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# CORPORATE GOVERNANCE

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## General framework

This Corporate Governance Report explains the principles of management and control at the highest level of the Kaba Group in accordance with the Directive on Information Relating to Corporate Governance (Corporate Governance Directive, RLCG) issued by the SIX Swiss Exchange AG. The information contained in this report for financial 2012/2013 is valid as at 30 June 2013, unless stated otherwise.

Corporate governance at the Kaba Group complies largely with the principles and recommendations of the Swiss Code of Best Practice for Corporate Governance dated 25 March 2002 and 6 September 2007. The Kaba Group has made some adjustments and simplifications to suit its management and shareholder structure and its medium size.

The principles and rules on corporate governance at the Kaba Group are laid down in the Articles of Incorporation<sup>1)</sup>, the Organizational Regulations and the regulations of the Board of Directors' committees.

1) The Articles of Incorporation are published on [www.kaba.com/corporate-governance](http://www.kaba.com/corporate-governance).

## IMPLICATIONS AND IMPLEMENTATION OF THE MINDER INITIATIVE

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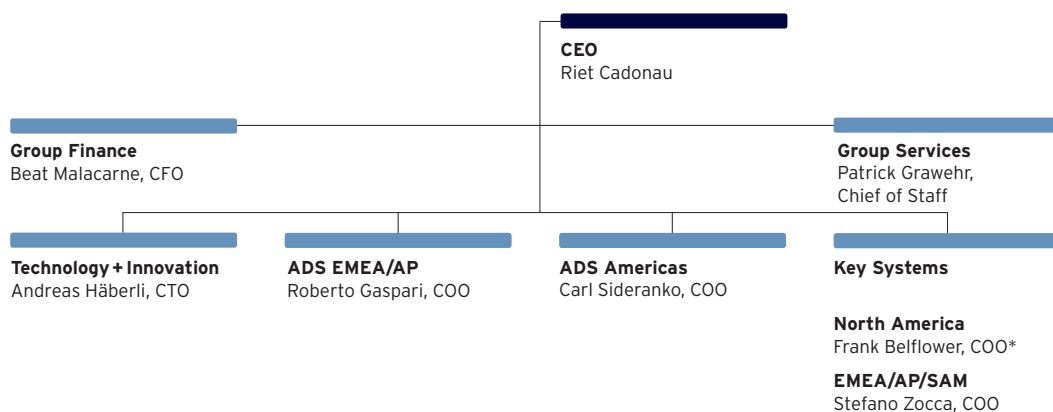
On 3 March 2013, the Swiss people voted to adopt the federal popular initiative "against excessive salaries". The initiative called for a law to be enacted that places certain requirements on Swiss public companies with regard to the remuneration of Board members and the Executive Board. In addition, members of the Board of Directors, the Chairman of the Board of Directors and members of the Compensation Committee should all be elected directly by shareholders each year, and there should be a ban on proxy voting by company bodies and by depositaries.

The legislative process initiated by the adoption of the popular initiative should see the Swiss Federal Council issuing a transitional ordinance within a year of the initiative's adoption, which will remain in force until Switzerland's parliament has passed the new law.

On 14 June 2013, the Federal Council put forward its draft ordinance, which is currently in consultation. Central issues relating to the implementation of the initiative will remain uncertain until the definitive ordinance is published. Selected changes are therefore being made on a provisional basis with regard to the Annual General Meeting on Kaba Holding AG's 2012/2013 financial year on 29 October 2013. These include putting the Compensation Report to a consultative vote for the first time. Furthermore, Board members who are up for election will be proposed for a one-year term of office for the first time.

