

Remuneration and corporate governance

3. BOARD OF DIRECTORS

3.1 MEMBER OF THE MANAGEMENT BOARD (INCL. SECTION 3.2 OTHER ACTIVITIES AND INTERESTS)

The following information on the Management Board relates to the 31 [text missing] December 2016. You will find constantly updated information online at <http://www.jungfrau.ch/en-gb/corporate/about-us/board-of-directors/>. The Management Board of Jungfraubahn Holding AG consists of six members.

Prof. Thomas Bieger (1961, CH), Chairman

1 Completed studies as rer.pol. University of Basel, doctorate 1987; Professor of Business Administration and Tourism University of St. Gallen 1996 2 Activities at the Universities of Basel and Innsbruck; Lecturer and member of the school management at HWV Lucerne and Chur; Director and manager Middle School and Samedan Tourism School, teaching; Guest professorships and fellowships: Simon-Fraser University Vancouver, Vienna University of Economics and Business, University of Lugano, University of Otago; 1997 Professor University of St. Gallen 3 Rector, University of St. Gallen; Full Professor, University of St. Gallen; Director of the Institute for Systemic Management and Public Governance 4 Chairman of the Remuneration Committee; Chairman of *Jungfraubahnen Management AG*; 5 None 6 Chairman of Schweizerische Gesellschaft für Hotelkredit 7 Member of the Awarding Body Equis Accreditation; Member of the Advisory Committee AACSB Europe; Chairman of the Chamber of Universities of swissuniversities 8 None 9 Non-executive 10 None

Dr Jürg Rieben (1946, CH), Vice Chairman

1 Law degree, Universities of Lausanne and Bern - graduating as Dr. iur. and lawyer 2 1971: employed by Credit Suisse, Zurich - served abroad in London, Paris and the United States; since 1978: practising lawyer in Bern; since 2000: Office of Wenger Plattner Rechtsanwälte, Basel-Zurich-Bern, specialising in finance law 3 Lawyer 4 Chairman of the Audit Committee; Management Board *Jungfraubahnen Management AG* 5 Banking relationship BEKB | BCBE 6 2008-2015 Chairman of the Management Board BEKB | BCBE 7 None 8 None 9 Non-executive 10 None

Peter Baumann (1956, CH)

1 1980 Graduated with diploma in cultural engineering ETH; 1989 INSEAD Executive Program; 1994 Swiss course for company management (SKU) 2 1981 – 1988 Basler & Hofmann AG, consultant engineers and planners in Zurich; 1988 – 1996 Von Roll Transportsysteme AG Thun (from 1991 Von Roll Seilbahnen AG); 1996 – 1997 Mecaplex AG Grenchen; 1997 – 2002 Doppelmayr-Seilbahnen AG, Switzerland; since 2002 Garaventa AG, Rotkreuz, cableway construction 3 Regional Manager LATAM Doppelmayr/Garaventa Group 4 Member of the remuneration committee 5 Garaventa AG Is a supplier of cableways for Jungfrau Railways 6 Board member Garaventa AG; Board member CWA Constructions SA Corp., Olten; Board member Mecaplex AG, Grenchen 7 None 8 Grindelwald Town Council 9 Non-executive 10 None

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Nils Graf (1956, CH)

1 Apprenticeship as bricklayer; training college for foremen; various courses for further training; graduated with federal diploma as a foreman from the Swiss Building School in Aarau 2 Since 1982 co-owner Graf AG, construction & civil engineering, wood construction in Wengen 3 Co-owner Graf AG, construction & civil engineering, wood construction in Wengen 4 Member of the audit committee 5 Various contracts in construction and civil engineering 6 Chairman of the Board of Director of Beo Bauservice AG; Chairman of Graf Bauberatung GmbH; Vice-Chairman of Graf AG 7 Senator of the Junior Chamber International 8 Lauterbrunnen Town Council; Mountain Clerk of the Wengernalp Alpine Cooperative; Secretary of the Wengen Ski Slope Committee; Head of Wengen location management 9 Non-executive 10 None

Bruno Hofweber (1956, CH)

