

**JUNGFRAU**

**TOP OF EUROPE**

Jungfraubahn Holding AG

# ANNUAL REPORT 2019



Part 3

## REMUNERATION AND CORPORATE GOVERNANCE



# 4

## REMUNERATION AND CORPORATE GOVERNANCE

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# REMUNERATION AND CORPORATE GOVERNANCE

## REMUNERATION REPORT

### 1. INTRODUCTION AND PRINCIPLES

In accordance with Article 13 (1) of the Swiss Ordinance against Excessive Remuneration in Listed Companies (VegüV), the present report provides information on the remuneration of members of the Board of Directors (VR) and the Executive Board of Jungfraubahn Holding AG (JBH). It will be submitted for the attention of the General Meeting in 2020. The report is based on Articles 13 to 16 of VegüV and also the applicable standards of the Swiss Code of Best Practice for Corporate Governance, including Annex 1 on the recommendations on compensation for the Board of Directors and Executive Board.

The Jungfrau Railway Group offers performance-related overall remuneration that is in line with the market in order to attract, motivate and retain individuals with the necessary skills and character traits for the Board of Directors and Executive Board. The compensation policy is based on the following principles; the fees and basic salaries are determined according to the requirements regarding the necessary skills, responsibilities and workloads; the performance of the Executive Board is taken into account by means of a variable component determined by outcomes. The Board of Directors and Executive Board participate in the longer-term development of the company through a share participation programme. There are no compensation components that would hinder a transfer or change of control. The standard period of notice for members of the Executive Board is six months (half of the statutory maximum duration).

The framework for the structure of the remuneration is set out in Article 20 of the JBH statutes. These regulations allow both short-term and long-term profit-sharing in cash and/or shares, but this cannot exceed two-thirds of the basic fee/remuneration. In addition, the statutes allow the company to sell treasury shares at a discounted price, pay benefits to the occupational pension scheme and grant loans of up to CHF 100,000 at standard market conditions.

In its current form, JBH's remuneration system is designed to be as simple and transparent as possible. No consultants were involved in its design. Profit sharing using shares and long-term profit sharing have been waived. They have been replaced by the participation program for discounted employee shares, in which the Board of Directors and Executive Board can participate on request in accordance with the quotas allocated to them. In order to limit the dynamics of the system when results are very good, upper limits have been defined for the total compensation of members of the Executive Board.



## 2. CONTENTS OF THE COMPENSATION

### 2.1 MAIN FEATURES

The structure of the remuneration model is based on the basic strategy of positioning the JBH share as a value stock. The compensation system supports the long-term increase in value for investors. In real terms, this is achieved via:

- A longer-term determination of the remuneration and, in particular, a longer-term fixing of the performance component of the Executive Board to ensure continuity
- The measurement of the Executive Board's profit-sharing in earnings before taxes (EBT) and thus in a team-oriented objective (EBT as an important parameter for a value-oriented company)
- A share participation programme with a long-term commitment (blocking the transfer of shares for five years) and thus an orientation towards long-term value growth

The share participation programme also exists in the same format for the Group's management and employees. The treasury shares are intended to strengthen the bond between the entire staff and the company. The exercise rate in 2019 was 62.5%. The members of the Extended Executive Board also receive a profit share.

### 2.2 THE INDIVIDUAL ELEMENTS OF THE COMPENSATION SYSTEM

#### 2.2.1 Fixed Compensation

For members of the Board of Directors, the fixed components – fee, expense allowance and attendance fee – form the basis of compensation. It is paid in two half-yearly instalments. The Executive Board receives a basic salary, paid in the form of 13 monthly salaries. In the case of directors who represent a legal entity participating in JBH (Article 707 (3) of the Organisational Regulations), the represented legal entity may determine that the fee is to be paid directly to itself and not to the BoD. In such a case, the amount owed is settled once a year at the end of December [5].

Provided that members of the Management Board 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 applies: The members of the Executive Board deliver their fees without compensation to Jungfraubahnen Management AG. They are permitted to keep their attendance fees as part of their compensation. Administrative committees retain fees and attendance fees. Such payments are included in this report in the fee or salary and shown for each recipient.

#### [5]

This regulation was applied until mid-May 2019 for the director Hanspeter Rüfenacht. From this date the fee will be paid to him privately.

#### 2.2.2 Variable Compensation

The performance of the Executive Board is taken into account with the variable profit-sharing bonus, which depends on the success the company achieves and is measured on the basis of EBT. It is determined based on a long-term perspective. The share is calculated according to the formula  $(EBT - CHF\ 20\ \text{million}) \times [\text{factor}]$ , using the following factor: 0.5% for the Chief Executive Officer and 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. It is due for payment to the members of the Executive Board on the ordinary payment date following the approval of the JBH results.

As a result of promising investments and continuously increasing profits, profit-sharing will only be paid from 2021 onwards from a profit of CHF 30 million. The formula has been adjusted as follows:  $(EBT - CHF\ 30\ \text{million}) \times [\text{factor}]$ . The factor for the members of the Executive Board is no longer determined uniformly, but rather varies individually within a range of 0.2% to 0.5%.

### **2.2.3 Share Participation Programme**

The Board of Directors and the Executive Board may voluntarily participate in the programme for discounted employee shares in accordance with the quotas allocated to them. The subscription right is allocated individually, taking into account the amount approved by the General Meeting and the course of business and depending on the length of service at the end of the third quarter. Exercise is at a discounted price, reviewed annually and redefined if necessary. The number of subscription rights for the BoD is also determined by a maximum amount for the share portion, which is set so that the total compensation is within a range appropriate to the role.

The subscription period is 60 days, during which the beneficiaries must decide how many shares they wish to purchase. The reference price is one third of the average price in December of the previous year, but the subscription price can be adjusted if necessary (in the event of major price changes) during the year by 15 September at the latest [6]. The shares cannot be sold or pledged during a vesting period of five years. The difference between the subscription price and the relevant market value according to Circular No. 37 of the Swiss Federal Tax Administration is reported as a remuneration component.