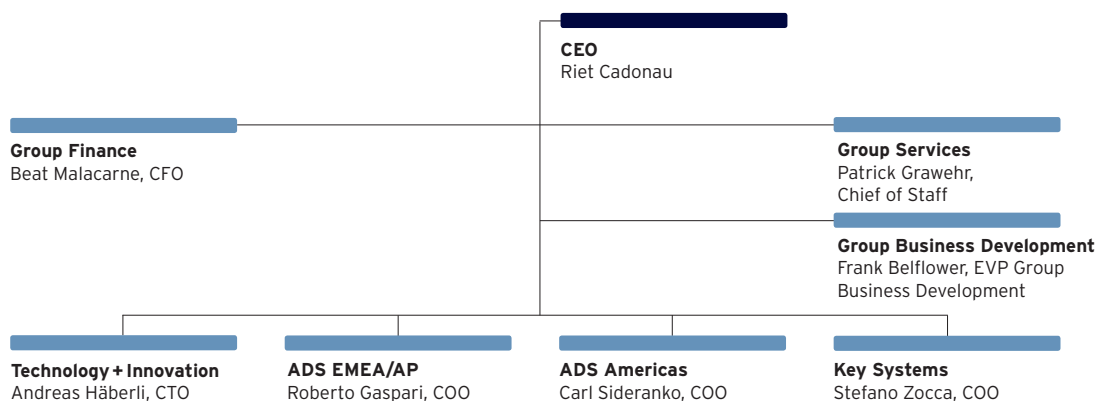
In addition, Kaba Group is continuously adapting its standards to take account of developments in corporate governance (e.g. changes in the statutory and regulatory regime).

## Executive Board until 30 June 2013



\* plus Group Business Development

## Executive Board as of 1 July 2013



### Group structure

Kaba Group's operational structure consists of the following three divisions: Access + Data Systems (ADS) EMEA/AP, Access + Data Systems (ADS) Americas, and Key Systems.

As from 1 July 2013, the whole Key Systems division will be managed solely by Stefano Zocca; Frank Belflower, who was previously COO Key Systems North America, will henceforth concentrate solely on his role as EVP Group Business Development; he remains a member of the Executive Board.

The names of the companies that go to make up the consolidated Group can be found in the Financial Statements on pages 46 et seq.

## Shareholders

The table below sets out the shareholding structure of Kaba Holding AG as at the end of the financial year and gives the names of shareholders that have disclosed voting rights of 3% or more to Kaba Holding AG.

The following shareholders submitted disclosure notifications to Kaba Holding AG and the SIX Swiss Exchange AG in 2012/2013 pursuant to their disclosure obligations under stock exchange laws if specific thresholds have been reached, exceeded or fallen below (further details can be found via the search engine on the SIX Swiss Exchange AG's disclosure site [http://www.six-exchange-regulation.com/obligations/disclosure/major\\_shareholders\\_en.html](http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html)):

- > BlackRock, Inc. (New York/USA): 16 August 2012 above 3% to 3.0% (114,524 shares); 14 September 2012 below 3% to 2.6% (97,550 shares)
- > Harris Associates L.P. (Chicago/USA): 13 March 2013 above 3% to 3.01% (114,812 shares)

As far as Kaba Holding AG knows, the principal shareholders listed in the table below are not linked by any shareholders' agreements or similar arrangements with respect to their Kaba Holding AG registered shares or the exercise of shareholders' rights.

## Cross-shareholdings

The Kaba Group has not entered in any capital-based or voting rights-based cross-shareholdings with other companies.

## Capital structure

### Capital

At 30 June 2013, the share capital of Kaba Holding AG was CHF 381,502.60, divided into 3,815,026 fully paid-up registered shares with a par value of CHF 0.10 each. In addition, at 30 June 2013, Kaba Holding AG had at its disposal authorized capital of CHF 38,000 (divided into 380,000 registered shares with a par value of CHF 0.10 each) and conditional capital amounting to a maximum of CHF 42,938.40 for the issue of bonds or similar instruments (maximum CHF 36,000 divided into 360,000 registered shares with a par value of CHF 0.10 each) and for employee share ownership schemes (maximum CHF 6,938.40 divided into 69,384 registered shares with a par value of CHF 0.10 each).

Kaba Holding AG has not issued any nonvoting shares (Partizipations-scheine) or profit-sharing certificates (Genussscheine).

### Conditional capital

The share capital of Kaba Holding AG may be increased by an amount not exceeding CHF 36,000 by issuing up to 360,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each, through the exercise of conversion and/or option rights that have been granted in connection with the issue of bonds or similar instruments by Kaba Holding AG or a Group company, and/or through the exercise of option rights that have been conferred on shareholders. If bonds or similar instruments are issued in connection with conversion and/or option rights, the subscription rights of existing shareholders are excluded. The right to subscribe to the new registered shares falls to the respective holders of conversion and/or option rights. The purchase of regis-