1 Commercial apprenticeship at the Berner Kantonalbank (now BEKB), Interlaken; further vocational training 2 1979-2016 various activities for Rugenbräu AG, most recently as CEO and delegate for the Management Board 3 None 4 Member of the Audit Committee 5 Supply of the company-owned JB restaurants 6 VR Brauerei Müller AG, Baden 7 HIV, section Interlaken-Oberhasli; Advisory Committee of the Brau Ring cooperation company for private breweries in Germany, Austria and Switzerland 8 None 9 Non-executive 10 None

Ueli Winzenried (1955, CH)

1 Business economist HWV 2 19 years: Management functions at Hoffmann - La Roche AG at home and abroad, including the last four years as Director and member of the Diagnostics Division Management, responsible for international sales and marketing activities, including global logistics 3 Chairman of the Executive Board of Gebäudeversicherung Bern 4 Member of the Remuneration Committee 5 Business relations with Gebäudeversicherung Bern / GVB Privatversicherungen AG 6 Management Board Kongress + Kursaal Bern AG; Member of the Board of Trustees of Jungfrau Railways; Foundation Council aha! 7 Board of Commerce and Industry for the Canton of Bern - Board of the National Economic Association of the Canton of Bern; President of the Swiss Energy and Climate Summit (Swiss ECS) 8 None 9 Non-executive 10 None

3.2 OTHER ACTIVITIES AND INTERESTS

See section 3.1.

3.3 NUMBER OF APPROVED MANDATES

The number of mandates in the upper management and administrative bodies of legal entities outside the group to be entered into the Swiss commercial register or a comparable foreign register is limited for members of the Management Board to three mandates in listed companies, ten mandates in non-listed companies and twenty mandates in other legal entities such as foundations and associations. (Art. 17, Jungfrau Holding AG statutes)

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3.4 CROSS-INVOLVEMENT

The group is not affiliated with any other company by mutual involvement in boards of directors.

3.5 ELECTION AND TERM OF OFFICE

3.5.1 Principles of the electoral process

The General Meeting elects all Directors, the Chairman and the members of the Remuneration Committee annually and in a single election (Article 17 of the statutes of Jungfraubahn Holding AG)

In accordance with the organisational regulations of the Management Board, the following limitations apply:

«At the General Meeting of the year in which a Director reaches the age of 70, he must leave his office. If a person is elected to the Management Board as a result of a public, political or other function, as the owner of a large share package or as a shareholder (Article 707, para. 3 of the Swiss Code of Obligations), he shall not be subject to any age limit. However, in the interests of the company, upon leaving the office / function or the disposal of the relevant shares, the person concerned must make the Management Board mandate available. The term of office running at this time may be terminated. A re-election ad personam is possible subject to the age limit.»

3.6 INTERNAL ORGANISATION

The Management Board, with the exception of the Chairman and the members of the Remuneration Committee, is constituted with regard to ranking and the composition of the committees themselves. Christoph Schläppi (non-member) has been elected as secretary.

3.6.1 Division of responsibilities on the Management Board

The Chairman of the Management Board, in the event of impediment of the Vice Chairman, shall lead the Board, chair the Board meetings as well as the General Meeting. He is an important contact for the Chairman of the Executive Board in all aspects of company management. The other members of the Management Board shall perform the same tasks and responsibilities in the plenary session. The Board is supported by specialist committees formed from among its members. They analyse specific areas in depth and report on the preparation of resolutions or the exercise of their supervisory function. For details, see the rules for the respective committee.

3.6.2 The committees in detail

Audit Committee:

Dr Jürg Rieben, Chairman; Nils Graf, Bruno Hofweber

In particular, the Audit Committee has the following tasks:

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- Assessment of the half-yearly and annual accounts;
- Assessment of the organisation of internal financial controls and external auditing;
- Assessment of the independence, performance and compensation of external auditors and the compatibility of consultancy mandates with auditing activities.

The Audit Committee does not carry out any audits itself.

Remuneration committee:

Prof. Thomas Bieger, Chairman; Ueli Winzenried, Peter Baumann

In principle, the Remuneration Committee has the authority to make proposals and implement them. The Remuneration Committee is also responsible for the employment contracts of the members of the Executive Board. For additional authorisation procedures, the organisational regulations refer to the regulations of the Remuneration Committee. According to this, the committee decides definitively on the remuneration of the extended Executive Board, the operating unit manager and division manager, the reference price and claim for discounted shares for managers and employees, as well as the approval of additional activities by the Executive Board and extended Executive Board.