#### **[6]**

According to the amendment to the regulations of the Board of Directors of JBH on 26 February 2018.

## **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.

## 3. DETERMINATION PROCEDURE

### 3.1 ORGANISATION

The JBH Board of Directors is responsible for the top management as well as the supervision and control of the management of the entire Jungfrau Railway Group. In accordance with Article 21 of the statutes, it may appoint committees to assist it. The duties of the Board of Directors and the committees are set out in the statutes, the organisational regulations and the regulations of the respective committees. The BoD is assisted in compensation matters by a Remuneration Committee. The members are determined by the General Meeting in accordance with the corresponding legal provisions (VegüV). In accordance with the proposals of the Board of Directors, the General Meeting of 2019 elected Thomas Bieger (Chairman), Peter Baumann and Hanspeter Rüfenacht to the Remuneration Committee for a one-year term of office. They are all independent and “non-executive”. The secretary of the Committee is Urs Kessler, the Chief Executive Officer.

According to Article 21 (2) of the statutes, the Committee has the power to make and implement proposals. Within the scope of its implementation authority, it determines the employment contracts or remuneration of the members of the Executive Board (excluding the CEO) within the framework set by the General Meeting resolution. Taking into account the amount approved by the General Meeting, the Committee determines the subscription entitlement and the subscription price for discounted shares (section 2.2.3). In all other respects, decisions on compensation issues – insofar as they concern the Board of Directors and the Executive Board, and thus also the corresponding proposals to the General Meeting – are made by the full Board of Directors.

### 3.2 PROCEDURE

Compensation issues are always prepared by the Compensation Committee. In accordance with special regulations, the Remuneration Committee draws up the general remuneration policy of the company (Board of Directors, management and staff) for the attention of the Board of Directors and makes proposals for the implementation of the General Meeting resolution as specific compensation for the Board of Directors and CEO alongside a draft of the proposals for compensation to the General Meeting. It also prepares the remuneration report, which is submitted to the General Meeting for information.

Remuneration Committee meets at least twice a year. Among other things, it assesses compensation and compares it with information on compensation paid by 17 listed companies from the Canton of Bern and the neighbouring Espace Mittelland as well as five companies from the railways and tourism sector.

At each BoD meeting following a meeting of the Committee, the Committee reports in detail to the BoD. Within this framework, the results of the benchmark on compensation issues and the structure of the share participation programme are discussed. In addition, an overall assessment of the compensation system and its effectiveness is carried out using this method.

The BoD deals primarily at the end of the year with the compensation of the Executive Board and other management and – in terms of overall supervision – with the remuneration principles for all staff. As a rule, the BoD assesses its own activities and compensation as part of the annual analysis of the business results or the review of its strategies. This cycle does not prevent it from always responding to remuneration issues, even at



short notice, or from issuing corresponding clarification orders.

### 3.3 RULES

The principles governing the compensation of the Board of Directors and Executive Board are set out in a separate chapter of the Organisational Regulations (Article 24a et seqq.). JBH's compensation system aligns the interests of the compensation recipients with the interests of the Company and supports the implementation of the strategy (see section 2 of the Remuneration Report). It is not intended to provide any false incentives and does not include components that can be adversely influenced. The requirement profiles form the basis for the calculation of the fees. These are continuously compared with the actual status and periodically questioned.

The JBH compensation system is designed for consistency and reliability. Variable compensation is also based on criteria and objectives that are defined in advance and usually in the long term. Accordingly, there are regulations on profit-sharing and the participation programme. Voluntary special bonuses paid out retrospectively are decided by the BoD only on a modest scale and in exceptional cases.

## 4. REMUNERATION IN THE 2019 REPORTING YEAR

### 4.1 MEASUREMENT

Compared to 2018, no restructuring of the remuneration was undertaken.

The detailed information on remuneration in the year under review is shown in tabular form under 4.2.

Within the scope of its activities, the Executive Board is also responsible for the management of Berner Oberland-Bahnen AG, which bears 28.5% of the fixed component of the compensation reported for the members of the Executive Board.

The EBT (earnings before taxes) relevant for calculating the share of net income for the 2019 financial year are CHF 67.695 million.

The subscription rights for the purchase of discounted shares were adjusted in 2019 at the BoD in accordance with section 2.2.3 and now amount to 710 shares (previous year: 750). The remaining subscription rights remained unchanged – Chief Executive Officer: 2,000 shares, members of the Executive Board: 1,200 shares. It was possible for the allocated shares to be purchased at a preferential price of CHF 45 for the entire staff of the Group. The reference date for the subscription and therefore also for the calculation of the value of this remuneration component was 1 October 2019. The share price was CHF 154.40, which means that the relevant price after deduction of 25.274% (Circular No. 37 of the Swiss Federal Tax Administration) is CHF 115.40. The difference between the subscription price and the discounted value is CHF 70.40. This amount – multiplied by the individual number of shares purchased – is reported as a remuneration component. The following numbers of shares from the company's portfolio were ultimately issued to members of the company management in 2019:

	Shares
Sales to Executive Board members at the price of CHF 45	3,850
Sales to non-executives (Management Board) at the price of CHF 45	4,260
<b>Total shares</b>	<b>8,110</b>

The General Meeting 2019 approved a remuneration of CHF 710,000 for the BoD for the term of office until the General Meeting 2020. The total amount paid to the BoD for the year 2019 is CHF 695,055, of which seven-twelfths is for the period after the General Meeting 2019; this corresponds to CHF 405,449. Extrapolated, it appears that the remuneration will not exceed the total amount approved by the General Meeting 2019 until the General Meeting 2020.