# SHAREHOLDERS

	as at 30.06.2013		as at 30.06.2012	
	No of shares at CHF 0.10 par value	in %	No of shares at CHF 0.10 par value	in %
<b>Heirs of Leo Bodmer</b>				
Creed Kuenzle <sup>1)</sup>	127,452	3.3	127,452	3.3
Karin Forrer <sup>2)</sup>	153,020	4.0	153,020	4.0
Other heirs of Leo Bodmer <sup>3)</sup>	286,209	7.5	293,059	7.7
<b>Total heirs of Leo Bodmer</b>	<b>566,681</b>	<b>14.8</b>	<b>573,531</b>	<b>15.0</b>
<b>Public shareholders</b>				
Ulrich Bremi <sup>4)</sup>	138,228	3.6	138,228	3.6
Gekla AG	133,000	3.5	140,000	3.7
Harris Associates L.P.	114,812	3.0		
Other public shareholders	2,834,849	74.3	2,938,734	77.0
<b>Total public shareholders</b>	<b>3,220,889</b>	<b>84.4</b>	<b>3,216,962</b>	<b>84.3</b>
<b>Members of the Board and current Executives</b>				
Members of the Board (non-executive)	58,570	1.6	56,765	1.5
Current Executives	4,730	0.1	3,512	0.1
<b>Total members of the Board and current Executives</b>	<b>63,300</b>	<b>1.7</b>	<b>60,277</b>	<b>1.6</b>
Less double-counting in respect of heirs of Leo Bodmer who are members of the Board <sup>5)</sup>	-35,844	-0.9	-35,744	-0.9
<b>Total shares</b>	<b>3,815,026</b>	<b>100.0</b>	<b>3,815,026</b>	<b>100.0</b>

1) Creed Kuenzle, Herrliberg, was Chairman of the Board of Directors of Kaba Holding AG from 1978 to 2001.

2) Karin Forrer, Ittigen, was a member of the Board of Directors of Kaba Holding AG from 1978 to 1997.

3) As far as Kaba Holding AG knows, the individual shareholders are not subject to stock exchange disclosure laws either as individuals or as a group.

4) Ulrich Bremi, Zollikon, was employed by Kaba Holding AG from 1962 to 1992 and was Delegate of the Board of Directors from 1975 to 1992.

5) The shareholdings of heirs of Leo Bodmer who are also members of the Board of Directors are included under "Other heirs of Leo Bodmer" and "Members of the Board".

# CHANGES OF CAPITAL OF KABA HOLDING AG WITHIN THE LAST THREE REPORTING YEARS

in CHF million	30.06.2013	30.06.2012	30.06.2011	30.06.2010
<b>Equity</b>				
Share capital	0.4	0.4	0.4	0.4
Legal reserves				
– General reserves	40.7	40.7	40.7	600.6
– Reserve from capital contribution	475.3	509.6	562.7	
– Reserve for treasury shares	4.7	4.3	4.1	1.9
Other reserves	215.6	215.9	216.1	188.4
Unappropriated retained earnings	172.2	121.9	79.0	109.2
<b>Total equity</b>	<b>908.9</b>	<b>892.8</b>	<b>903.0</b>	<b>900.5</b>

tered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the transfer and voting right restrictions set out in the Articles of Incorporation.

The Board of Directors is entitled to limit or abolish the preemptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing the acquisition of companies, parts of companies or equity interests. If the Board of Directors abolishes the preemptive subscription right, the following applies: the convertible bonds or bonds with warrants will be issued on market terms, and the new registered shares will be issued pursuant to the then applicable terms of conversion or warrant exercise; conversion rights may be exercised for no more than ten years and option rights may be exercised for no more than seven years after the time of the relevant issue of bonds.

The share capital of Kaba Holding AG may be increased by no more than CHF 6,938.40 by issuing to employees and members of the Board of Directors of Kaba Holding AG and of Group companies no more than 69,384 registered shares with a par value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or members of the Board of Directors subject to one or more sets of regulations to be defined by the Board of Directors and taking into account performance, function and level of responsibility. The group of beneficiaries and the principles of allocations are disclosed in the Compensation Report (see pages 78 et seq.). Said registered shares or option rights may be issued to employees or members of the Board of Directors at a price below the market price. In connection with the issue of option rights to employees and members of the Board of Directors, the preemptive subscription right of existing shareholders is excluded. The purchase of shares within the context of employee share ownership schemes, as well as any subsequent transfers of such shares, are subject to the transfer and voting right restrictions set out in the Articles of Incorporation.

