exists if the Group is exposed, or has rights, to variable returns and has the ability to impact those returns through its power over a company. Control is presumed to exist when the Group owns, directly or indirectly, more than half of the voting rights of a company.

Changes in the interests held in Group companies are recognized as equity transactions provided control is retained. If control is lost, the difference between the consideration received and the net assets disposed of is reported as other income.

For information on businesses acquired in the reporting year, refer to note 23.

3.2 Translation of foreign currency

The functional currency of Group companies is generally the currency used in the primary economic environment in which they operate. Transactions in foreign currencies are translated at the exchange rate that applied on the transaction date. Exchange rate gains and losses resulting from such transactions or from the revaluation of foreign currency assets and liabilities at year-end rates are recognized as financial income or expenses.

For consolidation purposes, the financial statements of Group companies in foreign currencies are translated into Swiss francs (CHF). Assets and liabilities are translated using year-end rates, while comprehensive income and cash flows are translated using average rates or the spot rate for significant transactions.

The change in accumulated exchange differences from the translation of foreign companies is reported in other comprehensive income (OCI). If a Group company is sold, or if part of it is sold and control is lost, the accumulated exchange differences are reclassified to the income statement.

The exchange rates for the most significant foreign currencies are as follows:

			2022		2021	
			Year-end rate	Average rate	Year-end rate	Average rate
Eurozone	EUR	1	0.98	1.00	1.03	1.08
USA	USD	1	0.92	0.95	0.91	0.91
Brazil	BRL	100	17.46	18.37	16.37	16.96
China	CNY	100	13.28	14.14	14.36	14.14
India	INR	100	1.12	1.21	1.23	1.23

4 Revenue

Revenue from customer contracts is recognized over time for new installations and modernizations, as well as for maintenance. Revenue for repairs is recognized at a point in time.

New installations and modernizations

New installations provide mobility solutions with elevators, escalators, and moving walks for all applications and needs, whereas modernizations offer solutions for existing installations. For both, control is transferred continuously to the customer from the start of the installation of the unit, as the work performed by the Group enhances an asset controlled by the customer.

Revenue is recognized over time based on the cost-to-cost method under which the accumulated costs to date are expressed as a percentage of the expected costs. Anticipated losses are recognized as onerous contract provisions. A per-

formance obligation typically represents the installation or modernization of elevators, escalators, or moving walks.

Maintenance

Maintenance services are rendered for the full range of existing installations. Control is transferred to the customer equally over the contract period based on the time elapsed. Maintenance revenue is recognized over the contract period as the service is provided, according to the agreed contractual terms and conditions.

Repairs

Repairs include a wide range of repair services for existing installations. For repairs, the customer benefits from the service and obtains control once the repair is completed. Revenue for repairs is recognized at the point of customer acceptance.

The Group recognized revenue from customer contracts in the respective regions in which it operates, as follows:

In CHF million	2022				2021			
	Revenue recognized over time	Revenue recognized at a point in time	Other operating revenue	Total	Revenue recognized over time	Revenue recognized at a point in time	Other operating revenue	Total
EMEA	3 863	1 016	26	4 905	3 911	995	32	4 938
Americas	2 578	611	–	3 189	2 421	485	–	2 906
Asia-Pacific	2 994	247	11	3 252	3 151	235	6	3 392
Total revenue	9 435	1 874	37	11 346	9 483	1 715	38	11 236

Revenue from unsatisfied or partially unsatisfied performance obligations relates to not yet completed new installation and modernization contracts in the order backlog or maintenance contracts not yet fulfilled. The majority of the new installation and modernization contracts reported in the order backlog are recognized as revenue in the next two years, whereas the average duration of maintenance contracts that have not yet expired is somewhat longer.

Unsatisfied performance obligations are translated at the year-end exchange rates of the reporting year when estimating revenue to be recognized in future years. The movement in exchange rates could materially impact the amounts disclosed. The Group expects CHF 8 600 million to be recognized in the following year (previous year: CHF 8 400 million), CHF 5 700 million in the following two to three years (previous year: CHF 5 800 million), and CHF 2 600 million in more than three years (previous year: CHF 2 500 million).

5 Segment reporting

Internal financial reporting is submitted to the Supervisory and Strategy Committee acting as the Chief Operating Decision Maker. These financial reports form the basis for the evaluation of the segment's performance.

The same accounting policies are used for both the internal financial reporting and the Group's consolidated financial statements.

The Elevators & Escalators segment is managed as one global unit and comprises an integrated business that specializes in the production and installation of elevators and escalators, as well as the modernization, maintenance, and repair of existing installations.

Finance comprises the expenses of Schindler Holding Ltd. and BuildingMinds.

In CHF million	2022			2021		
	Elevators & Escalators	Finance	Group	Elevators & Escalators	Finance	Group
Revenue	11 345	1	11 346	11 236	–	11 236
Operating profit	956	–52	904	1 216	–50	1 166
Depreciation and amortization	343	1	344	338	1	339
Additions to PPE and intangible assets	130	–	130	132	–	132
Result from associates	–7	–	–7	3	–	3
Assets	8 903	2 905	11 808	8 850	3 124	11 974
thereof associates	25	–	25	30	–	30
Liabilities	6 887	476	7 363	7 059	485	7 544

Geographical information

In CHF million	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
By regions				
EMEA	4 905	1 514	4 938	1 583
Americas	3 189	602	2 906	549
Asia-Pacific	3 252	791	3 392	774
Group	11 346	2 907	11 236	2 906
By material countries				
USA	2 424	364	2 236	374
China	1 793	588	2 053	641
Switzerland	1 076	526	1 027	554

Non-current assets exclude non-current financial assets and deferred tax assets.

6 Employees

6.1 Personnel expenses

In CHF million	2022	2021
Salaries	3 702	3 524
Cost of defined benefit plans	56	66
Cost of defined contribution plans	98	93
Share-based payments	24	19
Other personnel expenses	410	441
Total personnel expenses	4 290	4 143

Salaries mainly comprise wages and cash bonuses, while other personnel expenses consist primarily of social security and insurance contributions. Certain social security contributions previously recorded as salaries are classified as other personnel expenses in the current year. The comparative information has been restated accordingly.

6.2 Post-employment benefits

Defined contribution plans

Contributions are paid to publicly or privately administered pension plans on a statutory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel expenses. In respect of these plans, no assets or liabilities are recognized in the balance sheet.

Defined benefit plans

The defined benefit plans are covered by funds from separate legal entities or are funded directly by the Group. The aggregate of the present value of the defined benefit obligation

and the fair value of plan assets for each plan is recognized in the balance sheet as a net employee benefit liability or a net employee benefit asset. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Plan assets are not available to the Group's creditors.

Pension costs consist of service costs, net interest, and re-measurements of employee benefits. Service costs are included in personnel expenses, net interest is recorded in the financial result, and remeasurement gains and losses from the actuarial valuation are recorded in OCI.

The largest defined benefit plans exist in Switzerland and the USA.

In CHF million	2022		2021	
	Switzerland	USA	Switzerland	USA
Fair value of plan assets	2 327	121	2 530	167
Asset ceiling	-374		-242	
Present value of defined benefit obligation	1 931	160	2 266	216
Net defined benefit asset/liability	22	-39	22	-49

Together, they account for 90% of the Group's total defined benefit obligation and 97% of its plan assets (previous year: 89% and 96%, respectively). Plan participants are insured against the financial consequences of old age, disability, and death. Actuarial reports are prepared annually in accordance with local requirements.

In the reporting year, higher discount rates offset lower returns on plan assets and resulted in an increased asset ceiling for the pension plan in Switzerland. A net defined benefit asset equal to the employer contribution reserve of CHF 22 million (previous year: CHF 22 million) is recognized. The impact of the change in asset ceiling of CHF 132 million (previous year: CHF 242 million) is recognized in OCI.

Unfunded defined benefit plans mainly exist in Austria, France, Germany, and the USA.

Pension plan in Switzerland

The pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan's most senior governing body, the Board of Trustees, must be composed of equal numbers of employee and employer representatives. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The final funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status as of December 31, 2022, is 116% (previous year's estimate: 123%, final status: 123%).

The Schindler Pension Fund has the legal structure of a foundation. All actuarial risks are borne by the foundation. They consist of demographic risks and financial risks and are regularly assessed by the Board of Trustees. Demographic risks include life expectancy, while financial risks comprise discount rates, future salary increases, and the return on plan assets. The Board of Trustees defines the investment strategy based on a long-term target asset structure with the aim of ensuring that plan assets and liabilities are aligned in the medium and long term.

Pension plan in the USA

The Schindler Elevator Corporation Retirement Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which defines minimum standards such as the plan's statutory minimum funded status. Contributions to the pension plan are paid entirely by Schindler Elevator Corporation. Pension entitlements are, to a large extent, insured with the government's Pension Benefit Guaranty Corporation. The final funded status for the reporting year is determined in the second quarter of the following year. According to estimates, the funded status as of December 31, 2022, is 124% (previous year's estimate: 126%, final status: 131%).

The Benefit Administration Committee (BAC) is responsible for the internal structure and supervision of the plan. The BAC consists of employees of Schindler Elevator Corporation, the majority of whom are members of the Executive Board. The assets are held in a separate legal entity. Since the plan was frozen in 2018, no additional benefit accruals have been provided to active participants. Contributions are instead paid to a defined contribution plan pursuant to Internal Revenue Code 401(k).

Movement in net defined benefit obligation

In CHF million	2022				2021			
	Defined benefit obligation	Fair value of plan assets	Asset ceiling	Net defined benefit obligation	Defined benefit obligation	Fair value of plan assets	Asset ceiling	Net defined benefit obligation
January 1	-2 776	2 808	-242	-210	-2 949	2 610	-	-339
thereof arising from funded pension plans	-2 568	2 808	-242	-2	-2 725	2 610	-	-115
thereof arising from unfunded pension plans	-208			-208	-224			-224
Service costs								
Current service costs	-56			-56	-66			-66
Net interest on employee benefits	-19	14	-	-5	-12	8	-	-4
Total recognized in the income statement	-75	14	-	-61	-78	8	-	-70
Actuarial gains (+) / losses (-)								
Changes in demographic assumptions	-1			-1	86			86
Changes in financial assumptions	523			523	89			89
Experience adjustments	-97			-97	-38			-38
Return on plan assets (excluding interest income)		-259		-259		235		235
Change in asset ceiling			-132	-132			-242	-242
Total remeasurements recognized in OCI	425	-259	-132	34	137	235	-242	130
Exchange differences	7	-1	-	6	-	7	-	7
Total recognized in OCI	432	-260	-132	40	137	242	-242	137
Employee contributions	-45	45		-	-46	46		-
Employer contributions		48		48		51		51
Benefits paid	141	-129		12	161	-149		12
Business combinations	-1	-		-1	-1	-		-1
Total contributions and other impacts	95	-36		59	114	-52		62
December 31	-2 324	2 526	-374	-172	-2 776	2 808	-242	-210
thereof arising from funded pension plans	-2 148	2 526	-374	4	-2 568	2 808	-242	-2
thereof arising from unfunded pension plans	-176			-176	-208			-208
Present value of other employee benefits				-25				-27
Total				-197				-237
thereof employee benefit assets				22				22
thereof employee benefit liabilities				-219				-259

The weighted average duration of the defined benefit obligation is 11.7 years (previous year: 13.2 years).

For the reporting year 2023, the Group expects employer contributions of CHF 46 million to the pension plan in Switzerland, CHF 1 million to the pension plan in the USA, and CHF 10 million to all other plans.

Allocation of plan assets

In CHF million	2022	2021
Equity instruments	645	826
Bonds	536	648
Real estate	843	836
Private equity instruments	235	229
Cash and cash equivalents	73	49
Other assets	194	220
Total	2 526	2 808

Equity instruments, bonds, and cash and cash equivalents are generally valued according to quoted prices in active markets. Other assets generally do not have quoted market prices available. The item Other assets includes commodities and insurance-linked securities.

The outflow of funds due to pension payments and other obligations can be forecast reliably. Contributions are paid regularly to funded pension plans. Furthermore, the various investment strategies take account of the need to guarantee the liquidity of the plans at all times. The Group does not make use of any assets held by pension plans.

Significant actuarial assumptions

The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method.

The discount rate and the future increase in salaries were identified as significant assumptions for the pension plan in Switzerland. For the pension plan in the USA, only the discount rate is considered a significant actuarial assumption, as the plan is frozen and no additional benefit accruals are provided to active participants.

The significant assumptions are as follows:

In %	2022		2021	
	Switzerland	USA	Switzerland	USA
Discount rate	2.20	5.01	0.30	2.78
Increase in salaries	1.50	—	1.00	—

The mortality assumptions for Switzerland are based on the mortality table BVG 2020 CMI 1.25% (previous year: BVG 2020 CMI 1.25%) and the assumptions for the USA are based on the mortality table PRI-2012 FG + MP2021 (previous year: PRI-2012 FG + MP2021).

The following impacts on the defined benefit obligation would result from changes in actuarial assumptions:

	2022	2021
Discount rate		
0.25% increase	-2.80%	-3.50%
0.25% decrease	2.80%	3.50%
Increase in salaries		
1.00% increase	1.60%	1.00%
1.00% decrease	-1.60%	-1.00%

The sensitivity analysis is based on reasonably possible changes as of December 31, 2022. Each change in a significant actuarial assumption was analyzed separately as part of the analysis. Interdependencies were not considered.

6.3 Share-based payments

The fair value of share-based payments is determined at grant date. The amount for share-based payments is subsequently recognized over the vesting period as personnel expenses, with an increase in equity based on the number of shares expected to vest and any true-up.

Share-based payments are settled with treasury shares. No additional registered shares or participation certificates are issued.

The Group has the following share-based payment plans in place:

	Current plans		
	Performance Share Plan (PSP)	Bonus Share Plan (BSP)	Deferred Share Plan (DSP) 2015
Year of implementation	2013	2013	2015
Instruments used	Registered shares or participation certificates	Registered shares or participation certificates	Performance Share Units (PSUs)
Beneficiaries	Members of the Supervisory and Strategy Committee	Group management (approximately 500 employees)	Group Executive Committee

Performance and Bonus Share Plans (PSP and BSP)

The Board of Directors determines the specific conditions of the plans, including the provisional number of shares granted, the applicable vesting conditions, and the beneficiaries of the plans. Vesting conditions are service-related and targets are based on non-market performance conditions only. The allocated shares are transferred to the ownership of the beneficiaries once the vesting conditions have been met and include all associated rights. The shares may not be disposed of for a period of three years.

In the reporting year, a provisional number of 99 313 shares was granted under the plans at their grant date fair value of CHF 245.80 per share. The final number of shares will be allocated in April 2023 based on the extent to which bonus targets are achieved.

In April 2022, personnel expenses were adjusted by the final number of shares allocated for the previous year of 79 713 at their grant date fair value of CHF 242.60 per share.

Deferred Share Plan (DSP) 2015

The Board of Directors determines a number of Performance Share Units (PSUs) to be granted based on a contractual target amount. Each PSU gives the beneficiary the right to a still-to-be-determined number of shares. At the start of each reporting year, a combination of growth, profitability, and ESG targets is set for the next three years. The targets set are based on non-market conditions only. After the three-year vesting period, the achievement of those targets is determined, and the PSUs are converted at a conversion rate of between 0% and 300%. The maximum value of the converted shares is three times the contractual target amount. The converted shares are transferred to the ownership of the beneficiaries and include all of the associated rights. In the event of any qualified breaches of the Schindler Code of Conduct, the beneficiary forfeits the right to have the PSUs converted.

In the reporting year, 19 428 PSUs were granted, based on the contractual target amount (previous year: 22 697 PSUs). Personnel expenses are recognized over the vesting period. The grant date fair value of CHF 230.04 (previous year: CHF 226.33) corresponds to the share price at grant date less the present value of the expected dividends over the vesting period.

6.4 Key management compensation

In CHF million	2022	2021
Salaries	23	21
Contributions to pension plans and social security benefits	6	5
Share-based payments	6	9
Total	35	35

The table above sets out the compensation awarded to the executive members of the Board of Directors and members of the Group Executive Committee. They receive fixed compensation as well as performance-related variable compensation. Salaries include cash bonuses and lump-sum expenses.

Additionally, fees and expenses paid to members of the Board of Directors of Schindler Holding Ltd. totaled CHF 3 million (previous year: CHF 3 million).

7 Other operating expenses

In CHF million	2022	2021
Production and installation expenses	1 147	1 093
Employee-related expenses	278	243
Lease-related expenses	44	34
Maintenance and repairs	106	91
Energy supply and consumables	194	167
Insurance, fees, and capital taxes	78	83
Administration and marketing	366	367
Other operating expenses	198	221
Other operating income	-22	-34
Total other operating expenses	2 389	2 265

Employee-related expenses primarily consist of training costs, travel allowances, and work equipment. The item Other operating expenses includes costs related to bad debt allowances, freight and transportation expenses, as well as expenditure on research and development activities. Refer to note 10 for more information about bad debt allowances.

8 Financial result

In CHF million	Note	2022	2021
Financial income			
Interest income		24	19
Net gains on foreign exchange		7	–
Net income from equity instruments		2	9
Other financial income		–	4
Total financial income		33	32
Financial expenses			
Interest expenses		13	10
Interest expenses on lease liabilities	18	10	11
Net interest on employee benefits	6	5	4
Increase in present value of provisions	20	9	8
Net losses on foreign exchange		–	1
Other financial expenses		40	43
Total financial expenses		77	77
Financial result		-44	-45

Other financial expenses mainly comprise bank charges including negative interest charges and financial transaction costs. Interest income and interest expense relate predominantly to financial instruments measured at amortized cost.

9 Financial instruments and risk management

Financial instruments comprise financial assets and financial liabilities. Financial instruments associated with pension plans are not included in the following quantitative and qualitative information.

9.1 Classification and measurement

Financial assets

Financial assets include cash and cash equivalents, accounts receivable, prepaid expenses, and current and non-current financial assets. Financial assets are classified and measured as follows:

Financial assets measured at amortized cost comprise debt instruments held to collect contractual cash flows that are solely payments of the principal amount and interest. They are initially measured at fair value including transaction costs, and subsequently measured at amortized cost using the effective interest method. Interest income, foreign currency revaluations, and impairment losses are recognized in the income statement. On derecognition, gains and losses are recognized in the income statement.

Financial assets measured at fair value through profit or loss (FVPL) include equity instruments held for trading, debt instruments, and derivatives, unless they are designated for hedge accounting. They are measured at fair value. Dividends and fair value changes are reported in the income statement.

Financial assets measured at fair value through OCI with recycling (FVOCI with recycling) include debt instruments held both for selling and collecting contractual cash flows that are solely payments of the principal amount and interest. They are initially measured at fair value including transaction costs and subsequently measured at fair value. Unrealized fair value changes are recognized in OCI, whereas interest income, foreign currency revaluations, and impairment losses are recognized in the income statement. On derecognition, the accumulated gains and losses recognized in OCI are reclassified to the income statement.

Financial assets measured at fair value through OCI without recycling (FVOCI without recycling) comprise equity instruments not held for trading. They are initially measured at fair value including transaction costs and subsequently measured at fair value. Dividends are recognized in the income statement, whereas unrealized fair value changes and foreign currency revaluations are recognized in OCI. On derecognition, the accumulated gains and losses recognized in OCI remain in retained earnings.

Purchases and sales of financial assets are recognized at the trade date. Financial assets are derecognized when the related rights to the resulting cash flows are sold or expire.

Impairment of financial assets

For all debt instruments not classified and measured at FVPL, an allowance for expected credit losses (ECLs) is recognized. ECLs are based on the difference between the contractual cash flows and the cash flow that the Group expects to receive. The Group generally applies a 12-month ECL in view of the low credit risk of its debt instruments. At every reporting date, an assessment is performed to determine whether the debt instruments still have a low credit risk. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the allowance is based on the lifetime ECL.

For accounts receivable and contract assets, the Group applies the simplified approach, without tracking the changes in credit risks. Instead, the Group recognizes a lifetime expected loss allowance based on a provision matrix. Refer to note 10 and note 15 for information on expected loss allowances.

Financial liabilities

Financial liabilities include accounts payable, accrued expenses, lease liabilities, and current and non-current financial debts. Financial liabilities are classified and measured as follows:

Financial liabilities measured at amortized cost comprise all financial liabilities that are not classified and measured at fair value through profit or loss (FVPL). Financial liabilities are initially measured at fair value net of transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign currency revaluations are recognized in the income statement. On derecognition, gains and losses are recognized in the income statement.

Financial liabilities measured at fair value through profit or loss (FVPL) include derivatives not designated for hedge accounting, contingent consideration from business combinations, as well as financial liabilities designated at FVPL at initial recognition. They are measured at fair value. Fair value changes are recognized in the income statement.

Financial liabilities are derecognized when the contractual obligations are fulfilled, cancelled or expire.

The carrying amounts of the Group's financial instruments are classified and measured as follows:

In CHF million	Note	2022					2021				
		Amortized cost	FVPL	FVOCI with recycling	FVOCI without recycling	Total	Amortized cost	FVPL	FVOCI with recycling	FVOCI without recycling	Total
Cash and cash equivalents		2 153				2 153	2 841				2 841
Current financial assets	11	1 238	49			1 287	922	54			976
Accounts receivable	10	1 935				1 935	2 092				2 092
Prepaid expenses		7	20			27	5	22			27
Non-current financial assets	11	170	56	4	236	466	216	61	5	208	490
Total financial assets		5 503	125	4	236	5 868	6 076	137	5	208	6 426
Accounts payable	12	1 046				1 046	1 020				1 020
Accrued expenses	13	895	19			914	993	17			1 010
Financial debts	14	624				624	664				664
Lease liabilities	18	420				420	425				425
Total financial liabilities		2 985	19			3 004	3 102	17			3 119

Prepaid and accrued expenses include derivatives, see note 9.3.

Financial assets of CHF 31 million are pledged (previous year: CHF 23 million). They serve as security for the Group's own liabilities.

9.2 Fair values

Financial instruments measured at fair value are assigned to one of the following three hierarchy levels according to the input data available to measure them:

Level 1: Fair values are determined using quoted prices in active markets. The fair values of listed equity instruments and bonds are determined using level 1 fair values.

Level 2: Fair values are determined using quoted prices in inactive markets or according to the discounted cash flow method based on observable market data. The fair values of derivatives are determined using level 2 fair values.

