

Remuneration and corporate governance

2. COMPENSATION CONTENTS

2.1 BASIC PRINCIPLES

The structure of the remuneration model is based on the basic strategy that positions the Jungfraubahn Holding AG share as a value stock. The compensation system supports the long-term increase in value for investors. This is achieved in concrete terms through

- a longer-term definition and fixing of the salary and in particular of the success components to ensure continuity,
- the calculation of the profit sharing in earnings before tax (EBT) and thus a team-oriented objective (EBT as an important prerequisite for achieving free cash flow),
- a share participation programme with a long binding period (blocking the transfer of shares over a period of 5 years) and thus an orientation towards the long-term growth in value.

The share participation programme also exists in the same format for the Group's managers and employees. The shares under the company's own ownership are intended to reinforce the commitment of all employees to the company. Since 2005, 4% of the stock has been placed with the staff via the employee participation programme. The exercise rate in 2016 was 65%.

2.2 THE INDIVIDUAL ELEMENTS OF THE COMPENSATION SYSTEM

2.2.1 Fixed compensation

The fixed fee is the basis for the remuneration of the Board of Directors. It is paid out in two half-yearly instalments. The Executive Board receives a basic salary, which is in the form of 13 monthly salaries.

Provided that the Board of Directors and members of the Executive Board receive compensation from third parties for activities carried out in connection with their roles at Jungfrau Railways, the following shall apply: The members of the Executive Board deliver their fees without compensation to Jungfraubahnen Management AG. They can keep their attendance fees as part of their compensation. Administrative committees keep fees and attendance fees. Such payments are included in this report in the fee or salary and are reported to the respective beneficiary.

2.2.2 Variable compensation

Service rendered is taken into account through the variable profit sharing, which is determined by the success achieved by the company. It is measured by earnings before tax (EBT). It is established over the long term and applies over a longer period. The share is calculated according to the formula $(EBT - CHF\ 15\ million) \times Factor$, where the following is used to calculate the factor: 0.125% for members of the Board of Directors, 0.5% for the Chairman of the Executive Board, 0.3% for the other members of the Executive Board. Profit sharing is limited by the statutes to a maximum of two thirds of basic remuneration. As of 2015, maximum profit sharing was limited to CHF 20,000 in the case of a correspondingly high EBT. The profit share is payable to members of the Executive Board on the payment day following the approval of the results of Jungfraubahn Holding AG. The Board of Directors will be paid within 20 days of approval.

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2.2.3 Share participation programme

The Board of Directors and the Executive Board can participate voluntarily in the programme for discounted employee shares, in accordance with the quotas allocated to them. The subscription right is allocated, taking into account the amount approved by the General Meeting and by virtue of the business affiliation at the end of the 3rd quarter, exercising takes place at a discounted price which is reviewed and re-established annually. The subscription period runs for 60 days, in which the beneficiaries must decide to what extent they wish to purchase shares. The guideline for the reference price is one-third of the previous year's share price. The shares cannot be sold or pledged during a vesting period of 5 years. The difference between the reference price and the exchange rate, determined according to circular no. 37 of the Federal Tax Administration, is shown as a remuneration component.

2.3 OCCUPATIONAL PENSION PLAN OF THE EXECUTIVE BOARD

The basic salaries of the members of the Executive Board are insured in the Jungfrau Railways Staff Pension Fund. An insurance solution for the variable components is in place with a life insurance company.