The total amount paid out to the Executive Board for the 2019 financial year is CHF 1,800,000, while CHF 2,280,000 was approved at the 2018 General Meeting for the 2019 financial year.

## 4.2 REMUNERATION OVERVIEW

### Members of the Board of Directors 2019

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Prof. Dr. Thomas Bieger, Chairman	Ueli Winzenried, Vice-Chairman	Peter Baumann, Member	Nils Graf, Member	Dr. Catrina Luchsinger Gähwiler, Member	Hanspeter Rüfenacht, Member [1]	Board total
Fixed remuneration (cash)	103,800	60,300	44,500	45,000	45,000	43,000	341,600
Shares	49,984	49,984	49,984	49,984	49,984	49,984	299,904
Contributions in kind	620	400	555	755	755	400	3,485
Social insurance contributions	12,237	8,778	7,559	7,614	7,614	6,264	50,066
<b>Total remuneration</b>	<b>166,641</b>	<b>119,462</b>	<b>102,598</b>	<b>103,353</b>	<b>103,353</b>	<b>99,648</b>	<b>695,055</b>

[1] A part of the fixed remuneration (fee and expenses allowance from January to May) of Hanspeter Rüfenacht in the amount of CHF 14,625 was paid to his employer BEKB, the remainder of the total remuneration to him privately.

### Members of the Board of Directors 2018

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Prof. Dr. Thomas Bieger, Chairman	Ueli Winzenried, Vice-Chairman	Peter Baumann, Member	Nils Graf, Member	Bruno Hofweber, Member [1]	Dr. Catrina Luchsinger Gähwiler, Member [2]	Hanspeter Rüfenacht, Member [3]	Board total
Fixed remuneration (cash)	104,800	60,100	45,500	45,000	18,250	26,750	45,500	345,900
Shares	46,200	46,200	46,200	46,200	0	46,200	46,200	277,200
Contributions in kind	510	755	555	755	0	455	400	3,430
Social insurance contributions	9,413	6,658	5,743	5,724	1,136	4,569	3,306	36,549
<b>Total remuneration</b>	<b>160,923</b>	<b>113,713</b>	<b>97,998</b>	<b>97,679</b>	<b>19,386</b>	<b>77,974</b>	<b>95,406</b>	<b>663,079</b>

[1] Resignation on 14/05/2018. [2] Election to the Board of Directors on 14/05/2018. [3] A part of the fixed remuneration (fee and expenses allowance) of Hanspeter Rüfenacht in the amount of CHF 39,000 was paid to his employer BEKB, the attendance fee of CHF 6,500 to him privately. The exercise of the shareholding took place through him privately.

### Member of the Executive Board 2019

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Highest total compensation: Urs Kessler, Chairman of the Executive Board	Executive Board total
Fixed remuneration (cash)	331,126	745,301
Variable profit sharing (cash)	157,035	415,146
Shares	140,800	271,040
Contributions in kind	2,553	6,933
Social insurance contributions	168,486	361,580
<b>Total remuneration</b>	<b>800,000</b>	<b>1,800,000</b>

## Member of the Executive Board 2018

Disclosure pursuant to Article 663b of the Swiss Code of Obligations, in CHF	Highest total compensation: Urs Kessler, Chairman of the Executive Board	
		Executive Board total
Fixed remuneration (cash)	358,645	772,890
Variable profit sharing (cash)	200,843	476,576
Shares	123,200	206,360
Contributions in kind	2,553	6,933
Social insurance contributions	170,232	364,546
<b>Total remuneration</b>	<b>855,473</b>	<b>1,827,305</b>

## 4.3 LOANS AND CREDITS

There were no loans in the year 2019 for members of the Board of Directors or Executive Board.



## **AUDITOR'S REPORT ON THE REMUNERATION REPORT**

The object of the official annual report of Jungfraubahn Holding AG is the management report (with segment reporting) and the financial report, which contains the consolidated financial statements for 2019 and the financial statements for 2019 of the holding company. The auditor's reports are also included in this part of the annual report. The printout of the annual report in German, available at the registered offices of the company during the invitation period to the General Meeting of Jungfraubahn Holding AG, is binding and has been audited. Thus no audit reports were drawn up in English. You can download a PDF document with the same content from the online annual report Download Centre. The accompanying report and the download file also contain the 2019 remuneration report and corporate governance information.

## CORPORATE GOVERNANCE

### INTRODUCTION

For the Jungfrau Railway Group, constructive dialogue with its diverse stakeholders is at the heart of corporate governance. The Swiss Code of Best Practice of the umbrella organisation Economiesuisse serves as a model. As the Group is relatively small, it is important to ensure that the management and control instruments do not exceed a narrow scope, as this would otherwise result in an untenable overhead. Our solutions are finetuned to the needs of the company according to the principle of proportionality.

The following information on corporate governance is structured in accordance with the Corporate Governance Directive (DCG) of the SIX Swiss Exchange. The statutes and the organisational regulations, to which reference is made repeatedly, can be downloaded from <http://www.jungfrau.ch/en-gb/corporate/investor-relations/jungfraubahn-holding-ag/shareholder-information/>. The disclosures in the corporate governance report refer to the status as at 31 December 2019. Any significant changes occurring after this deadline, but before the editorial deadline, and any decisions of material importance, are mentioned separately as such. The corporate governance guidelines are merely the formal foundation of a comprehensive understanding of fair and transparent behaviour. Only with a positive attitude towards this concept can an impact truly be made. The focus is on an open and regular exchange of opinions and information. The people behind the Jungfrau Railway Group, from company management to staff, strive to maintain contact and a constructive dialogue with all interest groups (also known as stakeholders).