Level 3: Fair values are determined using external valuations or according to the discounted cash flow method based on unobservable data. The fair values of private equity instruments are determined using level 3 fair values.

With the exception of the bond issued by the Group, the carrying amounts of all other financial instruments measured at amortized cost are reasonable approximations of their fair values.

The Group issued domestic bonds in two tranches in 2018. As of December 31, 2022, the carrying amount of the remaining 5-year bond tranche 2018–2023 with a coupon of 0.25% is CHF 400 million (previous year: CHF 400 million). The level 1 fair value amounts to CHF 398 million (previous year: CHF 404 million). The bond is listed on the SIX Swiss Exchange.

The fair values of the financial instruments measured at fair value and the hierarchy level for their measurement are as follows:

In CHF million	2022		2021	
	Fair value	Level	Fair value	Level
Financial assets				
Current financial assets	49	1	54	1
Derivatives	20	2	22	2
Non-current financial assets	56	1	61	1
Financial instruments at FVPL	125		137	
Non-current financial assets	4	1	5	1
Debt instruments at FVOCI with recycling	4		5	
Non-current financial assets	228	1	201	1
Non-current financial assets	8	3	7	3
Equity instruments at FVOCI without recycling	236		208	
Financial liabilities				
Derivatives	19	2	17	2
Financial instruments at FVPL	19		17	

There were no transfers between the different hierarchy levels during the reporting year, nor in the previous year.

The reconciliation of the level 3 fair values of non-current financial assets is as follows:

In CHF million	2022	2021
January 1	7	8
Fair value changes recognized in OCI	1	-1
December 31	8	7

9.3 Derivatives and hedge accounting

The Group hedges interest rate risks and foreign currency risks arising from its operating activities, financial transactions, and investments using derivative financial instruments. Derivatives are measured at FVPL unless the derivative financial instrument was designated for hedge accounting.

To apply hedge accounting, various criteria must be fulfilled relating to documentation, probability of occurrence, effectiveness of the hedging instrument, and reliability of the valuation. The Group decides on an individual basis whether or not hedge accounting is applied.

Changes in value resulting from cash flow hedge accounting are recognized in OCI and reclassified to the income statement when the underlying transaction occurs.

When the hedged transaction results in the recognition of a non-financial asset or liability, the amounts are transferred from other reserves and included in the initial measurement of the cost of the non-financial asset or liability. Changes in value due to ineffectiveness are recognized in the financial result when they occur.

The following table outlines the fair values and nominal amounts of foreign currency derivatives:

In CHF million	2022			2021		
	Fair value of assets	Fair value of liabilities	Nominal amount	Fair value of assets	Fair value of liabilities	Nominal amount
Without hedge accounting	17	14	1 681	16	16	1 731
Fair value hedges	–	–	32	1	–	23
Cash flow hedges	3	5	314	5	1	328
Total derivatives	20	19	2 027	22	17	2 082

9.4 Financial risk management

The Group is exposed to a variety of general and industry-specific risks, which can have a material impact on the Group's consolidated financial statements. Principles and guidelines for the management of these risks are determined annually by the Board of Directors, the Supervisory and Strategy Committee, and the Group Executive Committee.

The Risk Management Framework is intended to promote sustainable growth, increase the value of the business, and minimize potential adverse effects on the Group's financial performance. Risk management is monitored by the Supervisory and Strategy Committee and the Finance Steering Committee. The Finance Steering Committee is comprised of internal experts who are not members of the Board of Directors.

Sensitivity analyses are performed to assess the effects of different market conditions. These analyses enable risk positions to be evaluated on a Group-wide basis. They provide an approximate measure of the risk that can arise based on specific assumptions in the event of isolated changes to individual parameters of a defined amount. The actual impacts on the statement of comprehensive income may differ, depending on how the market develops.

The most significant financial risks to which the Group is exposed are as follows:

Interest rate risks

Exposure results from changes in interest rates that can negatively affect the Group's consolidated financial statements. The most significant risk results from financial assets and liabilities denominated in the following currencies: CHF, EUR, USD, BRL, CNY, INR.

Foreign currency risks

Exposure to foreign currency risks arises from transactions in currencies other than the functional currency of the Group company. The most significant risk results from the following currencies: EUR, USD, BRL, CNY, INR.

Price risks

Resulting from valuation changes of investments in equity instruments.

Liquidity risks

Exposure arises in the event that debt obligations cannot be met when due, or external borrowings cannot be refinanced.

Credit risks

Resulting from the inability or unwillingness of counterparties of financial assets to fulfill their payment obligations.

Interest rate risks

In order to mitigate interest rate risks, the Group constantly monitors and fixes interest rates for financial liabilities.

Risks from changes in interest rates are modelled using sensitivity analyses that demonstrate the effects of changes in market interest rates on interest expense and interest income. If market interest rates had been 1 percentage point higher or lower during the reporting year, net interest income would have been CHF 30 million higher or lower (previous year: CHF 29 million higher or lower).

Foreign currency risks

The Group mitigates its foreign currency risk through natural hedging of the income currency with the expense currency, or through hedging transactions with financial institutions. Intra-Group financing takes place in local currencies. The foreign currency risk is regularly monitored by key management. Speculative borrowing or investment in foreign currencies is not permitted.

The following table shows the net positions of significant currency hedges and the impact on the net financial result in the event of a movement of +/- 5% in the respective currency.

In CHF million	2022		2021	
	Net position	Sensitivity +/-5%	Net position	Sensitivity +/-5%
EUR	217	+11 / -11	234	+11 / -11
USD	12	+1 / -1	13	+1 / -1
BRL	-8	- / -	-35	-2 / +2
CNY	59	+3 / -3	69	+6 / -6
INR	-2	- / -	-5	- / -

Unhedged net positions amount to less than CHF 10 million and the resulting foreign currency risks are insignificant (previous year: less than CHF 10 million).

Price risks

In order to effectively manage and mitigate the underlying price risk, decisions on investments in equity instruments are made only by the Supervisory and Strategy Committee, the Finance Steering Committee, or Global Treasury.

As of December 31, 2022, the Group is invested in equity instruments totaling CHF 253 million (previous year: CHF 230 million), of which CHF 131 million relate to the investment in Hyundai Elevator Co. Ltd. (previous year: CHF 201 million).

If the prices of the equity instruments as of December 31, 2022, had been 10% higher or lower, net financial income and OCI would have been CHF 2 million and CHF 25 million higher or lower, respectively (previous year: CHF 2 million and CHF 21 million higher or lower, respectively).

Liquidity risks

Liquidity risks are mitigated by maintaining a substantial liquidity reserve in cash, as well as through the efficient use of debt markets for financing purposes based on the Group's creditworthiness.

Future cash outflows for the Group's financial liabilities are as follows:

		Cash outflows			
In CHF million	Carrying amounts	Total	< 1 year	1–5 years	> 5 years
As of December 31, 2022					
Accounts payable	–1 046	–1 046	–1 046		
Accrued expenses	–895	–895	–895		
Derivatives, net	1	1	1	–	–
thereof cash inflows		2 047	1 951	96	–
thereof cash outflows		–2 046	–1 950	–96	–
Lease liabilities	–420	–467	–128	–243	–96
Bond issued	–400	–401	–401	–	
Other financial debts	–224	–224	–57	–132	–35
Total	–2 984	–3 032	–2 526	–375	–131
As of December 31, 2021					
Accounts payable	–1 020	–1 020	–1 020		
Accrued expenses	–993	–993	–993		
Derivatives, net	5	5	5	–	–
thereof cash inflows		2 104	2 029	75	–
thereof cash outflows		–2 099	–2 024	–75	–
Lease liabilities	–425	–474	–126	–253	–95
Bond issued	–400	–401	–	–401	
Other financial debts	–264	–264	–79	–18	–167
Total	–3 097	–3 147	–2 213	–672	–262

The contractual maturities are based on the undiscounted, contractually agreed payments of the principal amount and interest.

Lease liabilities with future cash outflows in more than five years comprise payments for leases of land and buildings for which the Group has assessed contractual extension options as reasonably certain to be exercised. The future cash outflow above ten years is less than CHF 30 million (previous year: less than CHF 30 million).

Credit risks

Credit risks are mitigated through the active collection management of accounts receivable and contract assets, down payments received for customer contracts, and the use of limits governing the total value of financial instruments held at any one financial institution.

Furthermore, in view of the Group's large customer base and global presence, the concentration of credit risks in accounts receivable and contract assets is limited. Refer to note 10 and note 15, respectively, for more information on bad debt allowances and expected loss allowances on contract assets.

The Group is invested mainly in time deposits and high-quality, low-risk and liquid securities. Cash and cash equivalents as well as financial assets are held with counterparties that are primarily rated as investment grade, as defined by public rating agencies. Those assets without rating relate predominantly to time deposits held with non-publicly rated Swiss cantonal banks and Swiss towns and communities.

In CHF million	AAA range	AA range	A range	BBB range	< BBB range	No public rating available	Total
As of December 31, 2022							
Cash and cash equivalents	100	764	736	304	29	220	2 153
Current financial assets	50	325	269	63	–	580	1 287
Non-current financial assets	–	50	60	–	–	101	211
Total	150	1 139	1 065	367	29	901	3 651
As of December 31, 2021							
Cash and cash equivalents	209	661	907	579	56	429	2 841
Current financial assets	50	50	260	11	9	596	976
Non-current financial assets	–	–	57	51	–	152	260
Total	259	711	1 224	641	65	1 177	4 077

The table above excludes equity instruments, as investments in equity instruments are subject only to price risks and not to credit risks.

Capital management

The Group's capital management activities aim to maintain its strong credit rating and robust key performance indicators in order to ensure its operating activities, support growth, and increase the value of the Group.

The Group manages capital by monitoring net liquidity and the equity ratio. The key figures disclosed are defined as non-GAAP measures. The definition of these non-GAAP measures is available on the Group's website.

In CHF million	2022	2021
Net liquidity	2 752	3 027
Equity ratio in %	37.6	37.0

10 Accounts receivable

A receivable is recognized once the Group has an unconditional right to payment. Initially, accounts receivable are recognized at the transaction value according to contractual terms and conditions. They do not carry any interest. Subsequently, accounts receivable are measured at amortized cost, which equals their transaction value less bad debt allowances.

Bad debt allowances are initially recognized through individual value adjustments, where deemed necessary. For accounts receivable that are not individually adjusted, the Group applies the simplified approach for the recognition of expected

lifetime losses using a provision matrix based on the aging of accounts receivable. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, the economic environment in which they operate, as well as market trends and developments.

Changes in bad debt allowances and write-offs of accounts receivable are recognized as other operating expenses. Accounts receivable are written off when there is no reasonable expectation of recovery.

In CHF million	2022	2021
Trade accounts receivable – third parties	2 199	2 285
Trade accounts receivable – associates	10	9
Other receivables	206	151
Bad debt allowances	–285	–257
Total accounts receivable	2 130	2 188

Bad debt allowances relate predominantly to receivables overdue by 181 days or more. The following table outlines the aging of accounts receivable less the related bad debt allowances:

In CHF million	2022	2021
Not due	967	1 070
Overdue by < 90 days	671	689
Overdue by 91 to 180 days	240	203
Overdue by 181 to 360 days	153	149
Overdue by > 360 days	99	77
Total accounts receivable	2 130	2 188

Changes in bad debt allowances are as follows:

In CHF million	2022	2021
January 1	–257	–242
Addition	–64	–28
Utilization	22	18
Business combinations	–1	–1
Exchange differences	15	–4
December 31	–285	–257

11 Financial assets

In CHF million	2022	2021
Current financial assets		
Time deposits	1 237	901
Other current financial assets	50	75
Total current financial assets	1 287	976
Non-current financial assets		
Time deposits	93	168
Other deposits	34	29
Equity instruments	253	230
Other non-current financial assets	107	73
Total non-current financial assets	487	500

Time deposits are included in current financial assets if their maturity is between 3 and 12 months, or in non-current financial assets if their maturity exceeds 12 months.

As of December 31, 2022, the investment in Hyundai Elevator Co. Ltd. represents CHF 131 million of non-current equity instruments (previous year: CHF 201 million). Schindler's interest in this investment remains unchanged at 15.5% as of December 31, 2022. The Group received CHF 4 million in dividend payments from this investment in the reporting year, recognized as financial income (previous year: CHF 4 million).

Other current and non-current financial assets include debt instruments, such as bonds, bond funds, and loans to associates.

12 Accounts payable

In CHF million	2022	2021
Trade accounts payable – third parties	950	919
Trade accounts payable – associates	7	9
Social security	48	51
Indirect and capital taxes	155	153
Other payables	91	92
Total accounts payable	1 251	1 224

As of December 31, 2022, contractual commitments for future purchases of material or services amount to CHF 79 million (previous year: CHF 33 million).

13 Accrued expenses

In CHF million	2022	2021
Personnel expenses	479	529
Late cost for customer contracts	262	285
Cost of materials and services	189	217
Other accrued expenses	267	272
Total accrued expenses	1 197	1 303

Late cost accruals for customer contracts represent the Group's expected cost for follow-up work on new installations or modernizations after handover to the customer. Late cost accruals are typically used within one year.

14 Financial debts

In CHF million	2022	2021
Current financial debts		
Financial debts – related parties	8	11
Bank overdrafts	22	36
0.25% bond 2018–2023, nominal CHF 400 million	400	
Other current financial debts	27	32
Total current financial debts	457	79
Non-current financial debts		
0.25% bond 2018–2023, nominal CHF 400 million		400
Liabilities towards non-controlling interests	151	167
Other non-current financial debts	16	18
Total non-current financial debts	167	585

Other current and non-current financial debts comprise bank loans and deferred purchase considerations from business combinations.

Changes in financial debts are as follows:

	2022			2021		
In CHF million	Current financial debts	Non-current financial debts	Total	Current financial debts	Non-current financial debts	Total
January 1	79	585	664	86	446	532
Cash inflow from increase in financial debts	3	–	3	6	1	7
Cash outflow from repayment of financial debts	–18	–	–18	–20	–	–20
Other cash flows	–27	–	–27	–30	–3	–33
Non-cash items						
Reclassifications	411	–411	–	6	–6	–
Business combinations	1	–	1	–	1	1
Liabilities towards non-controlling interests	–	–16	–16	–	140	140
Others	11	9	20	30	6	36
Exchange differences	–3	–	–3	1	–	1
December 31	457	167	624	79	585	664

As the 5-year bond tranche 2018–2023 will reach maturity in June 2023, it was reclassified from non-current financial debts to current financial debts. Refer to note 9.2 for more information on the bond.

Other cash flows comprise payments of deferred purchase considerations from business combinations disclosed in cash flow from investing activities, see note 23 for further information. Other non-cash items mainly include changes in deferred purchase consideration from business combinations.

Changes in lease liabilities are disclosed in note 18.

Liabilities towards non-controlling interests

Liabilities towards non-controlling interests arise from written put options. Initially, they are measured at the present value of the redemption amount. Subsequent

annual remeasurements are recognized in retained earnings without any impact on the income statement.

Liabilities towards non-controlling interests in the amount of CHF 124 million represent liabilities towards the non-controlling interest of XJ-Schindler Elevator Co. Ltd., China, and Volkslift-Schindler Elevator Co. Ltd., China (previous year: CHF 140 million). They have the right to sell part of their remaining shares to Schindler, commencing in September 2024, if contractually agreed call options are not exercised by Schindler in the future.

15 Contract balances

Contract assets are recognized in cases where the amount of goods or services transferred to the customer exceeds the amount for which the Group has an unconditional right to payment. Contract assets are regularly reviewed for impairment indicators. Contract liabilities are recognized in cases where the amount of goods or services transferred to the customer is lower than the consideration received or due.

For new installations and modernization contracts, contract balances are recognized on a contract-by-contract basis once the installation begins. The amounts invoiced to the customer

are generally based on the achievement of contractually agreed milestones. Such milestones are typically defined as the dates of contract signature, delivery call-off by the customer, and handover of the goods or services to the customer. Consequently, the amounts recognized as revenue over time do not necessarily coincide with the amounts invoiced.

For maintenance contracts, contract liabilities are recognized for prepaid maintenance services by customers, whereas contract assets are recognized for work performed ahead of the payment being unconditionally due.

In CHF million	2022	2021
Contract assets		
New installation and modernization contracts	862	836
Maintenance contracts	59	61
Total contract assets	921	897
Contract liabilities		
New installation and modernization contracts	–2 141	–2 204
Maintenance contracts	–664	–630
Total contract liabilities	–2 805	–2 834

Changes in contract balances are triggered by the progress of projects, business growth, and the timing of down payments received. The Group has recognized CHF 1 975 million as revenue that was included in contract liabilities at the beginning of the reporting year (previous year: CHF 1 655 million). This amount represents new installation and modernization contracts that were completed or further progressed, and the release of contract liabilities related to maintenance contracts. Expected loss allowances relating to contract assets were not material in the reporting year, nor in the previous year.

16 Inventories

Inventories are recognized at the lower of cost of purchase or production cost, or the net realizable value. The cost of purchase or production cost is calculated using the weighted average cost method. The net realizable value corresponds to the estimated sales proceeds less the estimated cost of completion.

Material costs incurred before the start of installation of an elevator or escalator are recognized as inventory for customer contracts at the lower of production cost or the net realizable value. With the start of revenue recognition, inventory for customer contracts is transferred to contract balances.

Inventory allowances are recognized for slow-moving stock. Technically obsolete items are written off.

In CHF million	2022	2021
Inventory for customer contracts	793	654
Raw materials, semifinished and finished goods	570	495
Advance payments to suppliers	55	39
Total inventories	1 418	1 188

Inventories include allowances and write-offs of CHF 127 million related to slow-moving and technically obsolete items (previous year: CHF 108 million).

17 Property, plant, and equipment

Property, plant, and equipment, as well as investment properties not used for operational purposes, are measured at cost less accumulated depreciation.

Costs are capitalized if they extend the useful life or expand the production capacity of an asset. Non-value-adding maintenance and repair costs are recognized as other operating expenses when they are incurred.

Property, plant, and equipment are depreciated on a straight-line basis over their useful life. Land is not depreciated.

The estimated useful life of property, plant, and equipment is as follows: for buildings: 20 to 40 years; for equipment and machinery: 5 to 10 years; and for other property, plant, and equipment: 3 to 10 years.

An impairment test is performed whenever impairment indicators are identified. If the test reveals that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Impairment losses are recognized in the income statement.

In CHF million	Land	Buildings	Equipment and machinery	Assets under construction	Other PPE	Total
Net book values 2022						
January 1, 2022	56	611	203	40	104	1 014
Additions	4	16	46	30	25	121
Disposals	–	–3	–2	–	–2	–7
Depreciation	–	–39	–55	–	–39	–133
Business combinations	–	5	–	–	–	5
Reclassifications	–9	29	15	–35	–	–
Exchange differences	–	–24	–8	–	–6	–38
December 31, 2022	51	595	199	35	82	962
Cost						
Cost	53	1 004	657	35	383	2 132
Accumulated depreciation and impairment	–2	–409	–458	–	–301	–1 170
December 31, 2022	51	595	199	35	82	962
Net book values 2021						
January 1, 2021	61	616	201	44	115	1 037
Additions	3	23	49	15	27	117
Disposals	–6	–1	–2	–	–2	–11
Depreciation	–	–41	–56	–	–40	–137
Business combinations	–	–	–	–	1	1
Reclassifications	–1	7	10	–17	1	–
Exchange differences	–1	7	1	–2	2	7
December 31, 2021	56	611	203	40	104	1 014
Cost						
Cost	66	1 004	655	41	416	2 182
Accumulated depreciation and impairment	–10	–393	–452	–1	–312	–1 168
December 31, 2021	56	611	203	40	104	1 014

Other property, plant, and equipment comprise vehicles, furniture, and IT hardware.

In the reporting year, the sale of property, plant, and equipment resulted in gains of CHF 14 million (previous year: gains of CHF 26 million). The gains are recognized in other operating income.

As of December 31, 2022, contractual commitments for investments in property, plant, and equipment amount to CHF 4 million (previous year: CHF 5 million).

Investment properties

The following table provides information on investment properties included in land and buildings:

In CHF million	2022	2021
Net book value	29	18
Fair value	34	20
Rental income	3	3
Operating expenses	1	1
thereof for investment properties without lease income	–	–

The fair value indicated for investment properties is measured using the discounted cash flow method. Based on the unobservable input data used for the valuation, such as discount rates and expected developments in rental income, it results in a level 3 fair value classification.

18 Leases

Lease liabilities are initially measured at the present value of future lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease contract, if available. Lease payments include payments for non-lease components. Lease liabilities are subsequently measured at amortized cost using the effective interest method. Remeasurements of lease liabilities are required in the event of changes in the lease term, in future lease payments, or when options are reassessed.

Right-of-use assets are initially measured at the present value of the corresponding lease liability, adjusted by payments

made before lease commencement and any lease incentives received. The assets are subsequently depreciated on a straight-line basis over the lease term and are adjusted to reflect remeasurements of the corresponding lease liability. An impairment test is performed whenever impairment indicators are identified.

The costs arising from short-term leases, variable lease payments not included in the measurement of lease liabilities, and leases of low-value assets are recognized as lease-related expenses in other operating expenses when they are incurred.

The Group leases land and buildings for use as office and warehouse space whereby lease terms are typically fixed for a period of three to ten years. In many cases, lease contracts for buildings contain extension options, which provide operational flexibility and security. Such options are individually assessed to determine whether the Group is reasonably certain to exercise the option. Furthermore, the Group maintains a fleet of leased vehicles with an average lease term of four years.