In addition, the Remuneration Committee ensures that a regular benchmark (at least once a year) of the compensation takes place with comparable listed companies and Bern-based companies, a periodic comparison is made between the requirements profile of the Management Board and the actual status, a discussion of the substitution and succession planning for members of the Executive Board, the extended Executive Board and possibly other key personnel is held with the Chairman of the Executive Board, employees are regularly evaluated and a self-assessment of the work in the Remuneration Committee takes place.

The Remuneration Committee shall make the following preparations for the Management Board:

- Proposal for the implementation of the General Meeting resolutions concerning remuneration
- Preparation of review proposals for the statutes regarding the principles for the remuneration of the members of the Management Board and the Executive Board
- Review and adjustment of the remuneration policy for staff
- One-off, voluntary bonuses for staff (principle / framework)

3.6.3 Operation of the Management Board

As a rule, the Management Board meets five times a year, once for a two-day strategy meeting. Decisions are taken by the Management Board as a whole (simple majority of those present). The CEO attends the meetings of the Management Board in an advisory capacity. In addition, the meeting is attended by those responsible for a certain business. The invitation to the meetings of the Management Board will list all the subjects to be dealt with. The participants will receive written documentation in advance. In urgent cases and subject to certain restrictive formalities, resolutions can also be passed by means of a circular letter. Since 1 December 2014, the Management Board has had direct access to the Intranet of Jungfrau Railways where it is given access to the documents of the current and previous meetings. During the course of the year, the Management Board abides by the following cycle of successive analyses and decision-making steps:

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- Strategy control and risk assessment
- Working out / customising the business plan
- Budgeting based on the business plan
- Investment decisions
- Analysis of the result

In the reporting year, five Management Board meetings were held, including one two-day meeting, three meetings of the Audit Committee and two of the Remuneration Committee.

3.7 REGULATION OF AREAS OF RESPONSIBILITY

The Management Board of Jungfrau Holding AG is responsible for the overall management, supervision and control throughout the Jungfrau Railway Group.

The tasks of the Management Board are laid down in the statutes and in the organisational regulations. It is authorised to make decisions in all matters which by law, under the statutes or the organisational regulations are not expressly transferred to or reserved for the General Meeting or other corporate bodies. The Organisational Regulations contain a detailed allocation of areas of responsibility between the Management Board and the Executive Board, which takes account of the legal requirements (Swiss Code of Obligations 716a) and is regularly observed in day-to-day business. Rules for insider prevention and disclosure requirements for management transactions can be found in the appendices. The organisational regulations, which also contain a table summary of the responsibilities of the Management Board and Executive Board as well as a summary of the project management, can be found online at:
http://www.jungfrau.ch/uploads/media/Organisationsreglement_2014_JBH.pdf.

3.8 INFORMATION AND CONTROL INSTRUMENTS

The Management Board will be reported to in an open and timely manner (responsible: Chairman of the Executive Board). This takes place in the form of quarterly written reports on business progress, through verbal orientations at board meetings (standard tracts for CEO and CFO) and special reporting for large projects (half-yearly project status and project account upon conclusion). In the case of special events, the Management Board shall be notified immediately in an appropriate form.

The Chairman of the Management Board and the Chairman of the Executive Board shall communicate at least weekly and advise each other regularly of all significant transactions.

Jungfrau Railways has an «ISO 9001: 2015» certified management system. This also meets the requirements of the quality seal (level 3) of Schweiz Tourismus and integrates the process organisation, the work instructions, the internal control system (ICS), the risk management and quality assurance into a uniform management instrument (see Risk management and ICS).

Jungfrau Railways has an MIS system, which contains key figures on the course of business, finances, development goals (personnel, homepage access, KVP 2 etc.) and framework conditions. This is tracked weekly. Reports to the Management Board include the most important key figures. The Management Board

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members are supplied with original data from the MIS at any time upon request.

[5]

1 Training / qualifications 2 Professional career 3 Main occupation 4 Societies / committees 5 Business relationship with Jungfrau Railways 6 Leadership - and supervisory activities 7 Activities for vested interests 8 Official functions, political offices 9 Operational management duties 10 Past activities for Jungfrau Railways