# 1. GROUP STRUCTURE AND SHAREHOLDERS

## 1.1 GROUP STRUCTURE

### 1.1.1 Operational Group Structure

The subsidiary companies of Jungfraubahn Holding AG (also known as Jungfrau Railway Group) cooperate closely with Berner Oberland-Bahnen AG (BOB), which is majority owned by the federal government and the canton of Bern. This operating consortium is a virtual, combined company. Jungfraubahn Holding AG (JBH) only holds 8% of BOB shares and does not participate on its Board of Directors. The partnership is safeguarded by Jungfraubahnen Management AG (JBM; shares: JBH 67 %, BOB 33 %). This is done primarily by making the best possible use of management resources (personnel, skills, instruments), which it builds, maintains and develops for all its clients. Insofar as JBM coordinates its approach with clients in order to strive for the greatest possible synergies, particularly in marketing, customer service, insurance, quality assurance, compliance management, procurement and IT, it does so as a full-function joint venture of the companies involved. Collectively, the companies involved present themselves under the name Jungfrau – Top of Europe. The organisational chart of the operating companies and the operational organisation of JBH can be found in the chapter The Holding Company.

### 1.1.2 Listed Companies

The only listed company in the consolidated entity is Jungfraubahn Holding AG, 3800 Interlaken, Switzerland. Its registered shares are listed on the SIX Swiss Exchange in Zurich (security number 1 787 578, ISIN CH0017875789). Based on a JBH registered share closing price of CHF 165.00, the market capitalisation as at 31 December 2019 was CHF 962,775,000.

### 1.1.3 Non-Listed Companies

The following non-listed companies are part of JBH's consolidated entity:

Company	Registered office	Share capital as at 31 December 2019 in CHF	Voting share of JBH in percent
Jungfraubahn AG	Interlaken	10,000,000	100
Wengernalpbahn AG	Interlaken	10,000,000	100
Firstbahn AG	Grindelwald	10,000,000	100
Parkhaus Lauterbrunnen AG	Lauterbrunnen	1,000,000	100
Jungfrau Gastronomie AG	Interlaken	100,000	100
Jungfrau Shopping AG [1]	Interlaken	100,000	100
Bergbahn Lauterbrunnen-Mürren AG	Interlaken	1,800,000	95
Harderbahn AG	Interlaken	705,000	89
Grindelwald Grund Infrastruktur AG	Grindelwald	10,000,000	80
Jungfraubahnen Management AG	Interlaken	100,000	67
Sphinx AG Jungfraujoche	Fieschertal	52,500	57

[1] Formerly Mürrenbahn AG, renamed on June 11, 2019

## 1.2 SIGNIFICANT SHAREHOLDERS

On the cut-off date of 31 December 2019, the following shareholders were included in the share register with a holding of more than 3% of total capital:

Shareholders	Share
BEKB/BCBE (Berner Kantonalbank)	14.15%
Gebäudeversicherung Bern	5.46%
JSP Sicherheitsdienste Alarmempfang und Intervention (Schweiz AG), formerly Securitas Investment AG	4.71%
Erwin Reinhardt (Erwin Reinhardt is the beneficial owner of Montalto Holding SA, which holds 3.17%, and other participations)	4.37%
Martin Haefner	4.00%

## 1.3 CROSS-INVESTMENTS

None of the companies in which JBH holds more than 5% of shares is a major shareholder of JBH.



## **2. CAPITAL STRUCTURE**

### **2.1 CAPITAL**

The share capital of JBH amounts to CHF 8,752,500. Further information on the capital can be found in the balance sheets (Consolidated Financial Statement and Financial Statement of Jungfraubahn Holding AG) published in the annual report and in the accompanying notes in the appendices.

### **2.2 AUTHORISED AND CONTINGENT CAPITAL**

There are currently no provisions in the statutes of JBH on authorised or contingent share capital.

### **2.3 CHANGES IN CAPITAL IN THE LAST THREE YEARS**

There have been no changes in the capital of JBH in the last three years.

### **2.4 SHARES AND PARTICIPATION CERTIFICATES**

The share capital is divided into 5,835,000 fully paid registered shares with a nominal value of CHF 1.50 (single share, security number: 1 787 578). Entry in the share register is a prerequisite for exercising voting rights. Shares are issued in the form of a value right and managed as book-entry securities. All shares are entitled to dividends.

Further information on the shares can be found in the Notes to the Annual Financial Statement of JBH (holdings in own shares, share numbers) and online at: <http://www.jungfrau.ch/en-gb/corporate/investor-relations/jungfraubahn-holding-ag/shareholder-information/>.

JBH does not have participation capital.

### **2.5 PROFIT PARTICIPATION CERTIFICATES**

JBH has no profit participation certificates.

### **2.6 LIMITATION OF TRANSFERABILITY AND NOMINEE REGISTRATIONS**

#### **2.6.1 Limitation of Transferability and Derogation**

Article 5 (3)(a) of the statutes contains the following entry restriction:

The Board of Directors may refuse to register an acquiror as a shareholder with voting rights if an individual shareholder owns more than 5% of the share capital of the company, whereby legal entities and partnerships, other associations of persons as well as joint ownership relationships which are linked to one another by capital

or voting rights through uniform management or in some other way, and natural persons or legal entities or partnerships which act with a view to circumventing the limitation on registration (in particular as a syndicate), are each considered to be one shareholder for the purpose of registration in the share register; Article 685d (3) of the Swiss Code of Obligations remains reserved. The limitation on registration laid down in this section also applies to the establishment of usufruct and to shares subscribed to or acquired by exercising subscription, option or conversion rights.

The Board of Directors exercises the authority granted to it by the statutes ("The Board of Directors may...") and only permits entries of voting rights (see Article 685 et seq. (2) and (3) of the Swiss Code of Obligations) in the share register if the share quorum of 5% is not exceeded.

### **2.6.2 Nominee Entries**

No nominee entries are made in the JBH share register. Article 5 (3)(b) of the statutes gives the Board of Directors the right to refuse registrations unless the shareholder concerned expressly declares, even upon request, that they have acquired the shares in their own name and for their own account. Applications for registration usually already contain a corresponding declaration by the shareholder. In all other cases, specific enquiries are made in accordance with the statutes.