The following expenses related to the Group's leasing activities are recognized in the income statement:

In CHF million	2022	2021
Lease-related expenses	44	34
Depreciation of right-of-use assets	140	136
Interest expenses on lease liabilities	10	11
Total recognized in the income statement	194	181

Right-of-use assets

In CHF million	Land	Buildings	Vehicles	Total
Net book values 2022				
January 1, 2022	43	259	149	451
Additions	–	60	95	155
Disposals	–	–10	–2	–12
Depreciation	–1	–62	–77	–140
Exchange differences	–3	–7	–3	–13
December 31, 2022	39	240	162	441
Cost	43	405	331	779
Accumulated depreciation and impairment	–4	–165	–169	–338
December 31, 2022	39	240	162	441
Net book values 2021				
January 1, 2021	42	250	143	435
Additions	–	74	83	157
Disposals	–	–4	–	–4
Depreciation	–1	–61	–74	–136
Exchange differences	2	–	–3	–1
December 31, 2021	43	259	149	451
Cost	46	399	290	735
Accumulated depreciation and impairment	–3	–140	–141	–284
December 31, 2021	43	259	149	451

Lease liabilities

In CHF million	Current lease liabilities	Non-current lease liabilities	Total
January 1, 2022	113	312	425
Lease payments including interest	–146		–146
Non-cash items			
Additions	44	111	155
Interest	10		10
Reclassifications	101	–101	–
Disposals	–4	–8	–12
Exchange differences	–4	–8	–12
December 31, 2022	114	306	420
January 1, 2021	110	297	407
Lease payments including interest	–143		–143
Non-cash items			
Additions	37	120	157
Interest	11		11
Reclassifications	102	–102	–
Disposals	–2	–2	–4
Exchange differences	–2	–1	–3
December 31, 2021	113	312	425

Additions to right-of-use assets and to lease liabilities include new leases and remeasurements of existing leases. Total cash outflows for the Group's leasing activities amount to CHF 190 million in the reporting year (previous year: CHF 177 million). Interest paid on lease liabilities is presented as part of interest paid within cash flow from operating activities.

19 Intangible assets

Goodwill, maintenance portfolios acquired from third parties, software, as well as rights, patents, and licenses, are recognized as intangible assets.

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful life. The estimated useful life of intangible assets is as follows: for maintenance portfolios: 10 to 15 years; and for other intangible assets: 3 to 10 years.

Goodwill is not amortized but is tested for impairment annually or whenever there are indications that an impairment may have occurred.

For all other intangible assets, an impairment test is performed whenever impairment indicators are identified. If the test reveals that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Impairment losses are recognized in the income statement.

In CHF million	Goodwill	Maintenance portfolio	Other intangible assets	Total
Net book values 2022				
January 1, 2022	986	344	59	1 389
Additions			9	9
Amortization		-46	-25	-71
Business combinations	110	69	-	179
Exchange differences	-40	-10	1	-49
December 31, 2022	1 056	357	44	1 457
Cost	1 073	704	232	2 009
Accumulated amortization and impairment	-17	-347	-188	-552
December 31, 2022	1 056	357	44	1 457
Net book values 2021				
January 1, 2021	916	290	72	1 278
Additions			15	15
Amortization		-39	-27	-66
Business combinations	64	97	-	161
Exchange differences	6	-4	-1	1
December 31, 2021	986	344	59	1 389
Cost	1 003	734	235	1 972
Accumulated amortization and impairment	-17	-390	-176	-583
December 31, 2021	986	344	59	1 389

Other intangible assets relate predominantly to software, some of which has been internally developed. Development costs are capitalized when certain criteria are met. However, as experience shows that future economic benefits can usually only be proven when the products are successfully launched in the market, they are generally expensed in the income statement when incurred, consistent with research costs. In the reporting year, research and development costs of CHF 208 million were recognized in the income statement (previous year: CHF 223 million).

Goodwill impairment test

The value in use of the cash-generating units to which goodwill has been allocated is determined annually in the third quarter using the discounted cash flow method, or more frequently if any indication of impairment exists.

Future cash flows, pre-tax discount rates, and other parameters relating to the respective cash-generating units are determined using various assumptions. The estimate for the reporting year and the forecast for the following three years generally form

the basis for the test. Assumptions such as market conditions, sales volumes, revenue, earnings before taxes, and tax rates are considered reasonable by management.

An impairment loss is recognized in the income statement if the carrying amount of the cash-generating unit exceeds the value in use. Impairment losses from earlier periods cannot be reversed.

The value in use calculations were based on the following assumptions:

In CHF million	Goodwill	Pre-tax discount rate	Growth rate	Inflation rate
As of December 31, 2022				
China	303	9.4%	2.0%	2.0%
Germany	229	8.9%	2.0%	2.0%
Brazil	132	23.6%	3.0%	3.0%
Switzerland	87	7.4%	1.0%	1.0%
USA	83	12.5%	2.0%	2.0%
Others	222			
Total	1 056			
As of December 31, 2021				
China	327	9.8%	2.0%	2.0%
Germany	240	5.9%	2.1%	2.1%
Brazil	91	22.0%	3.3%	3.3%
Switzerland	87	5.7%	1.0%	1.0%
USA	82	8.0%	2.2%	2.2%
Others	159			
Total	986			

No impairment was necessary in the reporting year (previous year: no impairment). The item Others comprises 15 cash-generating units whose allocated goodwill is individually insignificant (previous year: 13).

The value in use of the cash-generating units to which goodwill has been allocated is reviewed to determine the impact of reasonably possible changes in key assumptions. In particular, an increase in the discount rate or a deterioration of future cash flow expectations is considered. These reasonably possible changes in key assumptions would not alter the results of the impairment test.

20 Provisions and contingent liabilities

20.1 Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, if it is probable that a cash outflow will be required to settle the obligation, and a reliable estimate of this amount can be made. Provisions are determined on the basis of assumptions and estimates and are therefore subject to a degree of uncertainty. They are reassessed at every reporting date.

Non-current provisions are discounted at a risk-adjusted interest rate whenever the impact of discounting is material. The increase in the present value is subsequently recognized as financial expenses.

In CHF million	Onerous customer contracts	Restructuring costs	Product liabilities and warranties	Self-insurance	Others	Total
Current provisions	80	32	122	20	15	269
Non-current provisions	25	8	173	53	17	276
Total provisions	105	40	295	73	32	545
Statement of changes						
January 1, 2022	94	32	315	67	32	540
Addition	64	37	47	11	12	171
Increase in present value	–	–	4	5	–	9
Usage	–47	–27	–64	–19	–10	–167
Reversal	–3	–1	–8	–	–1	–13
Business combinations	–	–	–	6	–	6
Exchange differences	–3	–1	1	3	–1	–1
December 31, 2022	105	40	295	73	32	545

Provisions for onerous contracts are recognized to cover losses contained in loss-making customer contracts. These provisions are calculated on the basis of pre-calculations and experience. Customer contracts are usually satisfied within 9 to 24 months. The provisions are reversed as each contract progresses.

Restructuring provisions are recognized and measured on the basis of the restructuring plans that have been announced. Provisions are used when the related costs are incurred.

Provisions for product liability cover claims made with respect to product liability risks. The measurement of provisions for product liability is based on actuarial reports by independent experts. Such reports take account of all units under maintenance and include assumptions about the probability of occurrence of future damages based on experience. Product liability provisions are used as the payments are made, which may be over a period of up to ten years following the occurrence of damages. Warranty provisions cover the risk of expenses that are expected to occur before the warranty period expires, so-called assurance-type warranties. The provisions are calculated based on experience.

Provisions for self-insurance mainly cover employee-related risks that are not, or not sufficiently, covered by local or state insurance in individual countries. The measurement of self-insurance provisions is based on actuarial reports by independent experts. The reports take account of all local employees and include assumptions about the probability of occurrence of risks based on experience. The provisions are used as the payments are made, which may be over a period of up to ten years following the occurrence of the event.

Other provisions covering further risks, such as litigation, are generally used within five years.

20.2 Contingent liabilities

Guarantees provided in favor of third parties are reported off-balance sheet as contingent liabilities and are only recognized as a provision if it is probable that an outflow of resources will occur. As of December 31, 2022, guarantees amount to CHF 48 million (previous year: CHF 17 million).

Furthermore, the Group is exposed to a variety of legal risks, such as risks associated with employment law, product liability, patent law, and competition law. Several Group companies are involved in ongoing legal proceedings, the results of which cannot be accurately forecast. Consequently, decisions by courts or other authorities can give rise to expenses that are not covered either partly or fully by insurance policies. This may have a significant impact on the business and future results.

The decision by the European Commission on February 21, 2007, regarding fines under competition law, as well as the decision by the Higher Regional Court in Vienna on December 14, 2007, to impose fines, resulted in civil damage claims against Group companies and other elevator companies being lodged with courts in Belgium, the Netherlands, and Austria. The total capital amount claimed jointly and severally from all the defendants involved in the proceedings – in which Group companies are involved as defendants – was EUR 67 million as of December 31, 2022. The Group companies in question consider the claims to be without merit.

21 Income taxes

Current income taxes

Current income taxes are determined on the basis of the results for the reporting year, taking account of national tax laws in the relevant jurisdictions.

Deferred taxes

Deferred taxes are recognized using the liability method. Deferred taxes reflect the income tax impact of temporary differences between the balance sheet values relevant for the consolidated financial statements and the values that are relevant for tax assessments.

Deferred tax liabilities are recognized on all taxable temporary differences, whereas deferred tax assets are only recognized if it is probable that future profits will be available against which these assets can be offset for tax purposes. Forecasts and the interpretation of existing tax laws and regulations

serve as the basis for the assumptions of whether such future offsetting is probable.

Changes in deferred tax assets and liabilities are recognized as income tax expenses, in OCI, or directly in equity, according to where the underlying transaction that led to the change in deferred taxes is recognized.

Uncertain tax positions

Uncertainties regarding the correct tax treatment can arise from risks resulting from final tax assessments that are only made several years after the end of the reporting year. Where there is uncertainty over whether the Group's tax treatment will be accepted by the tax authority, the Group is required to reflect this uncertainty in the consolidated financial statements. The uncertainty is reflected by an expected value or the single most likely amount, whichever is more appropriate.

The income tax expenses recognized in the income statement are as follows:

In CHF million	2022	2021
Current income taxes for the reporting year	229	252
Current income taxes from previous years	1	-3
Deferred income taxes	-36	-6
Total income taxes	194	243

The reconciliation of income tax expenses is as follows:

In CHF million	2022	2021
Profit before taxes	853	1 124
Weighted average income tax rate – expected	21.3%	21.1%
Expected income tax expenses	182	237
Effects of		
Recognition/utilization of unrecognized tax loss carryforwards	-12	-8
Other non-taxable income/other non-deductible expenses	6	9
Non-refundable withholding taxes	17	21
Current income taxes from previous years	1	-3
Other differences	-	-13
Total income taxes	194	243
Weighted average income tax rate – effective	22.7%	21.6%

The Group is subject to taxes in different countries around the world. The weighted average income tax rate is calculated using the enacted tax rates for the individual Group companies in each jurisdiction. Due to the composition of the Group's taxable income, as well as changes in local tax rates, the average tax rate usually varies from year to year.

Deferred taxes

Deferred taxes arise from the following positions in the consolidated balance sheet:

In CHF million	2022			2021		
	Deferred tax assets	Deferred tax liabilities	Net book value	Deferred tax assets	Deferred tax liabilities	Net book value
Current assets	149	-42	107	129	-49	80
Property, plant, and equipment	3	-25	-22	2	-30	-28
Intangible assets	17	-121	-104	20	-108	-88
Current liabilities	105	-44	61	107	-42	65
Provisions	84	-17	67	85	-21	64
Employee benefits	53	-3	50	67	-2	65
Others	2	-17	-15	2	-20	-18
Tax loss carryforwards	18		18	9		9
Net deferred taxes			162			149
thereof deferred tax assets			305			291
thereof deferred tax liabilities			-143			-142

Changes in net deferred taxes are as follows:

In CHF million	2022	2021
January 1	149	169
Addition and reversal of temporary differences		
recognized in the income statement	36	6
recognized in OCI	-1	-24
Business combinations	-15	-12
Exchange differences	-7	10
December 31	162	149

Tax loss carryforwards

In CHF million	2022		2021	
	Loss carry-forwards	Tax effects	Loss carry-forwards	Tax effects
Total	254	55	253	48
Recognized as deferred tax assets	-85	-18	-37	-9
Total unrecognized	169	37	216	39
thereof expiring				
< 1 year	3	1	24	3
1–5 years	40	6	38	6
> 5 years	126	30	154	30

Unrecognized deferred tax assets

In CHF million	2022	2021
Temporary differences	8	12
Tax loss carryforwards	169	216
Total basis	177	228
Unrecognized deferred tax assets	39	42
Average tax rate	22.0%	18.4%

22 Equity and earnings per share

Share and participation capital

	Number	Capital in CHF
Registered shares, nominal value CHF 0.10	67 077 452	6 707 745
Participation certificates, nominal value CHF 0.10	40 716 831	4 071 683
Total	107 794 283	10 779 428

There were no changes in the share and participation capital compared to the previous year.

Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights or any other rights of membership, such as participation in General Meetings of Shareholders.

Earnings per share

	2022	2021
Number of shares and participation certificates	107 794 283	107 794 283
Average number of treasury shares	-143 396	-198 502
Basic average number of outstanding shares	107 650 887	107 595 781
Share-based payment plans	96 897	147 402
Diluted average number of outstanding shares	107 747 784	107 743 183
Net profit attributable to Schindler shareholders in CHF million	610	828
Basic earnings per share in CHF	5.67	7.70
Diluted earnings per share in CHF	5.66	7.68

Shares include registered shares and participation certificates.

Dividends

In 2022, CHF 431 million was paid in dividends (previous year: CHF 430 million). This corresponds to an ordinary dividend of CHF 4.00 per registered share and per participation certificate (previous year: ordinary dividend of CHF 4.00).

The Board of Directors proposes to the General Meeting of Shareholders the payment of an ordinary dividend of CHF 4.00 per share and participation certificate for the reporting year 2022. This represents a total gross dividend payment of CHF 431 million. The dividend payment will be recognized in equity in the period in which the distribution is approved by the General Meeting of Shareholders.

Treasury shares

Treasury shares comprise registered shares and participation certificates of Schindler Holding Ltd. They are reported as a deduction from equity and are measured at acquisition costs.

There is no subsequent remeasurement of treasury shares. Gains and losses from the sale of treasury shares are recognized in equity.

In CHF million	Registered shares		Participation certificates	
	Number	Value	Number	Value
January 1, 2021	266 619	52	20 416	2
Disposals	–	–	–1 361	–
Share-based payments				
Allocation of shares	–54 003	–14	–	–
Exercise of PSUs and options	–61 607	–11	–19 055	–2
Difference in value		2		–
December 31, 2021	151 009	29	–	–
Purchases	300 000	49	–	–
Disposals	–4 055	–1	–	–
Share-based payments				
Allocation of shares	–79 797	–15	–	–
Exercise of PSUs and options	–40 518	–6	–	–
Difference in value		–2		–
December 31, 2022	326 639	54	–	–

Treasury shares are used for the Group's share-based payment plans, refer to note 6.3.

Other reserves

Other reserves comprise cash flow hedge reserves of CHF –1 million (previous year: CHF 6 million), the share of OCI from associates amounting to CHF –1 million (previous year: CHF –1 million) and accumulated changes in the fair value of debt instruments measured at fair value of CHF –1 million.

23 Business combinations

General

Business combinations are accounted for using the acquisition method. Acquisition costs comprise the consideration paid, including the fair value of deferred and contingent consideration. Transaction costs are recognized as operating expenses. Businesses acquired in the reporting year are included in the Group's consolidated financial statements from the date on which the Group obtained control of the business.

Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities, and are recognized at fair value. Identifiable intangible assets mainly consist of maintenance portfolios. The difference between the acquisition costs and the fair value of the net assets acquired is recognized as goodwill. Goodwill is allocated to those cash-generating units that are

expected to benefit from the acquisition and to generate future cash flows. Non-controlling interests are generally recognized according to their proportionate share of the fair value of the net assets acquired.

It is common practice for the Group to acquire call options for interests that were not acquired, and to write put options.

Step acquisitions

If the Group obtains control of an associate, the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. Items previously recognized in OCI are reclassified to the income statement.

In the reporting year and in the previous year, Schindler acquired the business activities or the shares of various smaller companies that sell, install, modernize, and maintain elevators and escalators. Viewed individually, the impact of the business combinations that took place in the reporting year is not material, nor would it have been material had the business combinations have occurred on January 1, 2022, or January 1, 2021, respectively. The business combinations enable the Group to strengthen its market position and regional coverage.

The fair values of the net assets acquired through all business combinations are as follows:

In CHF million	2022	2021
Assets		
Cash and cash equivalents	8	6
Accounts receivable	16	6
Other current assets	1	3
Property, plant, and equipment	5	1
Maintenance portfolio	69	97
Deferred tax assets	1	1
Other non-current assets	4	–
Liabilities		
Accounts payable	14	7
Contract liabilities	6	3
Other current liabilities	10	2
Deferred tax liabilities	16	13
Other non-current liabilities	3	3
Net assets acquired	55	86
Non-controlling interests	–	–
Goodwill	110	64
Total acquisition costs	165	150

Gross trade accounts receivable total CHF 17 million and the related bad debt allowances total CHF 1 million (previous year: gross amount of CHF 7 million and allowances of CHF 1 million).

The Group assumes that CHF 37 million of goodwill is tax-deductible (previous year: CHF 33 million).

Cash flows

A reconciliation of the net cash outflow for all business combinations is provided in the following table:

In CHF million	2022	2021
Cash and cash equivalents paid	145	114
Deferred purchase consideration	20	36
Total acquisition costs	165	150
Cash and cash equivalents acquired	-8	-6
Deferred purchase consideration	-20	-36
Paid deferred purchase consideration	27	33
Net cash outflow	164	141

24 Cash flow statement

The cash flow statement shows the movements in the Group's cash and cash equivalents.

Cash and cash equivalents are defined as cash on hand, current bank accounts, and time deposits with an original maturity of three months or less.

The reconciliation of the Group's net profit to operating profit, which is used as the starting point for the cash flow statement, is as follows:

In CHF million	2022	2021
Net profit	659	881
Income taxes	194	243
Financial result	44	45
Result from associates	7	-3
Operating profit	904	1 166

Details of specific line items in operating cash flow are included in the following table:

In CHF million	2022	2021
Other non-cash items		
Share-based payments	24	19
Change in provisions	158	190
Change in employee benefits	8	15
Change in bad debt allowances	64	28
Others	-6	-31
Total other non-cash items	248	221
Other cash items		
Change in provisions	-167	-153
Change in employee benefits	-12	-12
Total other cash items	-179	-165
Change in net working capital		
Accounts receivable	-60	-104
Contract assets	-72	-136
Inventories	-283	-183
Prepaid expenses	-19	2
Accounts payable	48	108
Contract liabilities	67	368
Accrued expenses	-56	4
Total change in net working capital	-375	59

25 Related parties

Schindler Holding Ltd., Hergiswil, Switzerland, is the ultimate holding company of the Group and is not controlled by any other company.

As of December 31, 2022, the Schindler and Bonnard families – within the scope of shareholder agreements – and parties related to these families, held 46 011 639 registered shares of Schindler Holding Ltd. (previous year: 46 444 250). This corresponds to 68.6% of the voting rights of the share capital recorded in the Commercial Register (previous year: 69.2%).

Business transactions with related parties are generally conducted at arm's length. Transactions in goods and services are based on prices that apply to third parties, including similar general terms and conditions.

Transactions with associates and other related parties consist of the following:

In CHF million	2022	2021
Associates		
Accounts receivable and loans	12	14
Liabilities	7	9
Revenue	61	49
Material and operating expenses	16	16
Other related parties		
Liabilities towards shareholders	8	11
Interest expenses	–	–

The compensation of key management is disclosed in note 6.4.