## Authorized capital

The Board of Directors is authorized until 23 October 2014 to increase the share capital by an amount not exceeding CHF 38,000 by issuing up to 380,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each. The increase may be subdivided into partial amounts. The new registered shares, once acquired, are subject to the

transfer and voting right restrictions set out in the Articles of Incorporation.

The Board of Directors will determine the time of issue of new registered shares, their issue price, the type of payment, the subscription conditions and the beginning of dividend entitlement.

The Board of Directors may issue new registered shares via firm underwriting by a bank or a consortium and subsequent offer to existing shareholders. The Board of Directors may declare non-exercised subscription rights null and void or place them on the market, including registered shares for which subscription rights are granted but not exercised. The Board of Directors is also entitled to restrict, or to repeal and transfer to third parties, the subscription rights of shareholders in cases where the registered shares are used for the acquisition of companies, parts of companies or equity interests as well as in cases of share placements made to finance or refinance such transactions.

## Changes in capital structure within the last three financial years

Due to the exercise of options under the 2002 Stock Option Plan and (from 2007 on) the allocation and issue of shares under the Kaba Executive Stock Award Plans, the share capital of Kaba Holding AG was increased: (i) as at 30 June 2011 by CHF 852.30 from CHF 380,607.80 to CHF 381,460.10 through the issue of 8,523 registered shares with a par value of CHF 0.10 each; conditional capital declined by CHF 852.30 from CHF 43,833.20 to CHF 42,980.90 accordingly (represented by 429,809 registered shares with a par value of CHF 0.10 each); and (ii) as at 30 June 2012 by CHF 42.50 from CHF 381,460.10 to CHF 381,502.60 through the issue of 425 registered shares with a par value of CHF 0.10 each; conditional capital declined by CHF 42.50 from CHF 42,980.90 to CHF 42,938.40 accordingly (represented by 429,384 registered shares with a par value of CHF 0.10 each). For details, see "Conditional Capital" and "Authorized Capital" (page 66 et seq.).

The Annual General Meeting of 23 October 2012 renewed the authorized capital and authorized the Board of Directors of Kaba Holding AG to increase the share capital by a maximum of CHF 38,000 by issuing a maximum of 380,000 registered shares, to be fully paid up, with a par value of CHF 0.10 each.

## The shares

Each registered share carries one vote at the general meetings of Kaba Holding AG (subject to voting right restrictions, page 75). Voting rights may be exercised only after a shareholder has been entered in

the share register of Kaba Holding AG as a shareholder with voting rights. The registered shares of Kaba Holding AG are issued in the form of uncertificated shares. They are registered with SIX SIS AG as book-entry securities in accordance with the new Swiss Act on Book-Entry Securities, enacted on 1 January 2010.

In connection with the entry into force of the Act on Book-Entry Securities and the revised provisions of the Swiss Code of Obligations, the Articles of Incorporation of Kaba Holding AG were amended at the Annual General Meeting of 19 October 2010 to reflect the new legal situation. The amended provisions of the Articles of Incorporation as proposed to the Annual General Meeting state that (1) Kaba Holding AG has the right to issue its shares as single certificates, global certificates or uncertificated securities, and (2) that each shareholder may at any time request a written confirmation from Kaba Holding AG of the shares held by such shareholder, as reflected in the share register, but will no longer be entitled to request printing and delivery of share certificates.

The registered shares have full dividend rights. There are no shares with privileged dividend entitlement or other preferential rights outstanding.

### Limitations on transferability and nominee registrations

Approval for transfer of registered shares may be refused for the following reasons:

- a) In the case of individuals, legal entities or partnerships, if they would acquire more than 5% of all share votes as a result of the share transfer. Legal entities and partnerships linked by capital, voting rights, joint management or otherwise, as well as all natural persons and legal entities that have combined for the purpose of circumventing this restriction, are deemed to constitute a single person. The limitation to 5% of all share votes also applies in the case of subscription for or acquisition of registered shares by exercise of subscription, option or conversion rights. For shareholders who were entered in the share register with more than 5% of all share votes on 13 November 1995, the Board of Directors may provide for exceptions to this restriction via regulations. Two shareholders, each with holdings of between 5% and 6% at that date, are still subject to this ruling. Therefore, the Board of Directors resolved on 27 October 1997 to issue a regulation with respect to the limitations on transferability of registered shares of Kaba Holding AG. According to these regulations, the Board of Directors has generally approved the registration of shareholders who were already entered in the share register with more than 5% of all voting rights on 13 November 1995. These shareholders will not be entered for registered shares thereafter acquired if such registration increases their percentage of voting rights above the total percentage registered on 13 November 1995. The Board of Directors will, however, approve such acquisitions insofar as they are intended to offset disposals that have been or will be completed after 13 November 1995. Such right to restock is only valid up to such total percentage of voting rights for which the shareholders concerned were registered on 13 November 1995. The Board of Directors will always approve registration of registered shares that have been acquired through succession, division of an estate or marital property law (article 685d paragraph 3, Swiss Code of Obligations). The existing rights to restock will in such cases be proportionally transferred.
- b) If authorization of the transfer of registered shares could prevent Kaba Holding AG from furnishing legally required evidence regarding the constituency of its body of shareholders.