### **2.6.3 Procedure for Lifting the Restrictions on Transferability**

If the restriction on transferability is to be lifted, the statutes must be amended by the General Meeting (GM). For this purpose, Article 15 (3) of the statutes provides for a quorum of two-thirds of the votes represented.

## **2.7 CONVERTIBLE BONDS AND OPTIONS**

JBH has not taken up any convertible bonds and no options are outstanding.

### 3. BOARD OF DIRECTORS

#### 3.1 MEMBERS OF THE BOARD OF DIRECTORS (TOGETHER WITH THE INFORMATION ON OTHER ACTIVITIES AND VESTED INTERESTS REQUIRED UNDER SUBPARAGRAPH 3.2)

The following information on the Board of Directors relates to the 31 December 2019 [7]. In the event of changes, the updated information can always be found online at <http://www.jungfrau.ch/en-gb/corporate/investor-relations/jungfraubahn-holding-ag/board-of-directors/>.

The JBH Board of Directors consists of six members.

**Prof. Dr. Thomas Bieger** (1961, CH), Chairman

**1** Studies (Economics), University of Basel, doctorate 1987; Professor of Business Administration (BWL) and Tourism (1996) at University of St. Gallen **2** Activities at the Universities of Basel and Innsbruck; Lecturer and member of the Executive Board of the Lucerne and Chur Higher College for Business and Administration; Director and Managing Director of Mittelschule und Tourismusfachschule Samedan; Teaching, guest professorships and fellowships at the Simon Fraser University Vancouver, the Vienna University of Economics and Business, the University of Lugano and the University of Otago; various BoD mandates **3** Rector of the University of St. Gallen; Full Professor at the University of St. Gallen; Director of the Institute for Systemic Management and Public Governance **4** Chairman of the Remuneration Committee; Chairman of JBM **5** None **6** President of the Swiss Association for Hotel Credit **7** Member of the Board of the European Foundation for Management Development (EFMD) **8** None **9** Non-executive **10** None

**Ueli Winzenried** (1955, CH), Vice-Chairman

**1** Graduated as a chartered accountant from Higher College for Business and Administration; postgraduate education at IMD Lausanne and Stanford University (California) **2** 19 years of management positions at F. Hoffmann-La Roche Ltd. in Switzerland and internationally (Spain, Peru, Korea, Greece), the latter years of which as Director and Member of Diagnostics Divisional Management, responsible for international sales and marketing activities including global logistics **3** Chief Executive Officer of Gebäudeversicherung Bern **4** Chair of the Audit Committee, board member of JBM **5** Business relationship with Gebäudeversicherung Bern/GVB Privatversicherungen AG **6** Board of Directors member of Espace Real Estate Holding AG; Board of Directors member of Kongress + Kursaal Bern AG (including subsidiary); Member of the Board of Trustees of the Jungfrau Railways Pension Fund; Board of Trustees of aha!; Board of Trustees of Creaviva; Board of Trustees of WWF Switzerland; Central Executive Board of Helvetas **7** Board of the Canton of Bern Trade and Industry Association; Board of the Economic Society of Bern Canton **8** None **9** Non-executive **10** None

**Peter Baumann** (1956, CH)

**1** 1980 Graduated as Cultural Engineer ETH Zurich; 1989 INSEAD Executive Program; 1994 Swiss Management Course (SKU) **2** 1981-1988 Basler & Hofmann AG, Engineering Consultant and Planning Group in Zurich; 1988-1996 Von Roll Transportsysteme AG, Thun (from 1991 Von Roll Seilbahnen AG); 1996-1997 Mecaplex AG,

Grenchen; since 1997 Doppelmayr/Garaventa Group **3** Regional Manager LATAM Doppelmayr/Garaventa Group **4** Member of the Remuneration Committee **5** Garaventa AG is a supplier of ropeways for Jungfrau Railways **6** Board of Directors member at Garaventa AG; Board of Directors member at CWA Constructions SA Corp., Olten; Board member Mecaplex AG, Grenchen **7** None **8** Grindelwald Municipal Council **9** Non-executive **10** None

#### **Nils Graf** (1956, CH)

**1** Bricklayer apprenticeship; foreman school; various further training courses and graduation as certified foreman at the Swiss Building School in Aarau **2** Since 1982 Co-owner of Graf AG Hoch- & Tiefbau, Holzbau in Wengen **3** Co-owner of Graf AG Hoch- & Tiefbau, Holzbau in Wengen **4** Member of the Audit Committee **5** Various contracts in building construction and civil engineering **6** Chair of the Board of Directors of Beo Bauservice AG; President of Graf Bauberatung GmbH; Vice Chair of the Board of Directors of Graf AG **7** Senator of Junior Chamber International; Vice-President of the Jungfrau Marathon Organisation Committee **8** Mountain Notary of the Wengernalp Alpine Cooperative; Secretary of the Wengen Ski Slope Commission **9** Non-executive **10** None

#### **Catrina Luchsinger Gähwiler** (1967, CH / GB)

**1** 1991 Graduated in law at the University of Zurich (licentiate); 1995 bar exam in the canton of Zurich; 2004 Doctor of Law Ph.D. **2** 1996-2000 Solicitor with internationally oriented Zurich law firms; January 2012-December 2016 Managing Partner of Froriep Rechtsanwälte; solicitor (since 2000) and partner (since 2007) with Froriep Legal AG, lawyers Zurich **3** Lawyer **4** Member of the Audit Committee **5** None **6** Board of Directors at Baader Helvea AG (Zurich); Nova Property Fund Management AG (Zurich); Brevalia AG (Zurich); Member of the Board of Trustees of the Sanitas Foundation **7** Member of International Bar Association; Member of International Pacific Bar Association (Vice-Chair Banking and Finance Committee); Member of Swiss-Asian Chamber of Commerce **8** None **9** Non-executive **10** None