26 Material Group companies

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)		
			2022	2021			
Argentina	Buenos Aires	Ascensores Schindler S.A.	100.0	100.0	3 104	ARS	○
Australia	Sydney	Schindler Lifts Australia Pty. Ltd.	100.0	100.0	53 500	AUD	○
Austria	Vienna	Schinac Verwaltungs GmbH	100.0	100.0	70	EUR	○
		Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	2 000	EUR	○
		Schindler Fahrtreppen International GmbH	100.0	100.0	2 000	EUR	○
Belgium	Brussels	S.A. Schindler N.V.	100.0	100.0	22 000	EUR	○
Brazil	São Paulo	Elevadores Atlas Schindler Ltd.	100.0	100.0	70 479	BRL	○
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50.0	50.0	1	USD	○
Canada	Toronto	Schindler Elevator Corporation	100.0	100.0	25 100	CAD	○
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	100.0	100.0	1 270 626	CLP	○
China	Henan	XJ-Schindler Elevator Co. Ltd.	75.7	75.7	351 000	CNY	○
	Hong Kong SAR	Schindler Lifts (Hong Kong) Ltd. ¹	100.0	100.0	25 000	HKD	○
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd. ¹	100.0	100.0	25	MOP	○
	Shanghai	Schindler (China) Elevator Co. Ltd.	100.0	100.0	941 400	CNY	○
	Zhejiang	Volkslift-Schindler Elevator Co. Ltd.	49.0	49.0	258 000	CNY	○
	Taiwan region	Jardine Schindler Lifts Ltd. ¹	100.0	100.0	200 000	TWD	○
Colombia	Medellín	Ascensores Schindler de Colombia S.A.S.	100.0	100.0	10 199 551	COP	○
Czech Republic	Prague	Schindler CZ a.s.	100.0	100.0	101 000	CZK	○
Denmark	Ballerup	Schindler Elevatorer A/S	100.0	100.0	3 000	DKK	○
Egypt	Cairo	Schindler Ltd.	100.0	100.0	24 250	EGP	○
Finland	Helsinki	Schindler Oy	100.0	100.0	100	EUR	○
France	Vélizy-Villacoublay	Schindler S.A.	100.0	100.0	8 595	EUR	○
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100.0	100.0	9 715	EUR	○
		BuildingMinds GmbH	100.0	100.0	100	EUR	○
		C. Haushahn GmbH & Co. KG	100.0	100.0	8 997	EUR	○
Greece	Athens	Schindler Hellas S.A.	0.0	100.0	–	EUR	○
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcső KFT	100.0	100.0	460 000	HUF	○
India	Mumbai	Schindler India PVT Ltd.	100.0	100.0	1 217 879	INR	○
Indonesia	Jakarta	PT Berca Schindler Lifts ¹	64.0	64.0	11 320 296	IDR	○
Israel	Petah Tikva	Schindler Nechushtan Elevators Ltd.	100.0	100.0	11 045	ILS	○
Italy	Concorezzo	Schindler S.p.A.	100.0	100.0	8 400	EUR	○
Kenya	Nairobi	Schindler Ltd.	100.0	100.0	305 000	KES	○
Liechtenstein	Vaduz	Reassur AG	100.0	100.0	20 000	CHF	○
Malaysia	Kuala Lumpur	Schindler Lifts (Malaysia) Sdn. Bhd. ¹	70.0	70.0	5 000	MYR	○
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100.0	100.0	122 073	MXN	○
Morocco	Casablanca	Schindler Maroc S.A.	100.0	100.0	60 000	MAD	○
Netherlands	The Hague	Schindler Liften B.V.	100.0	100.0	567	EUR	○
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100.0	100.0	1 000	NZD	○

- Production
○ Sales, installation, maintenance
○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

Country	Head office	Name of company	Participation in %		Nominal capital (in thousands of local currency)		
			2022	2021			
Norway	Vennesla	Schindler AS	100.0	100.0	8 000	NOK	○
Peru	Lima	Ascensores Schindler del Perú S.A.	100.0	100.0	6 718	PEN	○
Philippines	Manila	Jardine Schindler Elevator Corp. ¹	100.0	100.0	277 000	PHP	○
Poland	Warsaw	Schindler Polska Sp. z o.o.	100.0	100.0	5 000	PLN	○
Portugal	Algés	Schindler, S.A.	100.0	100.0	4 000	EUR	○
Romania	Bucharest	Schindler Romania S.R.L.	100.0	100.0	125	RON	○
Russia	Moscow	ZAO Schindler	0.0	100.0	–	RUB	○
Saudi Arabia	Jeddah	Schindler Olayan Elevator Company Ltd.	65.0	65.0	30 000	SAR	○
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd. ¹	100.0	100.0	3 714	SGD	○
Slovakia	Dunajská Streda	Schindler Dunajská Streda a.s.	100.0	100.0	5 950	EUR	○
		Schindler Eskalátory s.r.o.	100.0	100.0	1 245	EUR	○
South Africa	Johannesburg	Schindler Lifts (SA) (PTY) Ltd.	75.0	90.0	1	ZAR	○
South Korea	Seoul	Schindler Elevator Company Ltd.	100.0	100.0	6 185 000	KRW	○
Spain	Madrid	Schindler S.A.	99.8	99.8	27 801	EUR	○ ○ ○
Sweden	Danderyd	Schindler Hiss AB	100.0	100.0	9 440	SEK	○
Switzerland	Ebikon	Schindler Aufzüge AG	100.0	100.0	25 000	CHF	○ ○
		Schindler IT Services AG	0.0	100.0	–	CHF	○
		Schindler Management AG	100.0	100.0	1 000	CHF	○
		Schindler Supply Chain Europe AG	100.0	100.0	100	CHF	○ ○
	Hergiswil	Inventio AG	100.0	100.0	11 000	CHF	○
	Küssnacht a.R.	Schindler International Ltd.	0.0	100.0	–	CHF	○ ○
		AS Aufzüge AG	100.0	100.0	7 000	CHF	○
Thailand	Bangkok	Jardine Schindler (Thai) Ltd. ¹	100.0	100.0	90 268	THB	○
Turkey	Istanbul	Schindler Türkelî Asansör Sanayi A.Ş.	100.0	100.0	270 000	TRY	○
United Kingdom	Sunbury	Schindler Ltd.	100.0	100.0	2 005	GBP	○
United Arab Emirates	Dubai	Schindler for Elevators and Escalators L.L.C	100.0	100.0	20 000	AED	○
USA	Cantaño	Schindler of Puerto Rico, LLC	100.0	100.0	1	USD	○
	Morristown	Schindler Elevator Corporation	100.0	100.0	1	USD	○ ○
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd. ¹	100.0	100.0	20 818 485	VND	○ ○

- Production
○ Sales, installation, maintenance
○ Other services

¹ Participations of Jardine Schindler Holdings Ltd., BVI

Report of the statutory auditor

to the General Meeting of Schindler Holding Ltd., Hergiswil

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Schindler Holding Ltd. and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2022, the consolidated balance sheet as at 31 December 2022 and the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 4 to 49) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these regulations and standards are further described in the ‘Auditor’s responsibilities for the audit of the consolidated financial statements’ section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overall Group materiality: CHF 42.6 million

We concluded full scope audit work at 21 reporting units in 11 countries. Our audit scope addressed 81% of the Group’s revenue. In addition, specified procedures were performed on selected balance sheet and income statement line items on a further 7 reporting units.

As key audit matter the following area of focus has been identified:
Revenue recognition for new installations and modernizations.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 42.6 million
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of Groups are most commonly measured, and it is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's financial statements are a consolidation of 87 reporting units, comprising the Group's operating businesses and centralized functions. The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements and of the impairment testing of goodwill. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the audit procedures relating to the accounting of key audit areas, specifying the materiality thresholds to be applied, conducting virtual and physical meetings with the component auditors during the planning phase, the interim audit and the year-end audit, review of their working papers and analyzing their reporting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for new installations and modernizations**Key audit matter**

The Group recognizes revenue from contracts with customers for new installation and modernizations as well as from the provision of maintenance services over time. Revenue relating to repairs is recorded at a point in time. In the financial year 2022, CHF 9 435 million of revenue, representing 83% of total revenue, was recognized over time, which includes revenue from new installations and modernizations.

We consider revenue recognition for new installations and modernizations to be a key audit matter for the following reason:

Management uses judgement and estimates to determine the total project cost and project margin. Management applies an input-based method which compares relative costs incurred to the total costs expected to measure progress towards the satisfaction of the performance obligations. An incorrect estimate of the expected costs could have a significant impact on the recorded revenue for new installations and modernizations, the related balance sheet amounts and the net profit of the Group.

Please refer to Note 4 'Revenue' in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

Our response to address revenue recognition for new installations and modernizations included in particular the following audit procedures:

We gained an understanding of the processes and controls implemented by management to record revenue for new installations and modernizations, including management's processes and controls relating to the estimated total costs and margin of projects.

We assessed the design and the existence of the key controls implemented by management. Further, we tested the effectiveness of selected manual and automated controls.

For a sample of customer contracts, we assessed the accounting treatment applied. We assessed whether management's estimated total costs and margin as well as the measure of progress and the timing of revenue recognition was appropriate. With regards to these samples:

- We assessed the relevant contract terms and verified whether they had been correctly reflected in the accounting records.
- We evaluated whether all performance obligations in the selected contracts were identified and satisfied over time.

To address the estimation uncertainty in the total project cost and project margin, we performed the following audit procedures:

- We assessed whether the internal guidelines regarding the approval of the costs and margins had been adhered to. We verified whether the approved planned cost had been correctly recorded in the project calculation.
- We discussed the progress of selected projects with the project controllers and project managers based on the latest project accounting records, and the remaining costs to be incurred until their completion and changes in the total costs and the margin.
- For the projects completed during 2022, we compared various final parameters with the estimates made in the project's planning phase in order to assess, with hindsight, the accuracy of the estimates made by management.

We obtained written information from representatives of the Group. We inspected this written information with regards to indications of potential quality deficiencies or penalties for non-performance and assessed whether these matters were recorded appropriately in the consolidated financial statements.

Our audit approach allowed us to conclude on the revenue recognition for new installations and modernizations.

Other information

The Board of Directors is responsible for the other information. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the financial statements of Schindler Holding Ltd., the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: [expertsuisse.ch /en/audit-report-for-ordinary-audits](https://expertsuisse.ch/en/audit-report-for-ordinary-audits). This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

René Rausenberger
Licensed audit expert
Auditor in charge

Philipp Gnädinger
Licensed audit expert

Zurich, 21 February 2023

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland

Financial Statements of Schindler Holding Ltd.

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Income statement

In CHF million	Note	2022	2021
Income from investments		713	693
Financial income	3	67	66
Other income		5	5
Total operating income		785	764
Personnel expenses		15	15
Other operating expenses		16	12
Financial expenses	3	37	34
Total operating expenses		68	61
Profit before taxes		717	703
Taxes		8	14
Net profit		709	689

Balance sheet

Assets

In CHF million	Note	31.12.2022	%	31.12.2021	%
Current assets					
Cash and cash equivalents		1 295		1 815	
Loans to Group companies		690		664	
Financial assets	4	1 172		856	
Prepaid expenses	5	36		31	
Total current assets		3 193	51.5	3 366	53.7
Non-current assets					
Loans to Group companies		603		623	
Financial assets	4	215		157	
Investments	6	2 183		2 117	
Property, plant, and equipment		1		1	
Total non-current assets		3 002	48.5	2 898	46.3
Total assets		6 195	100.0	6 264	100.0

Liabilities and equity

In CHF million	Note	31.12.2022	%	31.12.2021	%
Current liabilities					
Interest-bearing liabilities	7	2 214		2 144	
Accrued expenses	5	43		40	
Other current liabilities	8	15		7	
Total current liabilities		2 272	36.7	2 191	35.0
Non-current liabilities					
Interest-bearing liabilities	7			400	
Other non-current liabilities		–		3	
Total non-current liabilities		–	–	403	6.4
Total liabilities		2 272	36.7	2 594	41.4
Equity					
Share capital	9	7		7	
Participation capital	9	4		4	
Legal reserves		317		317	
Free reserves					
Profit brought forward		236		178	
Net profit		709		689	
Other free reserves		2 705		2 505	
Treasury shares	9	–55		–30	
Total equity		3 923	63.3	3 670	58.6
Total liabilities and equity		6 195	100.0	6 264	100.0

Notes to the financial statements

1 Business activities

Schindler Holding Ltd. is the ultimate holding company of the Schindler Group and has its registered office in Hergiswil NW, Switzerland. Schindler Holding Ltd. holds investments in Group companies and is responsible for the financing activities within the Schindler Group, as well as the hedging activities of foreign currency risks for Group companies.

In the reporting year and in the previous year, Schindler Holding Ltd. employed between 10 and 50 employees.

2 Basis of preparation

The financial statements of Schindler Holding Ltd. are prepared in accordance with the Swiss Code of Obligations (CO). The main accounting principles applied are described below, in conjunction with the notes to the financial statements.

3 Financial result

In CHF million	2022	2021
Financial income		
Gains on foreign exchange	399	261
Losses on foreign exchange	-392	-257
Gain on sale of investments	15	22
Other financial income	45	40
Total financial income	67	66
Financial expenses		
Investments write-down	13	17
Other financial expenses	24	17
Total financial expenses	37	34

Gains and losses on foreign exchange result primarily from hedging of transaction-related risks for Group companies. Other financial income mainly comprises interest income from Group companies, while other financial expenses consist of interest expenses to Group companies and third parties.

4 Financial assets

Financial assets are generally measured at their nominal value. Marketable securities included in financial assets are

measured at fair value. Changes in value are recognized in financial income or financial expenses.

In CHF million	2022	2021
Time deposits	1 123	783
Marketable securities	49	73
Total current financial assets	1 172	856
Time deposits	85	153
Marketable securities	126	–
Other non-current financial assets	4	4
Total non-current financial assets	215	157

5 Prepaid and accrued expenses

Prepaid and accrued expenses mainly comprise the replacement values of derivative financial instruments.

Group companies hedge their transaction-related foreign currency risks centrally with Schindler Holding Ltd., which aggregates transaction risks by currency and thus creates natural hedging relationships. The remaining transaction risks are hedged with high-quality credit-rated financial institutions.

Derivative financial instruments are measured at their market value. Positive replacement values are recognized within prepaid expenses whereas negative replacement values are recognized within accrued expenses. Revaluation gains and losses are recognized in financial income and expenses respectively.

In CHF million	2022	2021
Prepaid expenses		
Positive replacement values – third parties	19	17
Positive replacement values – Group companies	13	13
Other prepaid expenses	4	1
Total prepaid expenses	36	31
Accrued expenses		
Negative replacement values – third parties	14	17
Negative replacement values – Group companies	18	9
Other accrued expenses	11	14
Total accrued expenses	43	40

Forward exchange transactions with a positive replacement value have a nominal amount of CHF 1 374 million (previous year: CHF 1 352 million).

Forward exchange transactions with a negative replacement value have a nominal amount of CHF 1 163 million (previous year: CHF 1 094 million).

6 Investments

In CHF million	2022	2021
January 1	2 117	1 988
Capital increases	78	20
Write-downs	-11	-7
Additions	-	119
Disposals	-1	-3
December 31	2 183	2 117

An overview of the companies that are directly or indirectly controlled by Schindler Holding Ltd. is provided in note 26 to the Group's consolidated financial statements.

7 Interest-bearing liabilities

In CHF million	2022	2021
Interest-bearing liabilities – Group companies	1 806	2 133
Interest-bearing liabilities – shareholders	8	11
0.25% bond 2018–2023, nominal CHF 400 million	400	
Total current interest-bearing liabilities	2 214	2 144
0.25% bond 2018–2023, nominal CHF 400 million		400
Total non-current interest-bearing liabilities	–	400

The 5-year bond tranche 2018–2023 was reclassified from non-current interest-bearing liabilities to current interest-bearing liabilities as it will reach its maturity in June 2023.

8 Other current liabilities

As of December 31, 2022, other current liabilities include payables due to pension funds in the amount of CHF 9 million (previous year: CHF 5 million).

9 Equity

9.1 Share and participation capital

	Number	Capital in CHF
Registered shares, nominal value CHF 0.10	67 077 452	6 707 745
Participation certificates, nominal value CHF 0.10	40 716 831	4 071 683
Total	107 794 283	10 779 428

There were no changes in the share and participation capital compared to the previous year.

9.2 Treasury shares

Schindler Holding Ltd. charges the costs of share-based payments to the respective Group companies that employ the beneficiaries.

Treasury shares are initially recognized at cost and deducted from equity with no subsequent measurement. When treasury shares are disposed of or charged to the respective Group company, the resulting gain or loss is recognized in financial income or financial expenses, respectively.

	Registered shares		Participation certificates	
	Number	Average share price in CHF	Number	Average share price in CHF
January 1, 2021	266 619		20 416	
Disposals	–	–	–1 361	288.78
Share-based payments				
Allocation of shares	–54 003	254.00	–	–
Exercise of PSUs and options	–61 607	184.64	–19 055	108.20
December 31, 2021	151 009		–	
Purchases	300 000	163.96	–	–
Disposals	–4 055	170.88	–	–
Share-based payments				
Allocation of shares	–79 797	189.40	–	–
Exercise of PSUs and options	–40 518	156.34	–	–
December 31, 2022	326 639		–	

Treasury shares are reserved for share-based payment plans of the Schindler Group.

10 Contingent liabilities

Contingent liabilities of Schindler Holding Ltd. total CHF 1 350 million (previous year: CHF 1 365 million). They mainly comprise guarantees, letters of comfort, and guarantee bonds in favor of Group companies.

Schindler Holding Ltd. is part of the Swiss value-added tax (VAT) group of the Schindler Group and is therefore jointly liable for existing and future VAT claims from the Swiss Federal Tax Administration.

11 Equity instruments and PSUs allocated

	Number	Value in CHF million
As of December 31, 2022		
Executive members of the Board of Directors	14 773	2
Other employees of Schindler Holding Ltd.	6 467	1
As of December 31, 2021		
Executive members of the Board of Directors	14 026	3
Other employees of Schindler Holding Ltd.	4 395	1

The number of registered shares disclosed in the reporting year is provisional. The final number is reported in the following year. Further information is available in note 5 of the Compensation Report.

12 Levels of participation

The participations of the members of the Board of Directors of Schindler Holding Ltd. and of the Group Executive Committee, as well as of related parties, are as follows:

12.1 Board of Directors

	Number	
	Registered shares	Participation certificates
As of 31.12.2022		
Silvio Napoli, Chairman ¹	71 219	—
Alfred N. Schindler, Chairman emeritus ²	⁸	—
Prof. Dr. Pius Baschera, Vice Chairman ²	3 000	—
Erich Ammann ³	30 264	—
Luc Bonnard ²	⁸	—
Patrice Bula ²	1 500	—
Prof. Dr. Monika Bütler ²	1 500	—
Orit Gadiesh ⁴	6 634	—
Adam Keswick ²	1 500	—
Günter Schäuble ⁵	⁸	—
Tobias B. Staehelin ⁶	^{8, 9}	—
Carole Vischer ²	^{8, 10}	—
Petra A. Winkler ⁷	⁸	1 290

¹ Member of the Supervisory and Strategy Committee and CEO

² Nonexecutive member

³ Member of the Supervisory and Strategy Committee

⁴ Nonexecutive member (since the General Meeting of Shareholders 2022)

⁵ Member of the Supervisory and Strategy Committee (since the General Meeting of Shareholders 2022)

⁶ Executive member with operational function as a member of the Group Executive Committee

⁷ Executive member (since the General Meeting of Shareholders 2022)

⁸ Members holding their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 46 011 639 shares as of December 31, 2022, corresponding to 68.6% of the voting rights of the share capital entered in the Commercial Register.

⁹ In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

¹⁰ In addition, a related party (not a member of the shareholder agreement) holds 110 registered shares

	Number of registered shares	
As of 31.12.2021		
Silvio Napoli, Chairman ¹	65 166	
Alfred N. Schindler, Chairman emeritus ²		⁶
Prof. Dr. Pius Baschera, Vice Chairman ²	3 000	
Erich Ammann ¹	26 415	
Luc Bonnard ²		⁶
Patrice Bula ²	1 500	
Prof. Dr. Monika Bütler ²	1 500	
Orit Gadiesh ¹	3 025	
Adam Keswick ³	1 500	
Günter Schäuble ⁴		⁶
Tobias B. Staehelin ⁵		^{6, 7}
Carole Vischer ²		^{6, 8}

¹ Member of the Supervisory and Strategy Committee

² Nonexecutive member

³ Nonexecutive member (since the General Meeting of Shareholders 2021)

⁴ Executive member (since the General Meeting of Shareholders 2021)

⁵ Executive member with operational function as a member of the Group Executive Committee (since April 1, 2021)

⁶ Members holding their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 46 444 250 shares as of December 31, 2021, corresponding to 69.2% of the voting rights of the share capital entered in the Commercial Register.

⁷ In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

⁸ In addition, a related party (not a member of the shareholder agreement) holds 110 registered shares

12.2 Group Executive Committee

	Number	
	Registered shares	Participation certificates
As of 31.12.2022		
Silvio Napoli, CEO ¹		
Julio Arce	6 477	—
Matteo Attrovio	1 857	—
Karl-Heinz Bauer	7 962	—
Paolo Compagna	15 184	284
Carla De Geyseler	600	—
Meinolf Pohle	2 174	—
Robert Seakins	1 833	—
Tobias B. Staehelin ¹		
Daryoush Ziai	3 598	—

¹ See disclosure in section 12.1

	Number	
	Registered shares	Participation certificates
As of 31.12.2021		
Thomas Oetterli, former CEO	52 588	1 307
Urs Scheidegger	4 239	8 000
Julio Arce	4 680	—
Matteo Attrovio	1 857	—
Karl-Heinz Bauer	7 089	—
Paolo Compagna	13 162	284
Andre Inserra	2 888	—
Jujudhan Jena	5 872	1 761
Christian Schulz	12 735	—
Robert Seakins	36	—
Sabine Siméon-Aissaoui	661	—
Tobias B. Staehelin ¹		
Daryoush Ziai	1 876	—

¹ See disclosure in section 12.1

13 Significant shareholders

See note 25 to the Group's consolidated financial statements for information about shareholder agreements.

Appropriation of available earnings

In CHF million	Proposal by the Board of Directors 31.12.2022	Resolution of the General Meeting of Shareholders 31.12.2021 ²
Available earnings		
Net profit	709	689
Profit brought forward	236	178
Total available earnings	945	867
Appropriation of available earnings		
Dividend (gross)		
per registered share CHF 4.00 (previous year: CHF 4.00)	268 ¹	268
per participation certificate CHF 4.00 (previous year: CHF 4.00)	163 ¹	163
Total dividend	431	431
Allocation to other free reserves	200	200
Total appropriation of available earnings	631	631
Profit brought forward	314	236

¹ The total dividend amount covers all outstanding registered shares and participation certificates (including treasury shares)

² Resolution of the General Meeting of Shareholders as of March 22, 2022; payment excludes dividends on treasury shares

Report of the statutory auditor

to the General Meeting of Schindler Holding Ltd., Hergiswil

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Schindler Holding Ltd. (the Company), which comprise the income statement for the year ended 31 December 2022, the balance sheet as at 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 57 to 66) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these regulations and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 61.9 million
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark which reflects the actual substance of the company, and it is a generally accepted benchmark for a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the financial statements of Schindler Holding Ltd., the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

René Rausenberger
Licensed audit expert
Auditor in charge

Philipp Gnädinger
Licensed audit expert

Zurich, 21 February 2023

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland

Corporate Governance

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The Corporate Governance Report contains the information required by the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, effective December 31, 2022, and is structured in accordance with the Directive. The required disclosures of the compensation and participations of the company's most senior management are provided in the Compensation Report. In addition, an explanation is provided in accordance with the "comply or explain" principle if the company's corporate governance deviates from the recommendations set out in the Swiss Code of Best Practice for Corporate Governance (referred to hereinafter as the Swiss Code).

1 Group structure and shareholders

1.1 Group structure

Schindler Holding Ltd. is a holding company under Swiss law that is headquartered in Hergiswil (Canton of Nidwalden, Switzerland). Its registered shares (ISIN: CH0024638212, Swiss security number: 2.463.821, SCHN) and participation certificates (ISIN: CH0024638196, Swiss security number: 2.463.819, SCHP) are listed on the SIX Swiss Exchange. As at December 31, 2022, the market capitalization of Schindler Holding Ltd. amounted to CHF 18.3 billion. Schindler Holding Ltd. has a direct or indirect interest in the consolidated companies listed in note 26 of the Group Financial Statements.

As one of the world's leading suppliers of elevators, escalators, and moving walks, the Schindler Group is active in the areas of production, installation, maintenance, and modernization in the most important markets around the globe. The company also offers digital solutions for transit and building management. Its operating structure as at December 31, 2022, can be summarized as follows:

Board of Directors

|

Supervisory and Strategy Committee

|

Group Executive Committee

Chief Executive Officer (CEO)

Chief Operating Officer (COO), Deputy CEO

Chief Human Resources (CHR)

Chief Financial Officer (CFO)

Chief Information Officer (CIO)

Chief Technology Officer (CTO)

Europe North

Europe South

Asia-Pacific

China

Information on organizational or management changes after December 31, 2022, is provided in section 1.4 Events after the balance sheet date.