- c) If the registered shares are held in trust, these can be entered without voting rights.

For the year under review, the Board of Directors has not granted any exemptions from the limitations on transferability.

To cancel or change the restrictions on transferability of registered shares, a resolution of the General Meeting approved by at least two-thirds of the votes represented is required.

Pursuant to the amended Articles of Incorporation in connection with the new Act on Book-Entry Securities, the registered shares of Kaba Holding AG in the form of book-entry securities cannot be transferred, and no security interest in any such book-entry securities can be granted by way of assignment. Rather, any transfer of, or granting of security in, such registered shares in the form of book-entry securities must be effected in accordance with the provisions of the Act on Book-Entry Securities.

### Convertible bonds and options

Neither Kaba Holding AG nor any of its Group companies have issued any convertible bonds or warrants that are still outstanding, or any options, apart from employee options and shares, details of which can be found in the Compensation Report on page 79.

### Board of Directors

The duties of the Board of Directors of Kaba Holding AG are based on the provisions of the Swiss Code of Obligations, the Articles of Incorporation and the Organizational Regulations.

### Members of the Board of Directors

The Board of Directors of Kaba Holding AG consists of nine people (non-executive). No member of the Board has been part of the Executive Board of Kaba Holding AG or Kaba Group at any time in the last four financial years. No member of the Board has significant business relations with Kaba Holding AG or the Kaba Group.

The following table sets forth the name, position, age, time of first election and remaining term of office of each member of the Board of Directors.

## MEMBERS OF THE BOARD OF DIRECTORS 2012/2013

Name/Position	Year of birth	Entry	Remaining term
<b>Ulrich Graf</b> Chairman	1945	1989	2014
<b>Rolf Dörig</b> Vice-Chairman	1957	2004	2013
<b>Heribert Allemann</b>	1944	2006	2015
<b>Maurice P. Andrien</b>	1941	2001	2013
<b>Elton SK Chiu</b>	1957	2010	2013
<b>Daniel Daeniker</b>	1963	2010	2013
<b>Karina Dubs-Kuenzle</b>	1963	2001	2013
<b>Hans Hess</b>	1955	2012	2015
<b>Thomas Pleines</b>	1955	2011	2014



**Ulrich Graf**, Chairman

Chair Nomination Committee,  
member Compensation Committee

Swiss citizen

**Education:** Degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) (CH)

**Career:** 1989–2006 CEO Kaba Group and President Kaba Holding AG; 1976–1989 various executive positions Kaba Group

**External activities and interests:** Chairman of the Board of Directors Dätwyler Holding AG<sup>1)</sup> (CH) and Griesser Group (CH); member of the Board of Directors Georg Fischer AG<sup>1)</sup> (CH), Feller AG (CH) and Fr. Sauter AG (CH); Chairman of the Board of Trustees of Rega (Swiss Air Rescue) (CH); member of the Supervisory Board Dekra e.V. (DE)



**Rolf Dörig**, Vice-Chairman

Chair Compensation Committee,  
member Nomination and Audit Committees

Swiss citizen

**Education:** Dr. iur., attorney-at-law

**Career:** 2002–2009 CEO and Delegate of the Board of Directors Swiss Life Group<sup>1)</sup> (CH); 1986–2002 various executive positions at Credit Suisse Group<sup>1)</sup> (CH); 2000–2002 member of the Group Executive Board and responsible for Swiss corporate and retail banking