#### **Hanspeter Rüfenacht** (1958, CH)

**1** Apprenticeship, Vocational secondary school KV (Swiss Commercial Association) Bern; business economist HWV (Higher College for Business and Administration) **2** 1974–1999 Schweizerische Bankgesellschaft/UBS AG, various management roles in private and corporate customer business and credit management; since 1999 Berner Kantonalbank AG, Head of Credit Management, since 2002 Member of the Executive Board and Head of the Consulting and Sales Department, 1 January 2012–30. June 2019 Chief Executive Officer **3** None **4** Member of the Remuneration Committee **5** None **6** None **7** None **8** None **9** Non-executive **10** None

**Reference to an event after the key date: A new candidate for the Board of Directors will be proposed to the shareholders for election at the General Meeting 2020 of JBH: Heinz Karrer.**

#### **[7]**

**1** Training/Qualifications **2** Professional History **3** Main Occupation **4** Companies/Committees **5** Business Relationship with Jungfrau Railways **6** Management- and Supervisory Activities **7** Activities for Stakeholders **8** Official Roles, Political Offices **9** Operational Management Tasks **10** Previous Activities for Jungfrau Railways



## 3.2 OTHER ACTIVITIES AND VESTED INTERESTS

See the information under subparagraph 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 international register is limited for members of the Board of Directors to three mandates in listed companies, ten mandates in non-listed companies and twenty mandates in other legal entities such as foundations and associations (Article 17 of the JBH statutes).

## 3.4 ELECTION AND TERM OF OFFICE

### 3.4.1 Guidelines for the Election 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 JBH statutes, according to VegüV (Ordinance against Excessive Remuneration of Listed Companies)).

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

The age limit is set at 70 years, i.e. at the General Meeting of the year in which the mandate holder reaches the age of 70, they must resign from the Board of Directors.

## 3.5 INTERNAL ORGANISATION

With the exception of the Chairman and the members of the Remuneration Committee, the Board of Directors is self-constituting with regard to its ranks and the composition of the committees. It has elected Christoph Schläppi as its secretary (himself not a board member).

### 3.5.1 Division of Responsibilities within the Board of Directors

The Chairman of the Board of Directors, in the event of impediment of the Vice Chairman, shall lead the Board, chair the Board meetings as well as the General Meeting. This person is a key contact for the Chief Executive Officer in all aspects of company management. All other board members perform and assume the same duties and responsibilities in plenary sessions. 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 of the respective committee.

### 3.5.2 Composition of the Individual Committees

Audit Committee:

Ueli Winzenried (Chair), Nils Graf, Catrina Luchsinger Gähwiler

The Audit Committee has in particular the following tasks:

- Assessment of the semi-annual and annual accounts;
- Assessment of the organisation of internal financial control 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:**

In principle, the Remuneration Committee has the authority to make proposals and implement them. The 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 these regulations, the committee decides definitively on the remuneration of the extended Executive Board, the reference price for and claim to discounted shares for managers and employees, and on the approval of additional activities by the Executive Board and extended Executive Board. The Remuneration Committee also ensures that a benchmark for remuneration is established regularly (at least once a year) – whereby for this purpose the remuneration paid by comparable listed companies and Bern-based firms is determined) – that the Board of Directors' requirement profile is periodically compared with the current situation, that deputies and succession plans for members of the Executive Board and the extended Executive Board and any other key personnel are discussed with the Chief Executive Officer, and that employees are regularly evaluated and a self-assessment of the work of the Remuneration Committee is carried out.

The Remuneration Committee makes the following preparations for the attention of the Board of Directors:

- Determination of the remuneration policy as a whole (BoD, management, staff)
- Proposal for the implementation of the AGM resolution regarding compensation in regard to specific remuneration for the Board of Directors and CEO.
- Preparation of the remuneration proposals to the General Meeting
- Preparation of the remuneration report
- Preparation of review proposals for the statutes regarding the guidelines for the remuneration of the members of the Board of Directors and the Executive Board.
- One-off, voluntary bonuses for staff (principle, framework)

### 3.5.3 Working Methods of the Board of Directors

As a rule, the Board of Directors meets five times a year, of which one is a two-day strategy meeting. Resolutions are always passed by the entire BoD, with a simple majority of those present sufficing. The CEO attends Board meetings in an advisory capacity. In addition, the persons responsible for the business in question are present at the meetings. The invitation to the Board of Directors' meetings lists all the topics to be covered. The meeting participants receive a written breakdown of the proposals in advance. In urgent cases and subject to certain restrictive formal requirements, resolutions may also be passed by way of circulation. The Board members have direct access to the intranet of Jungfrau Railways and they may use the meeting preparation tool Diligent, which gives the, access to the documents from current and previous meetings. In the course of the year, the Board of Directors adheres to the following cycle of successive analysis and decision-making steps:

- Strategy control and risk assessment
- Preparation/adjustment of the business plan
- Budgeting according to the business plan
- Investment decisions
- Analysis of the results

In the year under review, six meetings of the Board of Directors – one of which lasting two days – took place alongside three meetings of the Audit Committee and two of the Remuneration Committee.

## 3.6 ALLOCATION OF RESPONSIBILITIES

The Board of Directors of JBH is responsible for the overall management, supervision and control of the Executive Board throughout the Jungfrau Railway Group.

The tasks of the Board are laid down in the statutes and in the organisational regulations. The Board of Directors is authorised to make decisions on all matters that are not expressly transferred to or reserved for the General Meeting or other corporate bodies by law, the statutes or the organisational regulations. The organisational regulations contain a detailed allocation of responsibilities between the Board of Directors and the Executive Board, which takes account of the legal requirements (Article 716a of the Swiss Code of Obligations) and is always 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 tabular comparison of the responsibilities of the Board of Directors and Executive Board as well as a summary of the project management, can be found online at <http://www.jungfrau.ch/en-gb/corporate/investor-relations/jungfraubahn-holding-ag/shareholder-information/>.