The duties of the full-time Supervisory and Strategy Committee are described in section 3.5.2.1 and in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: group.schindler.com – Company – Corporate Governance – Organizational regulations (group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

1.2 Significant shareholders

As at December 31, 2022, the Schindler and Bonnard families and parties related to these families held – within the scope of shareholder agreements – 46 011 639 registered shares of Schindler Holding Ltd., corresponding to 68.6% of voting rights of the share capital entered in the Commercial Register. There are no further shareholders who have notified a holding of more than 3% of voting rights of Schindler Holding Ltd. according to Article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA). No notifications according to Article 120 of FMIA were published during the reporting year. Previous notifications can be viewed at: six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholdings of more than 5% in any company outside the Schindler Group.

1.4 Events after the balance sheet date

The Board of Directors informed on February 22, 2023, that Prof. Dr. Pius Baschera and Orit Gadiesh will not stand for re-election to the Board of Directors. All other members of the Board of Directors are standing for re-election at the annual General Meeting of Shareholders on March 28, 2023, including Alfred N. Schindler and Luc Bonnard for whom the Board of Directors has decided to extend the age limit in accordance with the exemption foreseen in the Organizational Regulations.

With invitation to the annual General Meeting of Shareholders the Board of Directors will propose that the General Meeting approves a partial revision of the Articles of Association of Schindler Holding Ltd., mainly to adapt them to the revised Swiss corporate law that entered into effect as per January 1, 2023. The invitation, including detailed information regarding the proposed changes, is set to be published on February 27, 2023 and will be made available under: group.schindler.com – Investors – General meetings (group.schindler.com/en/investor-relations/annual-general-meetings.html)

2 Capital structure

2.1 Capital

As at December 31, 2022, the ordinary share capital of Schindler Holding Ltd. totaled CHF 6 707 745.20 and its participation capital totaled CHF 4 071 683.10.

2.2 Authorized and conditional capital

As at December 31, 2022, Schindler Holding Ltd. had no authorized or conditional capital.

2.3 Changes in capital in the last three years

No changes of the share and participation capital occurred in the period between January 1, 2020, and December 31, 2022.

2.4 Shares and participation certificates

As at December 31, 2022, the share capital totaled CHF 6 707 745.20. It is divided into 67 077 452 fully paid-in registered shares, each with a nominal value of CHF 0.10. Subject to Article 13 of the Articles of Association, each share carries the right to one vote, as well as the right to a share of retained earnings and to a share of the proceeds of liquidation, corresponding to its nominal value.

As at December 31, 2022, the participation capital totaled CHF 4 071 683.10. It is divided into 40 716 831 fully paid-in bearer participation certificates, each with a nominal value of CHF 0.10. Each participation certificate carries the right to a share of retained earnings, and to a share of the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, or any other rights of membership, such as participation in General Meetings of Shareholders.

2.5 Profit-sharing certificates

Schindler Holding Ltd. has not issued any profit-sharing certificates.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Limitation on share transferability

According to Article 13 of the Articles of Association, the Board of Directors shall refuse registration of an acquirer as a full shareholder in the share register if:

- the acquirer has not acquired the share(s) in his/her own name and on his/her own account, or
- registration would result in the acquirer holding more than 3% of voting rights

The voting rights of related shareholders are counted together.

In accordance with Swiss federal law requiring the demonstration of Swiss control, the registration of foreign acquirers can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the acquirer was already recorded in the share register as holding at least 3% of voting rights, or the acquirer is the spouse, child or other descendant, brother, or sister of such a person, or
- the voting rights were acquired directly by inheritance, division of estate, or matrimonial property law

The General Meeting of Shareholders may determine exceptions to the percentage limits by relative majority, whereby a legally binding decision requires at least half of the shares entered in the Commercial Register to be represented. Applicants have the right to have their application presented at the General Meeting of Shareholders. The General Meeting of Shareholders did not have to reach a decision on any application for exceptions in the financial year 2022.

Further details on the restrictions on registration and exceptions thereto are set out in Article 13 of the Articles of Association of Schindler Holding Ltd., which are available at:
group.schindler.com – Company – Corporate Governance – Articles of Association
(group.schindler.com/en/company/corporate-governance/articles-of-association.html).

Information by majority shareholders

The majority shareholders informed that in the event of a sale of 49% or more of the voting rights to an acquirer that is not party to their shareholder agreement, they will only vote in favor of an exception to the percentage limits if the acquirer makes a voluntary public offer at a price that is equivalent to the price paid for the 49%.

2.6.2 Nominee registrations

The Articles of Association do not contain any special regulations regarding the registration of nominees in the share register.

2.7 Convertible bonds and options

2.7.1 Convertible bonds

Schindler Holding Ltd. has no outstanding convertible bonds.

2.7.2 Employee options

		Number as of 31.12.2022						
Allocation year		Options allocated (number)	Exercise price in CHF	Blocked period ends	Exercise period ends	Forfeited	Exercised	Outstanding
2013	A	138 012 ¹	137.84	30.4.2016	30.4.2022	–15 973	–122 039	–

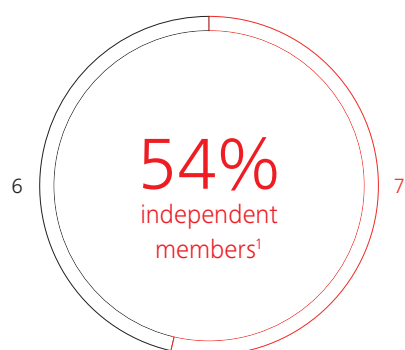
A = Options from the Capital Participation Plans 2000/2003

¹ One option gives entitlement to purchase one share

3 Board of Directors and Committees of the Board

Board profile

Independence



¹ Not an executive member for at least three years

Gender distribution

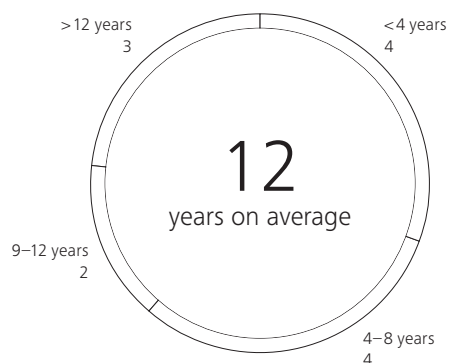
31%
female members



69%
male members



Length of term of office



E&E domain expertise



3.1 Members of the Board of Directors of Schindler Holding Ltd.

As of 31.12.2022	Domicile	Nationality	Year of election ¹
Silvio Napoli (1965), Chairman	Zurich, Switzerland	Italian	2016
Alfred N. Schindler (1949), Chairman emeritus	Hergiswil, Switzerland	Swiss	1977
Prof. Dr. Pius Baschera (1950), Vice Chairman	Zurich, Switzerland	Swiss/Italian	2005
Erich Ammann (1957)	Neuheim, Switzerland	Swiss	2018
Luc Bonnard (1946)	Hergiswil, Switzerland	Swiss	1984
Patrice Bula (1956)	Verbier, Switzerland	Swiss	2015
Prof. Dr. Monika Bütler (1961)	Zurich, Switzerland	Swiss	2013
Orit Gadiesh (1951)	London, UK	American/Israeli/German	2020
Adam Keswick (1973)	London, UK	British	2021
Günter Schäuble (1962)	Hergiswil, Switzerland	German/Swiss	2021
Tobias B. Staehelin (1978)	Zurich, Switzerland	Swiss	2017
Carole Vischer (1971)	Hergiswil, Switzerland	Swiss	2013
Petra A. Winkler (1970)	Schenkon, Switzerland	Swiss	2022

¹ Annual General Meeting of Shareholders in the year shown

The Board of Directors, which – according to the Articles of Association – consists of between 5 and 13 members, currently has 13 members. As at December 31, 2022, five members of the Board of Directors are executive members. Silvio Napoli, Erich Ammann, and Günter Schäuble constitute the Supervisory and Strategy Committee. In addition to their mandates as members of the Board of Directors, Tobias B. Staehelin serves as member of the Group Executive Committee, and Petra A. Winkler serves as Group General Counsel.

Except for Orit Gadiesh, all nonexecutive members of the Board of Directors are independent according to the definition set out in the Swiss Code. Hence, in accordance with the recommendations and criteria set out in the Swiss Code, the majority of the Board of Directors – i.e., 7 of its 13 members – is independent. The Board of Directors comprises both male and female members.

In terms of the composition of the committees of the Board of Directors, the company deviates from the recommendations of the Swiss Code. This is mainly due to the fact that major shareholders have their own representation on the Board of Directors, allowing them to safeguard their long-term shareholder interests directly.

3.2 Other activities and vested interests

Silvio Napoli

Executive Chairman of the Board of Directors, Chairman of the Supervisory and Strategy Committee and of the Nomination Committee since 2017, member of the Board of Directors and the Supervisory and Strategy Committee since 2016, CEO of the Schindler Group since 2022.

Nonexecutive member of the Board of Directors and Chairman of the Innovation & Technology Committee of Eaton Corporation plc, Dublin, Ireland.

Silvio Napoli holds a master's degree in materials science from the Swiss Federal Institute of Technology (EPFL), Lausanne, Switzerland, and an MBA from Harvard Business School, Boston, USA, which he earned as a Fulbright Scholar.

He began his career at The Dow Chemical Co., Rheinmünster, Germany, in 1989. Silvio Napoli has held various international management functions in the Schindler Group since 1994. From 2008 to 2013, he served as a member of the Group Executive Committee with responsibility for the Asia-Pacific region. He then served as CEO of the Schindler Group until March 2016.

Silvio Napoli is an Italian citizen, born in 1965.



Alfred N. Schindler

Chairman emeritus, member of the Board of Directors since 1977, independent member since 2020, member of the Nomination Committee since 2017.

Alfred N. Schindler holds a master's degree in law from the University of Basel, Switzerland, and an MBA from The Wharton School of Finance, University of Pennsylvania, USA.

He began his career in 1974 as an auditor at Neutra Treuhand AG, Berne. From 1980, he served as CFO of Notz AG, Biel, Switzerland. He subsequently held various management positions at the Schindler Group. In 1982, he was appointed Head of Corporate Planning and he served as CEO of the Schindler Group from 1985 to 2011. Alfred N. Schindler was Chairman of the Board of Directors of Schindler Holding Ltd. and Chairman of the Supervisory and Strategy Committee from 1995 until 2017. He currently serves as an advisor to Schindler.



In order to focus fully on the business of the Schindler company, Alfred N. Schindler previously resigned from the following mandates: Bank Julius Bär, UBS, Jacobs Suchard (all in Switzerland), and Deutsche Post AG.

Alfred N. Schindler is a Swiss citizen, born in 1949.

Prof. Dr. Pius Baschera

Vice Chairman of the Board of Directors since 2017, nonexecutive, independent member of the Board of Directors since 2005, member of the Compensation Committee since 2008, and its Chairman since 2015.

Trustee and Speaker of the Martin Hilti Family Trust and member of the Board of Directors of Hilti Corporation, Schaan, Liechtenstein; President of the Board of Trustees of the ETH Zurich Foundation, Zurich, Switzerland; Professor emeritus at the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland.

Pius Baschera studied at the Swiss Federal Institute of Technology (ETH), Zurich, Switzerland, where he obtained a degree in mechanical engineering and in management science.

From 1979 to 2017, he held various international management functions at Hilti Corporation, Schaan, Liechtenstein, including serving as CEO for 13 years and then as Chairman of the Board of Directors for 10 years.

Pius Baschera is a Swiss and Italian citizen, born in 1950.



Erich Ammann

Executive member of the Board of Directors, member of the Supervisory and Strategy Committee and of the Nomination Committee since 2018, Chairman of the Audit Committee since 2019.

Erich Ammann holds a degree in economics and business administration from the University of Applied Sciences of St. Gallen, Switzerland, and an executive MBA from The Wharton School, University of Pennsylvania, USA.

He began his career in 1982 as an auditor in Geneva, Switzerland. Since 1988, he has held various international functions in the area of finance in the Schindler Group. From 2001 until 2018 he was CFO and a member of the Group Executive Committee.

Erich Ammann is a Swiss citizen, born in 1957.

**Luc Bonnard**

Member of the Board of Directors since 1984, independent member since 2015, and member of the Nomination Committee since 2017.

Luc Bonnard holds a degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) Zurich, Switzerland.

He joined the Schindler Group in 1972 and has held various management positions, including Head of the Elevators & Escalators business. He served as a member of the Supervisory and Strategy Committee from 1991 to 2012, as Vice Chairman of the Board of Directors from 1996 to 2017, and as Chairman of the Audit Committee from 2013 to 2019. He currently serves as an advisor to Schindler.

Luc Bonnard is a Swiss citizen, born in 1946.

**Patrice Bula**

Nonexecutive, independent member of the Board of Directors since 2015, member of the Compensation Committee since 2017.

Chairman of Froneri Lux Topco S.à r.l. (joint venture between Nestlé and PAI Partners), Luxembourg. He is also a member of the Boards of Directors of Novartis AG, Basel, Switzerland, and of New Tiger LLC, Delaware, USA.

Patrice Bula holds a master's degree in economic sciences from the University of Lausanne, HEC, Switzerland. He completed the Program for Executive Development at IMD Business School, Lausanne, Switzerland.

From 1983 to 2021 he held various international functions in the Nestlé Group. From 2011 until his retirement in 2021, he served as Executive Vice President of Nestlé S.A., with responsibility for the Strategic Business Units, Marketing, Sales and Nespresso. Prior to that, he served as Market Head of Nestlé Greater China Region (2007 to 2011), among other roles.

Patrice Bula is a Swiss citizen, born in 1956.



Prof. Dr. Monika Bütler

Nonexecutive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2017.

Member of the Board of Directors of Swiss Life Holding AG, Zurich, Switzerland, HUBER+SUHNER AG, Herisau, Switzerland, and of AC Immune SA, Lausanne, Switzerland; Vice President of the Foundation Board of the Gebert Rűf Foundation, Basel, Switzerland; and member of the Foundation Board of the Max Schmidheiny-Stiftung at the University St. Gallen, Switzerland.

Monika Bütler holds a doctorate in economics from the University of St. Gallen, Switzerland, and a degree in mathematics, majoring in physics, from the University of Zurich, Switzerland.

From 2004 to January 2021, she served as Full Professor of Economics and Director of the Swiss Institute for Empirical Economic Research, University of St. Gallen, Switzerland. From 2009 to 2013, she served as Dean of the School of Economics and Political Science of the University of St. Gallen, Switzerland. In 2008 and 2011, she was a Visiting Professor at the University of New South Wales, Sydney, Australia. In February 2021, she was appointed Honorary Professor at the University of St. Gallen, Switzerland.

Monika Bütler is a Swiss citizen, born in 1961.

**Orit Gadiesh**

Member of the Board of Directors since 2020, nonexecutive member since 2022.

Chairman of Bain & Company, Boston, USA; member of the Board of Trustees of the Massachusetts Institute of Technology Inc., Cambridge, USA; member of the Board of Trustees of Tel Aviv University, Tel Aviv, Israel; member of the Board of Trustees and member of the Community of Chairpersons of the World Economic Forum, Switzerland; member of the International Business Leaders Advisory Council for the Mayor of Shanghai (IBLAC).

Orit Gadiesh holds a bachelor of arts in psychology from the Hebrew University, Jerusalem, Israel, and a master of business administration from Harvard Business School, USA, which she earned as a Baker Scholar.

She has worked for Bain & Company in various functions since 1977 and has served as its Chairman since 1993. Orit Gadiesh served as a member of the Supervisory and Strategy Committee of Schindler Holding Ltd from 2020 to 2022.

Orit Gadiesh is an American, Israeli, and German citizen, born in 1951.



Adam Keswick

Nonexecutive, independent member of the Board of Directors and member of the Compensation Committee since 2021.

Member of the Boards of Directors of Jardine Matheson Holdings Limited and other Jardine Matheson group companies, such as Dairy Farm International Holdings Limited, Hongkong Land Holdings Limited, Mandarin Oriental International Limited (all in Bermuda); Vice Chairman of the Supervisory Board of Rothschild & Co, France; member of the Board of Directors of Ferrari N.V., Netherlands.

Adam Keswick holds a master of arts degree from Edinburgh University, United Kingdom.

He joined the Jardine Matheson Group in 2001 from N M Rothschild & Sons. He has since held various executive positions, including serving as Group Strategy Director (2001–2003), Group Managing Director of Jardine Cycle & Carriage (2003–2007), and Deputy Managing Director of the Jardine Matheson Group (2012–2016). He was appointed to the Board of Directors in 2007 and became Chairman of Matheson & Co. in 2016.

Adam Keswick is a British citizen, born in 1973.



Günter Schäuble

Executive member of the Board of Directors since 2021, member of the Supervisory and Strategy Committee and of the Audit Committee since 2022.

Member of the advisory board of the association Vereinigung Schweizer Unternehmen in Deutschland (VSUD), Basel, Switzerland.

Günter Schäuble holds a degree in business administration from the University of Applied Sciences – Public Administration and Finance, Ludwigsburg, Germany, and he completed the Executive Program at the Stanford Graduate School of Business in California, USA. He is a German and Swiss Certified Tax Expert.

He began his career in 1987 in the legal department of the regional tax authority in Waldshut-Tiengen, Germany, and moved to the private sector in 1991. Before joining Schindler in 2001, he served as Vice President in the corporate tax department of ABB Ltd., Zurich, Switzerland. Until December 31, 2021, Günter Schäuble was Head Global Finance & Tax at Schindler.

Günter Schäuble is a German and Swiss citizen, born in 1962.



Tobias B. Staehelin

Executive member of the Board of Directors since 2017, member of the Group Executive Committee since April 2021.

Member of the Board of Directors of Kühne + Nagel International AG, Schindellegi, Switzerland.

Tobias B. Staehelin holds a degree in law and a CEMS master in international management from the University of St. Gallen, Switzerland. He completed joint studies in law at the Northwestern University School of Law, Chicago, USA, and at the Instituto de Empresa, Madrid, Spain (master of laws with honors). He is a licensed attorney-at-law admitted to the bar in Geneva, Switzerland.

He practiced law in Geneva before joining the Schindler Group in 2009. He has since held various positions including Project Sales Manager of the Top Range Division in China and General Manager of Jardine Schindler, Macau. From 2015 to 2017, he served as Regional Director South West at Schindler Deutschland GmbH. From 2018 to 2021, he was Managing Director of the C. Haushahn Group, Germany.

Tobias B. Staehelin is a Swiss citizen, born in 1978.



Carole Vischer

Nonexecutive, independent member of the Board of Directors since 2013, member of the Audit Committee since 2016.

President of the Thyll-Stiftung (charitable foundation), Stansstad, Switzerland.

Carole Vischer holds a degree in law from the University of Basel, Switzerland.

From 2002 to 2011, she served as the Director of the Thyll-Stiftung, Stansstad, Switzerland.

Carole Vischer is a Swiss citizen, born in 1971.



Petra A. Winkler

Executive member of the Board of Directors since 2022.

Petra A. Winkler holds a master's degree in law from the University of Bern, Switzerland, and from New York University, New York City, USA. She has completed the Executive Program at the Stanford Graduate School of Business in California, USA, and is a licensed attorney-at-law admitted to the bar in Bern, Switzerland.

Petra A. Winkler practiced law in Zurich and London before joining the Schindler Group in 2006. She has since held various positions in Group Legal Services. Since April 2019 she has been serving as Group General Counsel.

Petra A. Winkler is a Swiss citizen, born in 1970.



3.3 Number of permitted activities outside Schindler

In accordance with Article 35 of the Articles of Association, the members of the Board of Directors may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The General Meeting of Shareholders may approve exceptions to these rules.

The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Board of Directors.

3.4 Elections and term of office

The members of the Board of Directors of Schindler Holding Ltd. are elected individually by the General Meeting of Shareholders for a term of one year ending at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

The Chairman of the Board of Directors and the members of the Compensation Committee are also elected by the General Meeting of Shareholders.

In accordance with the Organizational Regulations of Schindler Holding Ltd., the term of office of members of the Board of Directors ends at the General Meeting of Shareholders in the year in which they reach the age of 73. In exceptional cases, the Board of Directors may extend this age limit.

3.5 Internal organizational structure

3.5.1 Allocation of duties within the Board of Directors

The Chairman of the Board of Directors convenes the meetings of the Board of Directors, sets the agenda, prepares the meetings, and leads them. He decides whether other persons should participate in meetings of the Board of Directors on a case-by-case basis. Every member of the Board of Directors can request that a meeting of the Board of Directors be convened, provided they state the item that is to be discussed and give a brief justification of the matter.

The Chairman of the Board of Directors – in consultation with the CEO – represents the interests of the Group vis-à-vis third parties in important matters. The Vice Chairman deputizes for the Chairman of the Board of Directors in his absence or in specific cases in which the Chairman does not participate in the decision-making process.

The Board of Directors delegates certain duties to committees formed from its own members. It has appointed four standing committees: the Supervisory and Strategy Committee, the Nomination Committee, the Compensation Committee, and the Audit Committee. The Board of Directors appoints a chairman for each committee.

3.5.2 Tasks and areas of responsibility for each committee

As of 31.12.2022	Supervisory and Strategy Committee	Nomination Committee	Compensation Committee	Audit Committee
Silvio Napoli	○ (chairman)	○ (chairman)		
Alfred N. Schindler		○		
Prof. Dr. Pius Baschera			○ (chairman)	
Erich Ammann	○	○		○ (chairman)
Luc Bonnard		○		
Patrice Bula			○	
Prof. Dr. Monika Bütler				○
Orit Gadiesh				
Adam Keswick			○	
Günter Schäuble	○			○
Tobias B. Staehelin				
Carole Vischer				○
Petra A. Winkler				

3.5.2.1 Supervisory and Strategy Committee

The Board of Directors appoints from among its members a full-time Supervisory and Strategy Committee, consisting of the Chairman and at least one other member of the Board of Directors.

The full-time Supervisory and Strategy Committee ensures the ultimate direction and supervision of the Group's business by the Board of Directors, pursuant to Article 716a of the Swiss Code of Obligations. In addition, the Supervisory and Strategy Committee performs the following duties in particular:

- Defining the Group's corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct), strategy, and short- and long-term objectives, and proposing them for approval by the Board of Directors
- Adopting provisional resolutions or intervening on behalf of the Board of Directors in urgent cases if a regular Board resolution cannot be adopted in a timely manner
- Preparing the Board meetings and supervising the implementation of its resolutions
- Deciding on and leading of specific strategic projects within the strategy of the Group

Information on further duties of the full-time Supervisory and Strategy Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: group.schindler.com – Company – Corporate Governance – Organizational regulations (group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

If and for as long as the Chairman of the Board has a dual mandate as Chairman and CEO, adequate checks and balances are in place to avoid conflicts of interest (see section 3.5.4).

3.5.2.2 Nomination Committee

The Board of Directors appoints a Nomination Committee, consisting of the Chairman and up to three other Board members, at least two of whom shall be representatives of the major shareholders.

The Nomination Committee performs the following duties in particular:

- Evaluating the composition and size of the Board of Directors and the Group Executive Committee and determining the selection criteria for the appointment of the Chairman, the members of the Board of Directors and its committees, as well as members of the Group Executive Committee, and reviewing the corresponding succession plans
- Evaluating and proposing the Chairman, the members of the Board of Directors, and the Compensation Committee for nomination by the Board and election by the General Meeting of Shareholders
- Evaluating and proposing the appointment of other committee members, their chairmen, the CEO, the members of the Group Executive Committee, and the Group General Counsel for approval by the Board of Directors
- Preparing of a periodic self-evaluation of the Board of Directors

Information on further duties of the Nomination Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: group.schindler.com – Company – Corporate Governance – Organizational regulations (group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

3.5.2.3 Compensation Committee

In accordance with the Articles of Association, the company has a Compensation Committee that consists of up to three members of the Board of Directors, who are elected individually by the General Meeting of Shareholders.

In accordance with Article 27 of the Articles of Association, the Compensation Committee reviews the compensation system annually and makes proposals to the Board of Directors regarding:

- The fixed compensation, the annual target compensation and fringe benefits, and the annual variable compensation of the Chairman, the members of the Supervisory and Strategy Committee, and the CEO
- The fixed compensation, the annual target compensation, and fringe benefits of the other members of the Group Executive Committee
- The granting of loans or credits to members of the Board of Directors or the Group Executive Committee in accordance with Article 34 of the Articles of Association

The roles and responsibilities of the Compensation Committee are defined in detail by the Board of Directors in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: group.schindler.com – Company – Corporate Governance – Organizational regulations (group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

Information on the duties of the Compensation Committee is also provided in the Compensation Report.

3.5.2.4 Audit Committee

The Board of Directors appoints an Audit Committee, consisting of at least three Board members. The Organizational Regulations of Schindler Holding Ltd. stipulate that at least two members are nonexecutive and preferably independent members of the Board of Directors. The Chairman of the Audit Committee and at least one other member must be financially literate and have accounting expertise. The Chairman of the Audit Committee reports to the Board of Directors.

The Audit Committee is responsible for the following duties in particular:

- Reviewing and approving the quarterly financial statements
- Reviewing the annual and half-year financial statements for approval by the Board of Directors
- Reviewing the required reports on non-financial matters (in particular as per Article 964a CO) for approval to the Board of Directors
- Reviewing the qualifications, performance, and independence of the auditing body and approving its fees
- Reviewing and approving the adequacy and appropriateness of the annual internal audit programs for Global Assurance, the Compliance departments, and Global Cyber Security
- Reviewing audit reports and status reports issued by Global Assurance, the Compliance departments, and Global Cyber Security
- Issuing new guidelines, directions, clarifications, or other instructions in connection with the Code of Conduct

Information on further duties of the Audit Committee is provided in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at: group.schindler.com – Company – Corporate Governance – Organizational regulations (group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

The Audit Committee maintains contact with the external auditors. It is assisted by the Head Global Assurance, and may invite to its meetings any other persons and experts (external or internal).

3.5.3 Working methods of the Board of Directors and its committees

The Board of Directors holds at least six meetings per year, including a two-day meeting together with the members of the Group Executive Committee. Ad hoc meetings are held when necessary.

The members of the Supervisory and Strategy Committee work in general on a full-time basis and meet on average two to three times per month. The Nomination Committee meets on a regular basis at the invitation of its Chairman, the Compensation Committee holds at least two meetings per year, and the Audit Committee holds at least four meetings per year. The Chief Human Resources regularly attends the meetings of the Compensation Committee and the Nomination Committee. The CFO, the Head Global Assurance, and the Head Global Accounting & Reporting regularly attend the meetings of the Audit Committee.

As of 31.12.2022	Number of meetings	Average duration (hours) per meeting day
Board of Directors	7	6
Supervisory and Strategy Committee	full-time	full-time
Nomination Committee	6	3
Compensation Committee	11	1
Audit Committee	5	5

Attendance rates at Board meetings

Member	Attendance rate
Silvio Napoli	100%
Alfred N. Schindler	100%
Prof. Dr. Pius Baschera	100%
Erich Ammann	100%
Luc Bonnard	100%
Patrice Bula	100%
Prof. Dr. Monika Bütler	100%
Orit Gadiesh	71%
Adam Keswick	57%
Günter Schäuble	100%
Tobias B. Staehelin	100%
Carole Vischer	100%
Petra A. Winkler	100%

The agendas of the meetings are set by the respective chairmen. Discussions and resolutions are recorded in the minutes of the meetings. The COO regularly attends the meetings of the Board of Directors. Other members of the Group Executive Committee and other (internal and external) persons may be invited to attend the meetings of the Board of Directors or its committees by the respective chairmen.

3.5.4 Dual mandate of Chairman of the Board and CEO

With effect as of 22 January 2022, Silvio Napoli was appointed as CEO in addition to his role as Chairman of the Board. Thus, the Company deviates from the recommendations of the Swiss Code. The main objective of the dual mandate is to enhance the organizational agility and efficiency of the Group to overcome the large number of challenges created by an increasingly complex environment.

Section 2.6 of the Organizational Regulations provides for adequate checks and balances to avoid conflicts of interest in connection with the dual mandate, and in particular what follows: For the duration of the dual mandate (i) the Supervisory and Strategy Committee shall consist of at least three members, (ii) for matters formally proposed by the CEO to the Supervisory and Strategy Committee for approval, at least three Supervisory and Strategy Committee members shall be present for the purpose of adopting resolutions, and (iii) the CEO shall report directly to the Supervisory and Strategy Committee. Specific rules also apply with regard to the determination of the compensation during the existence of the dual mandate (see section 1.1 Compensation Report).

Information on further control mechanisms is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at:

group.schindler.com – Company – Corporate Governance – Organizational regulations
(group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

3.6 Definition of areas of responsibility

According to Swiss law, the Board of Directors is responsible for the ultimate direction and supervision of the Group. The nontransferable and inalienable responsibilities set out in Article 716a, paragraph 1, of the Swiss Code of Obligations are incumbent on the Board of Directors. In addition, the Board of Directors may pass resolutions on all matters that are not defined by Swiss law or the Articles of Association as being the responsibility of the General Meeting of Shareholders.

It is also incumbent on the Board of Directors to approve, or decide on, the following:

- The Group's corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct), as well as short- and long-term objectives and strategy
- The conditions required to enable the company to conduct its business activities
- The Group's plans, budget, and forecasts
- The election of the chairmen of the committees of the Board and of the members of the Supervisory and Strategy Committee, the Nomination Committee, and the Audit Committee, as well as the election of the CEO, the members of the Group Executive Committee, and the Group General Counsel
- The Annual Report, including the Compensation Report
- The compensation proposals for the approval by the General Meeting of Shareholders

The Group Executive Committee performs the following duties in particular:

- Preparing strategic and operational short- and long-term objectives for submission to the Board of Directors in close collaboration with the Supervisory and Strategy Committee
- Achieving the strategic and operational objectives approved by the Board of Directors
- Defining the Group's budget, plans, and forecasts for submission to the Supervisory and Strategy Committee and the Board of Directors
- Ensuring the implementation of the Group's corporate values (particularly safety, quality, corporate sustainability, and the Code of Conduct)
- Issuing internal regulations, guidelines, directives, and policies

Information on further duties of the Board of Directors and the Group Executive Committee is provided in the Organizational Regulations of Schindler Holding Ltd., which are available on the company's website at: [group.schindler.com – Company – Corporate Governance – Organizational regulations \(group.schindler.com/en/company/corporate-governance/organizational-regulations.html\)](https://group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

3.7 Information and control instruments vis-à-vis the Group Executive Committee

The Board of Directors oversees the Group Executive Committee and supervises its work. The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). The Board of Directors receives a report at least each quarter. The Supervisory and Strategy Committee is informed in detail each month about financial and operational developments. In the presence of the responsible persons, the reports are discussed in detail at the meetings of the Board of Directors and/or the Supervisory and Strategy Committee.

Schindler defines and evaluates the most important risks facing the Group in a four-phase process based on a detailed risk catalog. These risks are allocated to the main categories of (i) financial, (ii) compliance, (iii) operational, and (iv) strategic. The risks are further subdivided into additional categories including organizational, safety, health, and environmental risks. Legal aspects are also evaluated for all risk categories. The four phases of the process are as follows:

- Each material Group company creates a risk matrix as part of its budget process
- The risks are combined within a Group matrix and evaluated in detail by an interdisciplinary Risk Committee comprising the responsible heads of the product groups and Group staff offices. Based on the evaluation, a detailed catalog of measures to address the most important risks is presented to the Group Executive Committee.
- The Group Executive Committee evaluates the risk matrix and the proposed catalog of measures and proposes any additions
- The most important risks, along with possible measures to prevent and minimize potential harm arising from them, are presented to the Board of Directors for appraisal

At least once annually, the Board of Directors and the Group Executive Committee hold a joint meeting.

Global Assurance, the Compliance departments, and the auditing body support the Board of Directors in exercising its supervisory and control functions.

4 Group Executive Committee

4.1 Members of the Group Executive Committee

As of 31.12.2022	Nationality	Current function (since)	Member since
Silvio Napoli (1965)	Italian	CEO (2022)	2022
Paolo Compagna (1968)	Italian	COO (2022), Deputy CEO (2021)	2015
Julio Arce (1968)	Spanish	Europe South (2020)	2017
Matteo Attrovio (1972)	Italian	CIO (2020)	2020
Karl-Heinz Bauer (1958)	German	CTO (2015)	2015
Carla De Geyseler (1968)	Belgian	CFO (2022)	2022
Meinolf Pohle (1966)	German	Europe North (2022)	2022
Robert Seakins (1959)	Australian	Asia-Pacific (2022)	2017
Tobias B. Staehelin (1978)	Swiss	CHR (2021)	2021
Daryoush Ziai (1963)	American	China (2016)	2016

4.2 Other activities and vested interests

Silvio Napoli

CEO and member of the Group Executive Committee since 2022, executive Chairman of the Board of Directors and Chairman of the Supervisory and Strategy Committee and of the Nomination Committee since 2017, member of the Board of Directors and the Supervisory and Strategy Committee since 2016.

For further details, see section 3.2.



Paolo Compagna

COO since 2022, deputy CEO since 2021, member of the Group Executive Committee since 2015.

Member of the Advisory Board of Berlin University of Applied Sciences and Technology, Berlin, Germany.

Paolo Compagna holds a degree in electrical engineering from the Technical University of Cologne, Germany, and a degree in business engineering from the Berlin University of Applied Sciences and Technology, Berlin, Germany.

He began his career in 1992. Before joining the Schindler Group in 2010, he was Area Business Manager and a member of the Management Board of Cofely, Cologne, Germany. From 2010 to 2013, Paolo Compagna held the role of Field Operations Manager at Schindler Deutschland GmbH and then served as CEO of Schindler Deutschland AG & Co. KG until 2014. In 2015, he was appointed to the Group Executive Committee with responsibility for Europe North until assuming his current function.

Paolo Compagna is an Italian citizen, born in 1968.



Julio Arce

Responsible for Europe South, member of the Group Executive Committee since 2017.

Julio Arce holds a bachelor's degree in electrical engineering from the University of Cantabria, Santander, Spain, a master of science in industrial engineering from the University of Cantabria, Santander, Spain, and an executive MBA from the IE Business School, Madrid, Spain.

He began his career in 1995 at Schindler Spain and subsequently held various international functions: CEO of Schindler Netherlands (2006/2007), Existing Installations Manager Schindler Spain (2008 to 2011), Technical Director of Schindler Spain and Schindler Iberia (2011 to 2014), CEO of Schindler Iberia and, at the same time, Area Manager Northwest Africa and Morocco (2014 to 2017). In 2017, he was appointed as a member of the Group Executive Committee with responsibility for Field Quality & Excellence until assuming his current function in 2019.

Julio Arce is a Spanish citizen, born in 1968.



Matteo Attrovio

CIO, member of the Group Executive Committee since 2020.

Matteo Attrovio holds a master's degree in mechanical engineering from the University of Genoa, Italy, and a master's degree in supply chain and operations from Festo Academy in Assago, Italy.

He began his career in 2000 as a consultant at Accenture in Italy. From 2005 to 2014, he held various international functions at Magneti Marelli (FCA Group) and later served as Chief Information Officer at Leonardo S.p.A., Rome, Italy, until 2017. He has held the function of Chief Information Officer at the Schindler Group since 2017.

Matteo Attrovio is an Italian citizen, born in 1972.



Karl-Heinz Bauer

CTO, member of the Group Executive Committee since 2015.

Karl-Heinz Bauer holds a master's degree in mechanical engineering from the University of Karlsruhe (TU), Germany, and a business degree from the MIT Sloan School of Management, Cambridge, Massachusetts, USA.

He began his career in 1984. After initial positions as a development engineer in the automotive industry, he held various technical management functions in international companies. From 2007 to 2015, Karl-Heinz Bauer served as Chief Technology Officer with global responsibility at Honeywell Transportation Systems, Torrance, USA, and Rolle, Switzerland. In 2015, he joined the Schindler Group as a member of the Group Executive Committee.

Karl-Heinz Bauer is a German citizen, born in 1958.



Carla De Geyseler

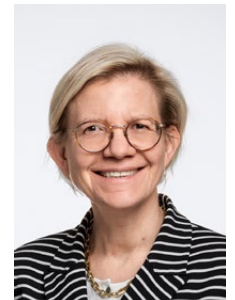
CFO, member of the Group Executive Committee since 2022.

Carla De Geyseler holds an executive MBA from IMD Business School in Lausanne, Switzerland, and a master's degree in economic & financial sciences from the Economische Hogeschool Sint-Aloysius (EHSAL) in Brussels, Belgium.

She is a nonexecutive board member at Hilti Corporation, Schaan, Liechtenstein, and Polestar Automotive Holding UK PLC, Bristol, United Kingdom, and a member of the advisory board of the Geneva School of Economics and Management, Geneva, Switzerland.

Carla De Geyseler began her career in 2001 at DHL Express, where she held various senior leadership positions. From 2010 to 2014, she was at Vodafone in Germany and the Netherlands, in senior finance roles. She then served as CFO at Société Générale de Surveillance (SGS) in Switzerland from 2014 to 2019. Most recently, she held the function as CFO at Volvo Cars Group, Göteborg, Sweden.

Carla De Geyseler is a Belgian citizen, born in 1968.

**Meinolf Pohle**

Responsible for Europe North, member of the Group Executive Committee since 2022.

Meinolf Pohle holds a PhD in economics from the University of Leipzig, Germany, and a degree in business economics from the University of Paderborn, Germany.

He started his career in 1994 in auditing. He joined Schindler in 2001 and held various positions in finance at Group level. He then served from 2006 to 2013 as CFO, from 2013 to 2014 as Field Operations Manager, and from 2015 as Managing Director of Schindler Deutschland AG & Co. KG, until he assumed his current role in 2022.

Meinolf Pohle is a German citizen, born in 1966.

**Robert Seakins**

Responsible for Asia-Pacific, member of the Group Executive Committee since 2017.

Robert Seakins holds an Electrical & Lifts Licence from the Royal Melbourne Institute of Technology, Melbourne, Australia, and a master's degree in business administration and strategy from the University of New South Wales, Sydney, Australia.

He began his career in 1980. Since 2003, Robert Seakins has held various international functions in the Schindler Group. In particular, he served as Managing Director of Schindler Hong Kong (2010 to 2013) and as Managing Director of Schindler Australia (2013 to 2017). In 2017, he was appointed as a member of the Group Executive Committee, responsible for Asia-Pacific. From 2019 until February 2022, Robert Seakins was responsible for Field Quality & Excellence, before again assuming responsibility for Asia-Pacific.

Robert Seakins is an Australian citizen, born in 1959.



Tobias B. Staehelin

Responsible for Global Human Resources, member of the Group Executive Committee since 2021, executive member of the Board of Directors since 2017.

For further details, see section 3.2.



Daryoush Ziai

Responsible for China, member of the Group Executive Committee since 2016.

Daryoush Ziai holds a bachelor of science in civil engineering from the Virginia Military Institute, Lexington, Virginia, USA, a master of science in civil engineering from Purdue University, West Lafayette, Indiana, USA, and an MBA from Krannert Graduate School of Management, Purdue University, West Lafayette, Indiana, USA.

He began his career at United Technologies Corporation, where he held various management positions from 1989 to 2014, and most recently served as Vice President Service for Otis China. He has been CEO of Schindler China since 2015.



Daryoush Ziai is an American citizen, born in 1963.

4.3 Number of permitted activities outside Schindler

In accordance with Article 35 of the Articles of Association, the members of the Group Executive Committee may be active in the highest management or administrative bodies of up to 20 legal entities outside the Group. Legal entities that are controlled by the company or that control the company are not counted. Mandates in several legal entities that are under joint control count as one mandate. The General Meeting of Shareholders may approve exceptions to these rules.

The Board of Directors takes appropriate measures to ensure that such activities are not in conflict with their duties as members of the Group Executive Committee.

4.4 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation, participations, and loans

This information is provided in the Compensation Report.

6 Shareholders' participation rights

6.1 Restrictions on voting rights and representation

Provided it is recorded in the share register as a share with voting rights, each share carries the right to one vote. Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders (see section 2.6.1).

Shareholders' rights of participation in the General Meeting of Shareholders are defined by law and the Articles of Association. All shareholders can personally participate in and vote at the General Meeting of Shareholders, or be represented by a person with a written power of attorney. They may also be represented by the independent proxy. The Articles of Association do not provide for a possibility to participate in the General Meeting of Shareholders via electronic channels.

Shareholders may also grant a power of attorney or issue instructions to the independent proxy electronically. The requirements that apply to powers of attorney and instructions are determined by the Board of Directors (Article 18 of the Articles of Association). The independent proxy has a duty to exercise the voting rights assigned to him by shareholders in accordance with their instructions.

The independent proxy is elected annually by the General Meeting of Shareholders. The term of office begins on the day of election and ends at the close of the next Ordinary General Meeting of Shareholders. Reelection is permitted.

In accordance with Article 21 of the Articles of Association, resolutions are taken and elections are carried out by open vote or electronically. If the Chairman orders it, or the General Meeting of Shareholders decides so, votes will be cast by means of a written procedure. Since 2014, resolutions have been taken and elections have been carried out by electronic means.

The Chairman shall declare as invalid a resolution that has been passed or an election that has been carried out by open vote or electronically if, based on his assessment, the result is ambiguous or if one or several shareholders immediately express reasonable doubts regarding the obviousness of the result.

6.2 Statutory quorums

6.2.1 Quorum of presence

Article 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders specified below, the presence of shareholders representing at least half of the share capital entered in the Commercial Register is required:

- Election or recall of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual right of choice of shareholders, conversion of shares into participation certificates
- Issuance of profit-sharing certificates, or conversion of participation certificates into profit-sharing certificates
- Exceptions to the restrictions on the registration of acquirers as full shareholders when the percentage limit is exceeded
- Resolutions that can only be passed by a qualified majority according to legal or statutory requirements

6.2.2 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

According to the Articles of Association, the following resolutions require the approval of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Article 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company name, issuance of profit-sharing certificates, and any change in the share capital or participation capital

6.3 Convocation of the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board of Directors or, if necessary, by the auditing body or other bodies in accordance with Articles 699 et seqq. of the Swiss Code of Obligations. Notice of the General Meeting of Shareholders is given in the form of an announcement published once only in the Swiss Official Gazette of Commerce. This publication date is of relevance when ensuring compliance with the statutory notice period. In addition, nonregistered letters may be sent to the addresses of registered shareholders entered in the share register to notify them of the General Meeting of Shareholders, or shareholders may be notified electronically upon request. Although not required by statute, it is also customary to publish the agenda of the General Meeting of Shareholders in selected Swiss daily newspapers. The statutory notice period is 20 days.

6.4 Inclusion of items on the agenda

The Board of Directors prepares the agenda of the items to be discussed. Shareholders who represent 0.5% of the share capital can request that an item be included on the agenda. The request, with details of the item to be discussed, must be submitted in writing by the deadline determined by the Board of Directors and published once in the Swiss Official Gazette of Commerce.

6.5 Entries in the share register

Only those shareholders with voting rights whose names were entered in the company's register of shareholders on the respective record date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the record date for registration as close as possible to the date of the General Meeting of Shareholders, i.e., generally 5 to 10 days before the respective General Meeting of Shareholders. There are no exceptions to this rule regarding the record date. The record date is provided in the notice of the General Meeting of Shareholders and published on the company's website.

7 Change of control and defensive measures

7.1 Duty to submit an offer pursuant to Article 125 of FMIA

According to Article 39 of the Articles of Association, the obligation to submit a public takeover offer has been foregone (opting out).

7.2 Clauses on changes of control

There are no contractual agreements (e.g., golden parachutes, termination rights) in favor of members of the Board of Directors or the Group Executive Committee, or other members of senior management, in the event of a change of control.

The Capital Participation Plans allow for the early conversion of Performance Share Units into shares or the lifting of restriction periods in the event of a change of control.

8 Auditing body

8.1 Duration of mandate and term of office of the lead auditor

PricewaterhouseCoopers AG has been the auditing body of Schindler Holding Ltd., as well as of the Group, since 2020.

As required by law, the lead auditor is changed every seven years. The current lead auditor took over this function in 2020.

8.2 Audit fees and additional fees

PricewaterhouseCoopers AG audits the Group's consolidated financial statements, as well as most Group companies in Switzerland and abroad. The audit fees and fees for additional services are as follows:

In CHF 1 000	2022	2021
Audit fee	4 220	4 050
Additional fees		
Additional audit-related services	180	315
Tax advice	345	315
Transaction advice	120	403
Total additional fees	645	1 033

8.3 Information instruments relating to external audits

The Audit Committee evaluates the performance, fees, and independence of the auditors each year. It discusses and reviews the scope of the audits, and the resulting feedback. Based on this information, it determines which changes and improvements are necessary.

Material non-audit-related services (e.g., tax advisory services) that are provided by the auditors must be approved in advance by the Audit Committee or its Chairman.