The Board of Directors has a directors and officers insurance policy, the premiums for which are covered by the Company.

### 3.7 INFORMATION AND CONTROL INSTRUMENTS

Open and timely reporting to the Board of Directors is ensured (the Chief Executive Officer is responsible for this). This takes the form of verbal comments at BoD meetings (standard agenda items for CEO and CFO) and special reporting on large projects (annual project status and project billing upon conclusion). In the case of special events, the Board of Directors is notified immediately in an appropriate way.

The Chairman of the Board of Directors and the Chief Executive Officer communicate weekly and advise each other regularly of all significant transactions.

The Jungfrau Railway Group has a management system certified in accordance with the ISO 9001:2015 standard. This also fulfils the requirements of the quality seal (level three) of the Swiss Tourism Organisation and integrates the process organisation, work instructions, internal control system (ICS), risk management and quality assurance into a uniform management tool.

The Jungfrau Railway Group has a performance measurement system (LMS) which contains key figures on business development, finances and general conditions. It is constantly updated. The reports, which are addressed to the Board of Directors, include the most important key figures.

## 4. EXECUTIVE BOARD

### 4.1 MEMBERS OF THE EXECUTIVE BOARD (TOGETHER WITH THE INFORMATION ON OTHER ACTIVITIES AND VESTED INTERESTS REQUIRED UNDER SUBPARAGRAPH 4.2)

The following information on the Executive Board relates to 31 December 2019 [8]. Constantly updated information can be found online at <http://www.jungfrau.ch/en-gb/corporate/jungfrau-railways/alliance-jungfrau-top-of-europe/management/>.

**Urs Kessler** (1962, CH)

1 Higher commercial college; operations manager; sales trainer qualification; federally certified marketing planner; federally certified marketing manager; SKU course in business management 2 Operations Manager at Swiss railway stations in driving service and sales; various posts in BLS management, focus on marketing; 1987 Joined Jungfrau Railways 3 Chairman of the Jungfrau Railways Executive Board 4 Chairman of the Board of Directors of the subsidiaries (WAB, JB, FB, PHL, BLM, HB, JS, GGI and JGA) 5 None 6 Board of Congress Centre Kursaal Interlaken AG 7 Board of the Canton of Bern Trade and Industry Association; board member of Interlaken Tourism (TOI); Board RAILplus; member of the Strategy Committee for Direct Transport (StAD); Board BE! Tourismus AG; Board of öV Preis- und Vertriebssystemgesellschaft AG 8 None 9 Chief Executive Officer 10 Joined the company as a sales promotion employee; 1990 Head of Commercial Services; 1994 Head of the new Joint Marketing and Operations division, elected as member of the Executive Board

**Christoph Schläppi** (1959, CH)

1 Solicitor; management for the Legal Profession HSG 2 Solicitor in Interlaken; joined Jungfrau Railways in 1996 3 Member of Jungfrau Railways Board of Directors 4 On the Board of subsidiaries (WAB, JB, PHL, FB, SPX, BLM, HB, JS, GGI and JGA) 5 None 6 Vice Chair of the Board of Gondelbahn Grindelwald-Männlichen AG; member of the pension committee of Gondelbahn Grindelwald-Männlichen AG; Member of the administration of Genossenschaft Mönchsjochehütte, secretary; Board member of Bank EKI; Chair of the Audit Committee of Bank EKI 7 VöV representative on the Board of Trustees of the Swiss Commission for the Prevention of Accidents on Snow Sports Slopes (SKUS) 8 None 9 Corporate Secretary 10 Joined as management secretary (later Head of the Directorate) and Secretary to the Board of Directors, until 31 December 2017 Head of Corporate Services

**Christoph Seiler** (1969, CH)

1 University Degree in Economics; Rochester-Bern Executive MBA Programme 2 Various posts in the banking sector; Loeb Holding AG, Berne, most recently as CFO; joined Jungfrau Railways in 2002 3 Member of Jungfrau Railways Executive Board 4 On the Board of subsidiaries (PHL, BLM, HB, JB, WAB, JS, GGI and JGA) 5 None 6 Chairman of Jungfrau Railways Pension Fund Foundation; Board of Trustees of Murren Sports Facilities Foundation; Board of Directors of Seiler AG, Bönigen 7 President of Swiss Athletics 8 None 9 Head of Finance & Controlling (CFO) 10 None

**[8]**

1 Training/Qualifications 2 Professional Career 3 Main Occupation 4 Companies/Committees 5 Business Relationship With Jungfrau Railways 6 Management- and Supervisory Activities 7 Activities for Stakeholders 8 Official Roles, Political Offices 9 Operational Management Tasks 10 Previous Activities for Jungfrau Railways

**4.2 OTHER ACTIVITIES AND VESTED INTERESTS**

See the information under subparagraph 4.1.

**4.3 NUMBER OF APPROVED MANDATES**

For members of the Executive Board, the limit is one mandate for listed companies, three mandates for non-listed companies and 15 mandates for other legal entities such as foundations and associations (Article 17 of the JBH statutes).

**4.4 MANAGEMENT CONTRACTS**

There are no management contracts. The management is carried out entirely from within the Group.

## 5. COMPENSATION, HOLDINGS AND LOANS

All information on compensation, holdings and loans (content and establishment of the compensation and holding programmes for the Board of Directors and Executive Board, guidelines for and elements of the compensation and the holding programmes, and organisation, procedures and rules for the fixing thereof) are set forth in the separate Remuneration Report.

In the statutes, the following rules regarding compensation, holdings and loans are laid down for the Board of Directors and Executive Board:

Subject	Management Board	Executive Board
Principles of performance-related remuneration	Art. 20, para. 1	Art. 20, para. 2
Principles of the allocation of equity instruments, conversion rights and option rights	Art. 20, para. 3	Art. 20, para. 3
Rules on loans, credit and pension payments	Art. 20, para. 4 and 5	Art. 20, para. 4 and 5
Rules concerning the general meeting,s vote on remuneration	Art. 14a, para. 1, 2, 3	Art. 14a, paras. 1, 2, 3
Additional amount for the remuneration of Executive Board members who are appointed after the AGM,s vote on remuneration	-	Art. 14a, para. 2

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 VOTING RIGHTS RESTRICTIONS AND VOTING RIGHTS REPRESENTATION

#### 6.1.1 Voting Rights Restrictions

The registered share issued by JBH is a single share class. There is no statutory restriction on voting rights, but the transferability provision in conjunction with the provisions of Article 685f (2) and (3) of the Swiss Code of Obligations results in a de facto restriction on voting rights: Entry in the Share Register Without Voting Rights (see subparagraph 2.6.1).

#### 6.1.2 Exceptions to the Restriction on Voting Rights

No information.

#### 6.1.3 Cancellation of Restrictions on Voting Rights

No information.

#### 6.1.4 Statutory Rules for Participation in the General Meeting

A shareholder may only be represented at the General Meeting by a legal representative or another shareholder who is participating in the General Meeting and registered in the share register. There is also the possibility of representation by the independent proxy via written instructions or electronic remote voting. The details on the regulation of instructions to the independent proxy as well as on electronic remote voting are contained in the respective invitation to the General Meeting. In terms of entrance controls to the General Meeting, a legally signed power of attorney is required as a proof of legitimacy for non-individually authorised bodies that want to represent their companies at general meetings.

### 6.2 STATUTORY QUORUMS

In addition to the special quorums required by law, the JBH statutes also provide for a two-thirds majority and an absolute majority of the nominal value of the shares represented for the following resolutions:

- the facilitation of the transferability of registered shares
- the dissolution (as such) or merger of the company

### 6.3 CALLING OF THE GENERAL MEETING

With regard to the convening of the General Meeting, the JBH statutes comply with the statutory regulations. They designate the Swiss Commercial Gazette as the publication organ. The Board of Directors may determine further publication bodies and invite the shareholders registered in the share register by letter. It has made use of these opportunities without exception since the company came into existence.

The date of the General Meeting and also the dates of the deadlines pursuant to subparagraphs 6.4 and 6.5



below are published online at <http://www.jungfrau.ch/en-gb/corporate/investor-relations/jungfraubahn-holding-ag/calendar/> and are sent to the shareholders in a reminder letter before the General Meeting.

## **6.4 AGENDA ITEM**

Shareholders representing 10% or more of the share capital (currently: shares with a nominal value of at least CHF 875,250), may request the inclusion of an item on the agenda, specifying the item to be discussed and the applications. The corresponding request must be submitted to the Board of Directors in writing and no later than 45 days before the relevant General Meeting (date of arrival).

## **6.5 ENTRIES IN THE SHARE REGISTER**

Admission to the General Meeting is exclusively for shareholders registered with voting rights in the share register. They receive an invitation by post with an admission card. Ascertainment of the access authorization is carried out one week before the General Meeting (the exact date is published in a letter to the shareholders). Thereafter, no further entries are made in the share register until the day after the General Meeting. Shareholders who sell shares during this vesting period lose the associated voting rights. They must have their admission card corrected at the admission control on the day of the General Meeting.

## **7. CHANGE OF CONTROL AND DEFENCE MEASURES**

There are no special arrangements for a change of control. The legally required obligation to submit a takeover offer remains unchanged. The limit of 33% has not been raised or lowered (no opting up/out).

## **8. AUDITORS**

### **8.1 TERM OF MANDATE**

#### **8.1.1 Transfer Date**

At the JBH General Meeting 2019, the company BDO AG, Bern, was elected as the new auditors.

#### **8.1.2 Appointment of the Lead Auditor**

The Lead Auditor (mandate partner) for the year 2019 is Matthias Hildebrandt.

### **8.2 AUDIT FEE**

The fees charged by the auditing company for its activities across the entire Jungfrau Railway Group, including audits of the companies in the consolidated entity and audits in connection with railway regulations in 2019, amount to CHF 118,000.

### **8.3 ADDITIONAL FEES**

BDO AG, Bern, has not performed any additional services and has therefore not received any additional fees.

### **8.4 SUPERVISORY AND CONTROL TOOLS FOR THE AUDIT**

The assessment of the independence, performance and compensation of the external auditors, as well as the compatibility of consultancy mandates with the auditing activities, is one of the duties of the Audit Committee explicitly stated in the Organisational Regulations (subparagraph 3.5.2). It shall report regularly to the Board of Directors. The auditing company was present at all meetings of the Audit Committee.

## 9. INFORMATION POLICY

Jungfraubahn Holding AG endeavours to communicate with all stakeholders in an active, open and timely manner. In this task, the management is supported by Kathrin Naegeli, who is responsible for the media.

The shareholders of JBH are actively informed by means of the annual report, the semi-annual financial statements and, if required, by shareholder letters. Share price-relevant matters are published according to the SIX rules on ad-hoc publicity.

On the Jungfrau Railways website, up-to-date information can be accessed in German and English and, among other things, the ad-hoc newsletter required by the Listing Rules can be subscribed to. In the Company Information section (<http://www.jungfrau.ch/en-gb/corporate/>) there is a wealth of information and downloads for those who are specifically interested in the company.

Jungfrau Railways informs its employees and the public quickly, actively and transparently about important business processes. The media can contact the company for information at any time. With service-oriented communication it promotes the sale of its offers

### Media Contact

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