Further information is available in the Organizational Regulations of Schindler Holding Ltd. as well as in the Audit Committee Charter, which are available on the company's website at:

group.schindler.com – Company – Corporate Governance – Organizational regulations
(group.schindler.com/en/company/corporate-governance/organizational-regulations.html).

In the reporting year, the auditing body had regular contact with members of the Supervisory and Strategy Committee and the CFO. In the reporting year, three meetings took place with the Audit Committee.

Global Assurance reported four times to the Audit Committee and once to the Board of Directors.

9 Information policy

The Schindler Group pursues an information policy that is timely, fact-based, and comprehensive. Matters affecting the share price are published immediately in accordance with the ad hoc publicity rules of the SIX Swiss Exchange. Ad hoc announcements can be accessed at the same time as they are communicated to the SIX Swiss Exchange and for three years thereafter at:
group.schindler.com – Newsroom – Ad hoc Announcements
(group.schindler.com/en/media/ad-hoc-announcements.html).

It is also possible to receive potentially price-relevant information directly, promptly, and free of charge from Schindler by email. This service is offered at: group.schindler.com – Newsroom – Subscription service
(group.schindler.com/en/media/subscription-service.html).

Schindler provides information about its annual results in the Annual Report in printed and electronic form. The Annual Report can be ordered free of charge from the company or can be accessed at:
group.schindler.com – Investors – Results (group.schindler.com/en/investor-relations/results.html).
Schindler also presents its annual financial statements at its annual results media and analysts conference and at the General Meeting of Shareholders.

Its Interim Report as at June 30 as well as key figures as at March 31 and September 30, are available in electronic form at: group.schindler.com – Investors – Results
(group.schindler.com/en/investor-relations/results.html).

Key dates:

	Closing	Publication
Closing of the financial year	December 31	
Annual results media and analysts conference		Mid-February
Publication of the Annual Report		Mid-February
Key figures	March 31 and September 30	April and October
Interim Report	June 30	July
General Meeting of Shareholders		2nd half of March

The exact dates for the current year and following year are available at: group.schindler.com – Investors – Financial calendar (group.schindler.com/en/investor-relations/financial-calendar.html).

10 Close periods

With the objective to prevent insider trading (and the outward appearance of insider trading) by Schindler and its employees, Schindler applies the following general trading restriction periods (close periods):

- from January 1 until and including the stock exchange day of the public release of the annual results
- from April 1 until and including the stock exchange day of the public release of the quarterly results
- from July 1 until and including the stock exchange day of the public release of the semi-annual results; and
- from October 1 until and including the stock exchange day of the public release of the quarterly results

Bound by the close periods are the company and all persons who have regular access to potentially price-sensitive information, including all members of the Board of Directors and the Group Executive Committee, as well as their staff and all key position holders within the Schindler Group (Regular Insiders).

Regular Insiders are prohibited from engaging in any transactions in Schindler securities and derivatives during close periods.

Exceptions are stipulated in connection with (i) stock option plans in case the last day of the exercise period falls within a close period, and (ii) other options, conversion rights, warrants, subscription, and preemption rights that expire during a close period. Moreover, the Chairman of the Audit Committee may grant exceptions on a case-by-case basis if the person executing the transaction is not in possession of insider information and provided that the legitimate interests of the executing person outweigh Schindler's interest in restricting the transaction.

General information about the Group as well as its annual reports, press releases, and the current share price are available at group.schindler.com.

Interested persons may also communicate with the Group directly through the following contacts:

Schindler Holding Ltd.
Seestrasse 55
6052 Hergiswil
Switzerland
Telephone +41 41 632 85 50

Schindler Management Ltd.
Zugerstrasse 13
6030 Ebikon
Switzerland
Telephone +41 41 445 32 32
Fax +41 41 445 40 40
email@schindler.com

group.schindler.com

Global Communications & Branding

Nicole Wesch
Head Global Communications & Branding
Schindler Management Ltd.
6030 Ebikon
Switzerland
Telephone +41 41 445 50 90
nicole.wesch@schindler.com

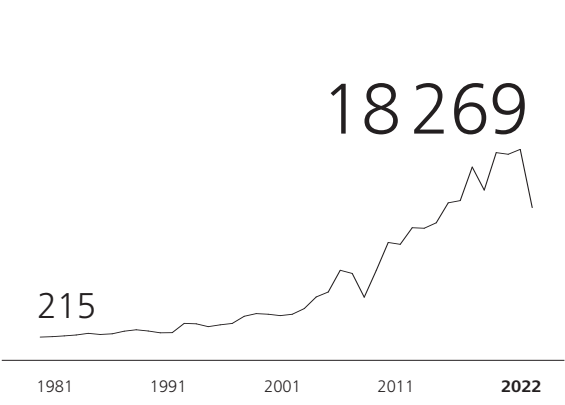
Investor Relations

Marco Knuchel
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6030 Ebikon
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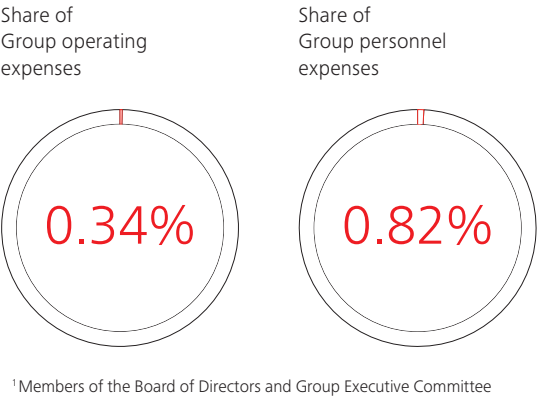
Compensation Report

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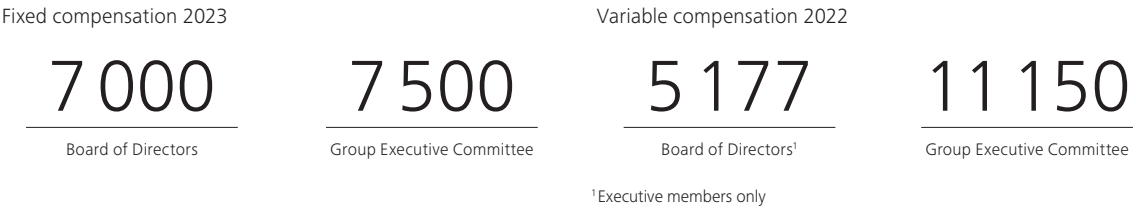
Market capitalization
In CHF million as of December 31



Total compensation¹



Proposals to the General Meeting of Shareholders 2023
In CHF 1 000



This Compensation Report contains information about the compensation of the members of the Board of Directors and the Group Executive Committee, as well as their shareholdings in Schindler Holding Ltd., and any loans granted to these individuals. The disclosures are made in accordance with the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange, the Swiss Code of Obligations, and the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegÜV). The information relates to the reporting year 2022 unless otherwise stated.

1 Governance

1.1 Responsibilities and determination process

The compensation system and the capital participation plans are prepared by Global Human Resources and are reviewed by the CEO, the Supervisory and Strategy Committee, and the Compensation Committee before being submitted to the Board of Directors for approval.

The responsibilities related to compensation matters at the level of the Board of Directors and the Group Executive Committee are defined in the Articles of Association and the Organizational Regulations. The most important functions and responsibilities in this context are summarized in the following table:

	Beneficiaries								
	Chairman of the Board of Directors		Executive members of the Board of Directors		Nonexecutive members of the Board of Directors		CEO/COO ¹	Members of the Group Executive Committee (excl. CEO and COO)	
	Fixed and target compensation	Variable compensation	Fixed and target compensation	Variable compensation	Fixed compensation	Fixed and target compensation	Variable compensation	Fixed and target compensation	Variable compensation
Compensation Committee	○	○	○	○	○	○	○	○	○ ²
Chairman of the Board of Directors			○	○	○	○	○	○	○
CEO								○	○
Board of Directors	○	○	○	○	○	○	○	○	○ ²

○ Proposal

○ Decision

¹ If and for as long as the Chairman has a dual mandate as Chairman and CEO, the following applies: the entire compensation of the CEO shall be defined and determined exclusively following the process applying to the compensation of the Chairman and, accordingly, the Chairman shall not participate in the proposal, discussions, and determination of the CEO's compensation. The entire compensation of the COO shall be defined and determined following the ordinary process applying to the compensation of the CEO.

² Aggregate amount

The members of the Supervisory and Strategy Committee are not allowed to participate in the decision-making process regarding their fixed and variable compensation.

In accordance with the Swiss Code of Obligations, the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegÜV), and Article 32 of the Articles of Association of Schindler Holding Ltd., the General Meeting of Shareholders votes annually on the total compensation of the Board of Directors and the Group Executive Committee to approve:

Variable compensation

The total variable compensation of the members of the Board of Directors and the Group Executive Committee for the reporting year

Retrospective approval

Fixed compensation

The maximum permissible total fixed compensation of the members of the Board of Directors and the Group Executive Committee for the current financial year

Prospective approval

According to Article 32 of the Articles of Association of Schindler Holding Ltd., the maximum permissible fixed compensation may be increased by 20% if, following the approval of the fixed compensation, additional members or replacement members are appointed to the Group Executive Committee.

On behalf of the Compensation Committee, Global Human Resources regularly compares the compensation of the members of the Group Executive Committee and the members of the Supervisory and Strategy Committee with external benchmarks. The compensation data of comparable companies is taken into account for benchmarking purposes. Comparable companies are defined as companies of a similar size in terms of market capitalization, revenue, number of employees and geographical scope, which operate in similar business segments and are headquartered in Europe. Such a benchmarking analysis was conducted in 2022 with the support of an independent external consulting firm. The results of the benchmarking analysis were discussed with the Compensation Committee and were used as the basis for the proposals submitted to the Board of Directors regarding fixed and target compensation for the Group Executive Committee and the Supervisory and Strategy Committee members.

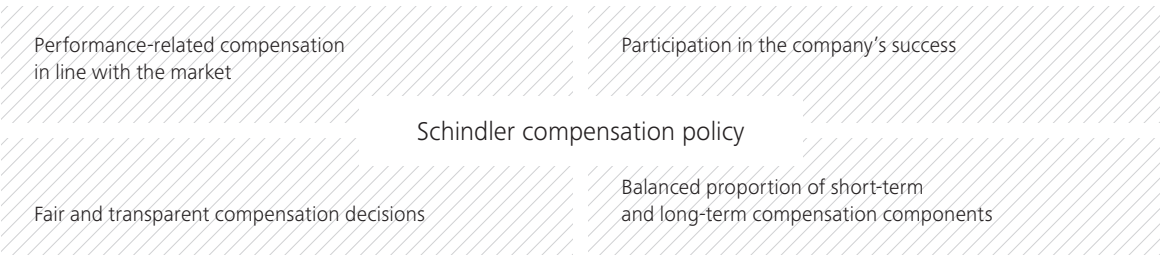
1.2 Compensation Committee

The Compensation Committee holds at least two meetings per year. In the reporting year, it met eleven times. For details of the composition as well as the roles and responsibilities of the Compensation Committee, refer to the Corporate Governance Report, sections 3.5.2 and 3.5.2.3.

2 Compensation principles

2.1 Compensation policy

The Schindler Group’s success depends to a large extent on the quality and commitment of its management. Its compensation policy is designed to attract, motivate, and retain well-qualified professionals. In addition, the awarding of performance-related and, in particular, share-based components of variable compensation is intended to promote an entrepreneurial mindset and approach.



2.2 Overview of compensation components

In accordance with Article 33 of the Articles of Association of Schindler Holding Ltd., fixed and variable compensation can be paid to members of the Board of Directors and the Group Executive Committee. Compensation can be paid in the form of cash, shares, other equity instruments, options, comparable instruments, or units. In addition, noncash benefits or services can be provided. For further details, refer to Article 33 of the Articles of Association (group.schindler.com/en/company/corporate-governance/articles-of-association.html).

An overview of the compensation components of the Board of Directors and the Group Executive Committee is provided below. The compensation components are described in detail in sections 3 and 4 of this report.

	Board of Directors		Group Executive Committee
	Executive members	Non-executive members	
Fixed compensation – prospective approval			
Cash (gross)			
Annual salary	○		○
Fixed Board of Directors' fee	○	○	
Flat-rate expense allowances			
Flat-rate allowance	○	○	
Representation allowance	○		○
Car allowance	○		○
Pension, social, and other benefits			
Pension benefits			
Pension fund	○		○
Schindler Foundation	○		○
Social contributions	○	○	○
Other benefits	○		○
Variable compensation – retrospective approval			
Short-term – cash bonus	○		○
Long-term – equity instruments			
Performance Share Plan (PSP)	○		
Deferred Share Plan (DSP)			○
Social and other benefits			
Social contributions	○		○
Other benefits			○

2.3 Employment terms

The employment contracts of the executive members of the Board of Directors and the members of the Group Executive Committee are aligned with the provisions of the VegüV. In particular, none of these employment contracts has a term or notice period exceeding 12 months or contains any entitlements to severance payments. The amendments required due to the integration of the VegüV into the Swiss Code of Obligations will be made within the transition period prescribed by law.

2.4 Disclosure principles

The disclosed compensation of the Board of Directors and the Group Executive Committee comprises the compensation for the full reporting year, irrespective of which Schindler company paid it, subject to the following additions and limitations:

- The compensation paid to new members of the Board of Directors or the Group Executive Committee is included from the date on which the member takes over the relevant function
- If a member steps down from the Group Executive Committee in order to join the Board of Directors, or vice versa, the full compensation is taken into account and reported under the new function
- If a member resigns from office and/or steps down from the Board of Directors or the Group Executive Committee, the compensation paid up to the date on which the member stepped down, plus any compensation paid in the reporting year in connection with his/her former activities, is included. Statutory compensation paid in the following year is reported separately under benefits for former members of governing bodies.

Compensation is reported according to the accrual principle, based on estimates. The actual amounts paid may differ from these estimates, especially in the case of social and other benefits.

3 Compensation system for the Board of Directors

3.1 General remarks

The Board of Directors consists of executive and nonexecutive members. As of December 31, 2022, five members of the Board of Directors were executive members:

- Silvio Napoli, Erich Ammann, and Günter Schäuble form the Supervisory and Strategy Committee and receive fixed and variable compensation, as described in sections 3.2 and 3.3. The compensation paid to Silvio Napoli as a member of the Supervisory and Strategy Committee also covers his additional role as CEO and is disclosed entirely under the compensation for the Board of Directors (section 5.1).
- Tobias B. Staehelin is, in addition to his role on the Board of Directors, a member of the Group Executive Committee with responsibility for Global Human Resources. As a member of the Board of Directors, he receives fixed compensation as a nonexecutive member, as described in section 3.2. As a member of the Group Executive Committee, he receives fixed and variable compensation as described in sections 4.1 and 4.2. His compensation is disclosed separately under the compensation for the Board of Directors (section 5.1) and under the compensation for the Group Executive Committee (section 5.2), respectively.
- Petra A. Winkler holds, in addition to her role on the Board of Directors, an executive position as Group General Counsel at Schindler Holding Ltd. and receives fixed and variable compensation according to the local compensation system for senior managers. As a member of the Board of Directors, she receives fixed compensation as a nonexecutive member, as described in section 3.2.

3.2 Fixed compensation

All members of the Board of Directors receive a fixed Board of Directors' fee as well as a flat-rate allowance. The members of the Compensation Committee and the Audit Committee receive an additional fee for their work in these committees.

The fixed compensation of the members of the Supervisory and Strategy Committee also comprises an annual salary, a representation allowance and a car allowance, as well as pension (pension fund, Schindler Foundation), social, and other benefits. Other benefits also comprise health insurance contributions. Fringe benefits are included in fixed compensation and are reported as other benefits if any single benefit exceeds CHF 500 and if total fringe benefits exceed CHF 20 000 in the reporting year.

3.3 Variable compensation (Supervisory and Strategy Committee)

The members of the Supervisory and Strategy Committee receive performance-related variable compensation, which is paid partially in cash and partially in equity securities.

The amount of the variable compensation awarded is based on the Group's consolidated cash flow from operating activities before changes in net working capital and is determined as a rate per thousand of cash flow. The rate per thousand is set by the Board of Directors for each individual member of the Supervisory and Strategy Committee and may amount to a maximum rate of three per thousand. When determining the rate per thousand, the achievement of strategic as well as individual targets is taken into account.

Cash flow from operating activities is used as a parameter to measure performance in order to promote a long-term increase in the value of the Group rather than short-term profit maximization. This compensation system ensures, among other things, that restructuring projects are initiated as early as possible and that the associated depreciation and amortization and the corresponding provisions are recognized.

In April of the following year (grant year), 50% of variable compensation is paid in cash and 50% is paid in equity securities according to the rules of the Performance Share Plan.

Performance Share Plan

The Board of Directors decides each year whether registered shares or participation certificates will be granted under the Performance Share Plan. For the reporting year, it decided to grant registered shares.

The granted equity securities include all of the associated rights but may not be disposed of for a period of three years.

The number of equity securities granted is calculated on the basis of the volume-weighted average price in March of the following year, less a discount. The Board of Directors decides at its sole discretion on the discount.

The number of equity securities disclosed in the reporting year is a provisional figure based on the closing price on the last trading day in December of the reporting year, with the discount determined by the Board of Directors. For the reporting year, it decided to apply a discount of 20%. The final number is disclosed in the following year's Compensation Report.

In order to include them in the total compensation for the reporting year, the equity securities that are to be granted are valued at the closing price on the last trading day in December.

Provisional number of equity securities	=	50% of the performance-related bonus achieved	÷	Closing price of the equity securities on the last trading day in December of the reporting year (less discount)
Value disclosed in Compensation Report	=	Closing price of the equity securities on the last trading day in December of the reporting year	×	Provisional number of equity securities
Number of equity securities granted	=	50% of the performance-related bonus achieved	÷	Volume-weighted average price of the equity securities in March of the following year (less discount)
Value disclosed in Compensation Report in the following year	=	Volume-weighted average price of the equity securities in March of the grant year	×	Number of equity securities granted

Benefits related to variable compensation such as social contributions are reported as social and other benefits.

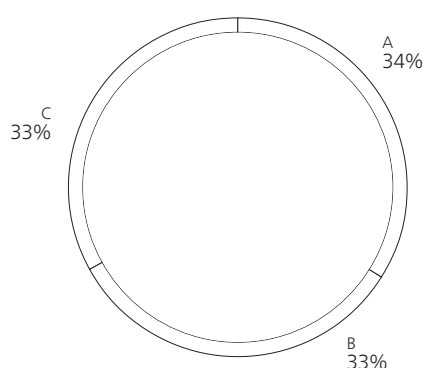
4 Compensation system for the Group Executive Committee

The compensation of the members of the Group Executive Committee consists of fixed, short-term variable, and long-term variable compensation. Assuming the 100% achievement of targets, the targeted split between these different compensation components for the CEO (or the COO, respectively, if and for as long as the Chairman has a dual mandate as Chairman and CEO) and for other members of the Group Executive Committee is as follows:

Targeted compensation split

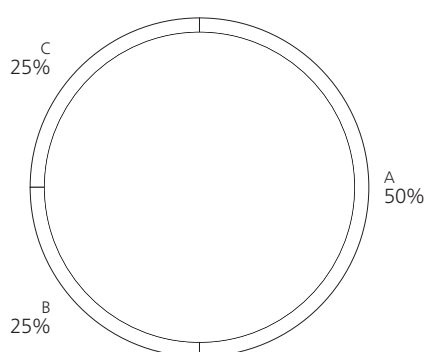
CEO/COO

- A Fixed compensation
- B Short-term variable compensation
- C Long-term variable compensation



Other members of the Group Executive Committee

- A Fixed compensation
- B Short-term variable compensation
- C Long-term variable compensation



4.1 Fixed compensation

The fixed compensation of the members of the Group Executive Committee comprises an annual salary, a representation allowance and a car allowance, as well as pension (pension fund, Schindler Foundation), social, and other benefits. In individual cases – depending on the country in which a member of the Group Executive Committee is employed – a company car may be provided. Benefits may also be paid in the case of international assignments. Such benefits related to fixed compensation are reported under pension, social, and other benefits. Other benefits also comprise health insurance contributions. Fringe benefits are included in fixed compensation and are reported as other benefits if any single benefit exceeds CHF 500 and if total fringe benefits exceed CHF 20 000 in the reporting year.

4.2 Variable compensation

The members of the Group Executive Committee receive an annual performance-related cash bonus (short-term variable compensation component) and an annual grant of Performance Share Units (long-term variable compensation component) in accordance with the rules of the Deferred Share Plan 2015.

Short-term variable compensation component

The annual performance-related cash bonus is calculated on the basis of the achievement of financial, strategic, and operational targets. The targets that need to be achieved, as well as the target bonus, are set at the start of the calendar year.

For the reporting year, 50% of the cash bonus was based on financial targets (growth, profitability, and net working capital) and 50% on personal strategic and operational targets, including ESG targets. Depending on the extent to which the targets are achieved, the cash bonus awarded may be between 0% and 150% of the target bonus and is paid in April of the following year.

Long-term variable compensation component

Under the Deferred Share Plan 2015, the members of the Group Executive Committee receive an annual grant of Performance Share Units as a long-term compensation component. The long-term incentive plan is designed to reward long-term value creation in line with the business strategy based on the following criteria:

	General description	Grant 2022
Plan	Deferred Share Plan 2015	
Vehicle	Performance Share Units (PSU) to be converted into equity securities (i.e., registered shares or participation certificates)	PSU to be converted into participation certificates
Number of PSU granted	Contractual target amount divided by the volume-weighted average price of the equity securities in March of the reporting year, less a discount. The Board of Directors decides at its sole discretion on the discount to be applied.	Participation certificates price: CHF 204.48 Discount: 20%
Performance targets	At the start of the reporting year, the performance targets that apply to all members of the Group Executive Committee are set for the next three business years. The achievement of those targets is determined after the end of the three-year period, also considering the performance against competition.	– Profitability target – Growth target – ESG target
Grant year	Reporting year	2022
Performance period	Reporting year plus two years	2022–2024
Conversion date	In the year following the three-year performance period	30.4.2025
Conversion rate	0%–300%, depending on the extent to which the performance targets are achieved	To be determined in 2025
Cap	The maximum value of the converted equity securities that a participant may receive equals three times the contractual target amount. The market value of the equity securities at the time of conversion is used to calculate compliance with the cap.	
Forfeiture of conversion	In the event of any qualified breaches of the Code of Conduct, participants forfeit the right to have the PSU converted into equity securities.	

The number of PSU disclosed represents the number of equity securities that would be granted if the set targets are achieved (i.e., 100% achievement rate). In order to include them in total compensation, the PSU are valued at fair value. The fair value is calculated using the volume-weighted average price in March of the reporting year (grant), less the net present value of the expected dividends between the grant and the conversion of the PSU.

$$\text{Number of PSU granted} = \frac{\text{Contractual target amount}}{\text{Volume-weighted average price of the equity securities in March of the reporting year (less discount)}}$$

$$\text{Value disclosed in Compensation Report} = \text{Number of PSU granted} \times \text{Fair value}$$

$$\text{Number of equity securities granted (after 3 years)} = \text{Number of PSU granted} \times \text{Performance evaluation between 0\% and 300\%}$$

Benefits related to variable compensation such as social contributions and taxes for international assignments are reported as social and other benefits.

5 Compensation for the reporting year

5.1 Board of Directors

In CHF 1 000	Fixed compensation		Variable compensation			Total 2022
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Registered shares/PSU	Social and other benefits	
Silvio Napoli, Chairman ¹	1 412	328	858	1 073	102	3 773
Alfred N. Schindler, Chairman emeritus ²	353 ⁸	17	–	–	–	370
Prof. Dr. Pius Baschera, Vice Chairman ²	350 ⁹	17	–	–	–	367
Erich Ammann ³	700	289	546	682	65	2 282
Luc Bonnard ²	356 ¹⁰	18	–	–	–	374
Patrice Bula ²	240 ⁹	11	–	–	–	251
Prof. Dr. Monika Bütler ²	240 ¹¹	14	–	–	–	254
Orit Gadish ⁴	427 ¹²	62	400	–	57	946
Adam Keswick ²	240 ⁹	14	–	–	–	254
Günter Schäuble ⁵	852	161	409	512	49	1 983
Tobias B. Staehelin ⁶	215 ¹³	13	–	–	–	228
Carole Vischer ²	240 ¹¹	14	–	–	–	254
Petra A. Winkler ⁷	474	138	175	228	21	1 036¹⁴
Total compensation reported	6 099	1 096	2 388	2 495	294	12 372

¹ Member of the Supervisory and Strategy Committee and CEO, employed on a full-time basis

² Nonexecutive member

³ Member of the Supervisory and Strategy Committee, employed on a 70% basis

⁴ Nonexecutive member, Member of the Supervisory and Strategy Committee until the General Meeting of Shareholders 2022

⁵ Member of the Supervisory and Strategy Committee, employed on an 80% basis (since the General Meeting of Shareholders 2022)

⁶ Executive member with operational function as a member of the Group Executive Committee

⁷ Executive member (since the General Meeting of Shareholders 2022) with operational function as Group General Counsel

⁸ Represents total compensation received from the Schindler Group, including fee for consulting services in the amount of CHF 153 000 (based on fixed daily fee and number of days actually worked)

⁹ Including fee for work as a member or Chairman, respectively, of the Compensation Committee

¹⁰ Represents total compensation received from the Schindler Group, including fee for consulting services in the amount of CHF 150 000 (based on fixed daily fee and number of days actually worked)

¹¹ Including fee for work as a member of the Audit Committee

¹² Represents total compensation received from the Schindler Group, including compensation as a member of the Supervisory and Strategy Committee until March 2022

¹³ Including compensation as a member of the Board of Directors, as well as a fee for the mandate as a member of the Board of Directors of a Group company; compensation for operational function is disclosed in section 5.2

¹⁴ Including compensation for operational function as Group General Counsel

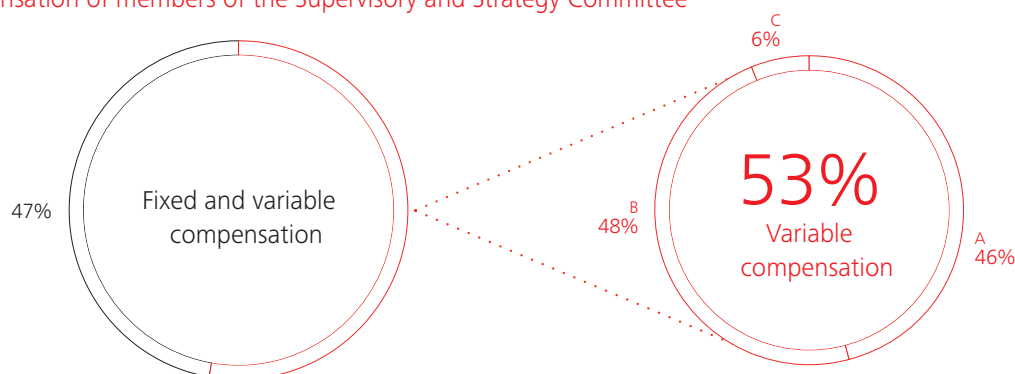
Fees for members of the Board of Directors and Committees of the Board

The Board of Directors' fees (including the flat-rate allowance) remain unchanged:

In CHF 1 000	
Chairman	400
Vice Chairman	300
Other members	200
Chairman of Compensation Committee	50
Compensation Committee members	40
Audit Committee members	40

Erich Ammann and Günter Schäuble do not receive an additional fee for their work in the Audit Committee in view of the compensation they receive as executive members of the Board of Directors.

Compensation of members of the Supervisory and Strategy Committee



	2022	2021
○ Fixed compensation	47%	41%
○ Variable compensation	53%	59%
A Cash bonus	46%	41%
B Equity securities	48%	52%
C Social and other benefits	6%	7%

The variable compensation reported is subject to the approval of the General Meeting of Shareholders.

In the reporting year, no collateral or guarantees were granted to members of the Board of Directors. Neither Schindler Holding Ltd. nor any other Group company waived any claims against members of the Board of Directors.

Registered shares and Performance Share Units

	Registered shares	PSU
Silvio Napoli, Chairman	6 430	—
Erich Ammann	4 089	—
Günter Schäuble	3 067	—
Petra A. Winkler	—	1 187

The number of registered shares disclosed is a provisional figure based on the closing share price on the last trading day in December 2022, with a discount of 20%, resulting in a provisional grant value of CHF 133.44. The final number is reported in the following year's Compensation Report. The PSU are included in the variable compensation with a fair value of CHF 192.37 per PSU.

Approved fixed compensation

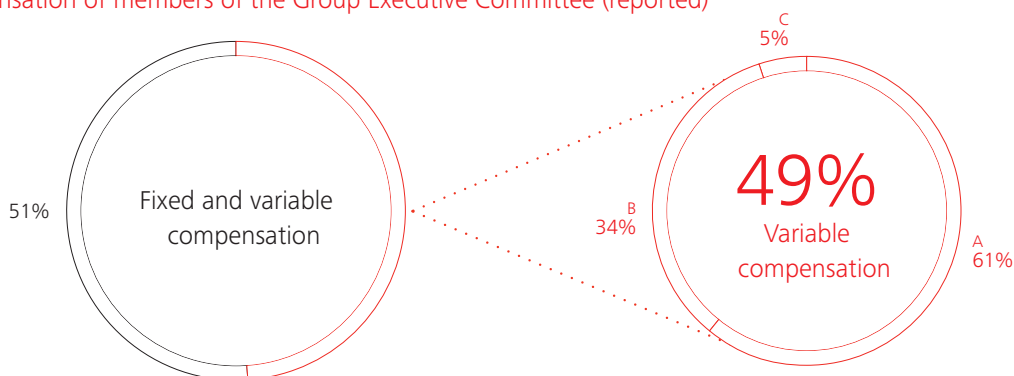
In CHF 1 000	
Approved by the General Meeting of Shareholders 2022	8 000
Actual fixed compensation 2022	7 195

5.2 Group Executive Committee

In CHF 1 000	Fixed compensation		Variable compensation			Total 2022
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Performance Share Units	Social and other benefits	
Total compensation	7 956	3 650	6 823	3 737	590	22 756
Additional information: Total compensation paid to active members of the Group Executive Committee as of December 31, 2022 ¹	4 333	1 910	2 514	3 437	372	12 566
Highest individual compensation: Thomas Oetterli, former CEO	1 100	224	2 392	–	127	3 843

¹ Excluding compensation paid to the six members of the Group Executive Committee who stepped down in 2022 (see also section 2.4)

Compensation of members of the Group Executive Committee (reported)



	2022	2021
○ Fixed compensation	51%	47%
○ Variable compensation	49%	53%
A Cash bonus	61%	46%
B PSU	34%	48%
C Social and other benefits	5%	6%

The highest individual variable compensation amounted to 190% of the fixed compensation (previous year: 232%).

The cash bonus 2022 awarded to active members of the Group Executive Committee as of December 31, 2022 reflects an average achievement factor of 88% based on the targets set for the year (previous year: 113%).

The reported variable compensation of the Group Executive Committee is subject to the approval of the General Meeting of Shareholders.

In April 2022, the PSU granted under the Deferred Share Plan 2015 for the performance period 2019–2021 were converted into registered shares at a conversion rate of 101%.

In the reporting year, no collateral or guarantees were granted to members of the Group Executive Committee. Neither Schindler Holding Ltd. nor any other Group company waived any claims against the members of the Group Executive Committee.

Performance Share Units granted

	Number
Total for Group Executive Committee	19 428

Value per Performance Share Unit

In CHF	Deferred Share Plan
Equity security	PSU on participation certificate
Volume-weighted average price in March 2022	204.48
Fair value for inclusion in variable compensation	192.37

Approved fixed compensation

In CHF 1 000	
Approved by the General Meeting of Shareholders 2022	12 000
Actual fixed compensation 2022	11 606

6 Compensation for the previous year

6.1 Board of Directors

In CHF 1 000	Fixed compensation		Variable compensation			Total 2021
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Registered shares	Social and other benefits	
Silvio Napoli, Chairman ¹	1 409	331	975	1 219	127	4 061
Alfred N. Schindler, Chairman emeritus ²	353 ⁹	18	–	–	–	371
Prof. Dr. Pius Baschera, Vice Chairman ²	350 ¹⁰	17	–	–	–	367
Erich Ammann ³	700	287	620	775	81	2 463
Luc Bonnard ²	350 ¹¹	17	–	–	–	367
Patrice Bula ²	240 ¹⁰	12	–	–	–	252
Prof. Dr. Monika Bütler ²	240 ¹²	14	–	–	–	254
Dr. Rudolf W. Fischer ⁴	54 ¹³	3	–	–	–	57
Orit Gadiesh ⁵	838	121	581	727	185	2 452
Adam Keswick ⁶	186 ¹⁴	11	–	–	–	197
Günter Schäuble ⁷	417	104	124	104	13	762 ¹⁵
Tobias B. Staehelin ⁸	214	13	–	–	–	227 ¹⁶
Carole Vischer ²	240 ¹²	14	–	–	–	254
Total compensation reported	5 591	962	2 300	2 825	406	12 084

¹ Member of the Supervisory and Strategy Committee, employed on a full-time basis

² Nonexecutive member

³ Member of the Supervisory and Strategy Committee, employed on a 70% basis

⁴ Nonexecutive member until the General Meeting of Shareholders 2021

⁵ Member of the Supervisory and Strategy Committee, employed on a 60% basis until March 31, 2021, and on an 80% basis as of April 1, 2021

⁶ Nonexecutive member (since the General Meeting of Shareholders 2021)

⁷ Executive member (since the General Meeting of Shareholders 2021)

⁸ Executive member with operational function as a member of the Group Executive Committee (since April 1, 2021)

⁹ Represents total compensation received from the Schindler Group, including fee for consulting services in the amount of CHF 153 000 (based on fixed daily fee and number of days actually worked)

¹⁰ Including fee for work as a member or Chairman, respectively, of the Compensation Committee

¹¹ Represents total compensation received from the Schindler Group, including fee for consulting services in the amount of CHF 150 000 (based on fixed daily fee and number of days actually worked)

¹² Including fee for work as a member of the Audit Committee

¹³ Including fee for work as a member of the Compensation Committee until the General Meeting of Shareholders 2021

¹⁴ Including fee for work as a member of the Compensation Committee (since the General Meeting of Shareholders 2021)

¹⁵ Including compensation for operational function at Schindler Holding Ltd. until December 31, 2021

¹⁶ Including compensation as a member of the Board of Directors as well as a fee for the mandate as a member of the Board of Directors of a Group company; compensation for operational function is disclosed in section 6.2

Registered shares granted

	Registered shares
Silvio Napoli, Chairman	6 053
Erich Ammann	3 849
Orit Gadiesh	3 609
Günter Schäuble	515

The final number of registered shares was calculated using a grant value of CHF 161.07, which corresponds to the volume-weighted average share price in March 2022, less 20%. The number disclosed in the previous year was based on a provisional grant value of CHF 195.52 (closing share price on the last trading day in December 2021, less 20%).

6.2 Group Executive Committee

In CHF 1 000	Fixed compensation		Variable compensation			Total 2021
	Cash (gross)	Pension, social, and other benefits	Cash bonus (gross)	Performance Share Units	Social and other benefits	
Total compensation	7 528	3 363	5 557	5 771	744	22 963
Highest individual compensation: Thomas Oetterli, former CEO	1 100	222	1 525	1 372	168	4 387

Performance Share Units granted

	Number
Total for Group Executive Committee	22 697
Thomas Oetterli, former CEO	5 396

7 Benefits for former members of governing bodies

No compensation as defined in Article 14, para. 1, section 4 of the Ordinance Against Excessive Compensation in Stock Exchange Listed Companies (VegüV) was paid to former members of a governing body.

8 Loans and credits

Article 34 of the Articles of Association of Schindler Holding Ltd. states that the Board of Directors may grant loans or credits to members of the Board of Directors or the Group Executive Committee. The total amount of these loans and credits must not exceed CHF 10 million and they may only be granted at market rates and subject to the applicable abstention rules.

8.1 Present and former members of governing bodies

No loans or credits were granted by Schindler Holding Ltd. or any other Group company to present or former members of governing bodies, and no such loans were outstanding as of December 31, 2022.

8.2 Related parties

No loans or credits were granted by Schindler Holding Ltd. or any other Group company to related parties of present or former members of governing bodies, and no such loans were outstanding as of December 31, 2022.

9 Proposals to the General Meeting of Shareholders 2023

The aggregate amounts of variable compensation for the reporting year 2022 and the aggregate amounts of fixed compensation for the financial year 2023 for the Board of Directors and for the Group Executive Committee will be proposed separately to the General Meeting of Shareholders in March 2023 for approval.

9.1 Variable compensation for 2022

The aggregate amount of variable compensation for the Board of Directors to be approved is CHF 5 177 000 (amount approved in 2022 for 2021: CHF 5 531 000).

The amount for approval includes the variable compensation for the members of the Supervisory and Strategy Committee, as well as for one new member of the Board of Directors since the General Meeting of Shareholders 2022 who holds an operational function in the Group and receives variable compensation for that function. On the basis of the lower financial results of Schindler in 2022, the individual variable compensation for the members of the Supervisory and Strategy Committee decreases in 2022 in comparison to 2021. This reduction is partially offset by the inclusion of the bonus for the new member of the Board of Directors with an operational function in the Group.

The aggregate amount of variable compensation for the Group Executive Committee to be approved is CHF 11 150 000 (amount approved in 2022 for 2021: CHF 12 072 000).

The amount for approval includes the variable compensation for the active members of the Group Executive Committee as well as for the six members who stepped down in 2022. On the basis of the lower financial results of Schindler in 2022, the individual cash bonus amounts for the active members decrease on average by 22% in 2022 in comparison to 2021. This reduction is partially offset by the inclusion of the variable compensation for two members that were newly appointed to the Group Executive Committee in 2022.

The aggregate amount of variable compensation to be approved for the Group Executive Committee includes an amount of CHF 3 737 400, representing the value of the PSU granted in 2022, assuming that the Group's targets set for 2024 are achieved (i.e., assuming a 100% conversion rate). In 2025, when the PSU will be converted into participation certificates, the final conversion rate will vary between 0% and 300%, depending on (i) the company's performance in relation to the defined targets as well as (ii) the development of the price of the participation certificates over the three-year period. The maximum payout in participation certificates is capped at CHF 9 534 100.

9.2 Fixed compensation for 2023

The aggregate amount of fixed compensation for the Board of Directors to be approved is CHF 7 000 000 (amount approved in 2022: CHF 8 000 000).

The decrease compared to the previous year reflects the reduced number of members of the Board of Directors as from the General Meeting of Shareholders 2023, partially offset by the full year inclusion of a member of the Board of Directors who holds an operational function in the Group.

The aggregate amount of fixed compensation for the Group Executive Committee to be approved is CHF 7 500 000 (amount approved in 2022: CHF 12 000 000).

The decrease compared to the previous year reflects the reduction of the Group Executive Committee from 13 to 10 members, whereby the amount for approval in 2023 only includes the fixed compensation to nine members of the Group Executive Committee because the fixed compensation for the Chairman & CEO is included in the proposal for the Board of Directors.

10 Levels of participation

The participations of members of the Board of Directors of Schindler Holding Ltd. and the Group Executive Committee, as well as related parties, are as follows (there are no conversion rights outstanding):

10.1 Board of Directors

2022

	Number	
	Registered shares	Participation certificates
As of 31.12.2022		
Silvio Napoli, Chairman ¹	71 219	—
Alfred N. Schindler, Chairman emeritus ²	⁸	—
Prof. Dr. Pius Baschera, Vice Chairman ²	3 000	—
Erich Ammann ³	30 264	—
Luc Bonnard ²	⁸	—
Patrice Bula ²	1 500	—
Prof. Dr. Monika Bütler ²	1 500	—
Orit Gadiesh ⁴	6 634	—
Adam Keswick ²	1 500	—
Günter Schäuble ⁵	⁸	—
Tobias B. Staehelin ⁶	^{8, 9}	—
Carole Vischer ²	^{8, 10}	—
Petra A. Winkler ⁷	⁸	1 290

¹ Member of the Supervisory and Strategy Committee and CEO

² Nonexecutive member

³ Member of the Supervisory and Strategy Committee

⁴ Nonexecutive member (since the General Meeting of Shareholders 2022)

⁵ Member of the Supervisory and Strategy Committee (since the General Meeting of Shareholders 2022)

⁶ Executive member with operational function as a member of the Group Executive Committee

⁷ Executive member (since the General Meeting of Shareholders 2022)

⁸ Members holding their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 46 011 639 shares as of December 31, 2022, corresponding to 68.6% of the voting rights of the share capital entered in the Commercial Register.

⁹ In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

¹⁰ In addition, a related party (not a member of the shareholder agreement) holds 110 registered shares

2021

As of 31.12.2021	Number of registered shares
Silvio Napoli, Chairman ¹	65 166
Alfred N. Schindler, Chairman emeritus ²	⁶
Prof. Dr. Pius Baschera, Vice Chairman ²	3 000
Erich Ammann ¹	26 415
Luc Bonnard ²	⁶
Patrice Bula ²	1 500
Prof. Dr. Monika Bütler ²	1 500
Orit Gadiesh ¹	3 025
Adam Keswick ³	1 500
Günter Schäuble ⁴	⁶
Tobias B. Staehelin ⁵	^{6, 7}
Carole Vischer ²	^{6, 8}

¹ Member of the Supervisory and Strategy Committee

² Nonexecutive member

³ Nonexecutive member (since the General Meeting of Shareholders 2021)

⁴ Executive member (since the General Meeting of Shareholders 2021)

⁵ Executive member with operational function as a member of the Group Executive Committee (since April 1, 2021)

⁶ Members holding their registered shares of Schindler Holding Ltd. under a shareholder agreement. Together with related parties, they held a total of 46 444 250 shares as of December 31, 2021, corresponding to 69.2% of the voting rights of the share capital entered in the Commercial Register.

⁷ In addition, a related party (not a member of the shareholder agreement) holds 10 registered shares

⁸ In addition, a related party (not a member of the shareholder agreement) holds 110 registered shares

10.2 Group Executive Committee**2022**

	Number	
	Registered shares	Participation certificates
As of 31.12.2022		
Silvio Napoli, CEO ¹		
Julio Arce	6 477	–
Matteo Attrovio	1 857	–
Karl-Heinz Bauer	7 962	–
Paolo Compagna	15 184	284
Carla De Geyseler	600	–
Meinolf Pohle	2 174	–
Robert Seakins	1 833	–
Tobias B. Staehelin ¹		
Daryoush Ziai	3 598	–

¹ See disclosure in section 10.1**2021**

	Number	
	Registered shares	Participation certificates
As of 31.12.2021		
Thomas Oetterli, former CEO	52 588	1 307
Urs Scheidegger	4 239	8 000
Julio Arce	4 680	–
Matteo Attrovio	1 857	–
Karl-Heinz Bauer	7 089	–
Paolo Compagna	13 162	284
Andre Inserra	2 888	–
Jujudhan Jena	5 872	1 761
Christian Schulz	12 735	–
Robert Seakins	36	–
Sabine Siméon-Aissaoui	661	–
Tobias B. Staehelin ¹		
Daryoush Ziai	1 876	–

¹ See disclosure in section 10.1

Report of the statutory auditor

to the General Meeting of Schindler Holding Ltd., Hergiswil

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Schindler Holding Ltd. (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Ordinance) contained in sections 5 to 8 and 10 on pages 110 to 115 and 117f of the compensation report.

In our opinion, the information on compensation, loans and advances in the compensation report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include sections 5 to 8 and 10 on pages 110 to 115 and 117f in the compensation report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibility for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

René Rausenberger
Licensed audit expert
Auditor in charge

Philipp Gnädinger
Licensed audit expert

Zurich, 21 February 2023

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich, Switzerland

The Annual Report of the Schindler Group for 2022 consists of the Group Review and the Financial Statements.

The original German version is binding. English and Chinese translations of the Group Review are available.
The Financial Statements are published in German and English.

**Overall responsibility,
concept, and text**
Schindler Management Ltd.
Global Communications & Branding
Ebikon, Switzerland

Overall concept and design
Christoph Stalder
Zurich, Schweiz

Premedia and online
Management Digital Data AG
Zurich, Switzerland

Konoma GmbH
Baden, Switzerland

Printing
Multicolor Print AG
Baar, Switzerland

Photography
Manuel Rickenbacher
Zurich, Schweiz