**External activities and interests:** Chairman of the Board of Directors of Swiss Life<sup>1)</sup> (CH), Adecco<sup>1)</sup> (CH) and Danzer AG (CH); member of the Board of Walter Frey Holding AG (CH); member of the Executive Committee of Economiesuisse (CH) and of the Zurich Chamber of Commerce (CH)



**Heribert Allemann**

Member Audit Committee

Swiss citizen

**Education:** Bachelor's degree in micro-engineering from the University of Applied Sciences (CH); Master's degree in economics and business administration from the University of Berne (CH); further studies in business management at Harvard Business School (PMD 43)

**Career:** 2001–2006 Deputy CEO Kaba Group; 1990–2006 head of various divisions within Kaba Group and member of the Executive Board; 1984–1989 CEO Celfa-Folex Group (CH); 1976–1984 Head of a profit center of Holderbank Management + Consulting (renamed Holcim<sup>1)</sup>) (CH)

**External activities and interests:** President of the Board of Directors of Alpa Partners AG (CH); member of the Board of Directors Contract Farming India AG (CH); coach and consultant in company management



**Maurice P. Andrien**

Member Compensation and  
Nomination Committees

US citizen

**Education:** Bachelor's degree in electrical engineering from the Massachusetts Institute of Technology (MIT) (USA); Master's degree in management MIT (USA)

**Career:** 2001–2004 Chairman of the Board of Directors Hillman Group (OH/USA) and SunSource Technology Services (PA/USA); 1999–2001 President, CEO and Director SunSource Inc. (PA/USA); 1998–1999 COO and member of the Board Unican Security Systems Ltd. (CA)

**External activities and interests:** Member of the Board of Directors Hillman Group (OH/USA), State Industrial Products Inc. (OH/USA) and Finance Scholars Group (TX/USA)



**Elton SK Chiu**

Chinese citizen, residing in Hong Kong

**Education:** Higher diploma in accountancy at Hong Kong Polytechnic (HK); Corporate Financial Management Program at the University of Michigan (USA)

**Career:** Since 2003 President ELP Business Advisory Ltd (founded by Chiu) and Vice-Chairman Centurylink International Investment Ltd as well as practicing consultant at Chan + Man, Certified Public Accountants (all HK); 1989–2003 various management positions JT International (China) Ltd (HK) and its predecessor companies, most recently as General Manager; since 2006 non-executive member of the Board of the Kaba affiliate Wah Yuet Group (HK/CN)

**External activities and interests:** Member of the Hong Kong Institute of Certified Public Accountants (FCPA, practicing); member of the Association of Chartered Certified Accountants of United Kingdom (FCCA); member of the Institute of Chartered Accountants, England and Wales (ACA)



**Daniel Daeniker**

Chair Audit Committee

Swiss citizen

**Education:** Dr. iur. University of Zurich (CH), admission to the bar; LL.M. at The Law School of University of Chicago (IL/USA)

**Career:** Since 2000 partner at Homburger AG (CH), which he joined in 1991; lecturer in law at the University of Zurich (CH); member of the editorial board of the legal periodical GesKR (Zeitschrift für Gesellschafts- und Kapitalmarktrecht) (CH)

**External activities and interests:** Member of the Board of Directors GAM Holding AG<sup>1)</sup> (CH) and Rothschild Continuation Holdings AG (CH)

1) listed company





**Karina Dubs-Kuenzle**

Swiss citizen

**Education:** Swiss federal certificate of higher vocational education and training in advertising (incl. International Advertising Association's Advertising Diploma)

**Career:** Since 1997 Partner of Dubs Konzepte AG (CH); advertising assistant at Wirz Werbeberatung AG (CH) and at Heiri Scherer Creative (CH)

**External activities and interests:** Member of the Board of Directors of Dubs Konzepte AG and Fehba Import Export AG (CH)



**Thomas Pleines**

German citizen

**Education:** Degree in Jurisprudence University of Frankfurt (DE), attorney-at-law

**Career:** 2006–2010 Chief Executive Officer, Allianz Versicherungs-AG (DE) and member of the Management Board, Allianz Deutschland AG (DE); 2003–2005 CEO and Managing Director Allianz Suisse (CH); 2001–2003 Chief Executive Officer, Advance Holding AG/Finanzplanung AG (DE); 1997–2001 Managing Director of the Allianz Baden-Württemberg branch (DE)

**External activities and interests:** Since 2012 member of the Board of Directors Bâloise Holding AG<sup>1)</sup> (CH); since 2011 President of the Presidential Board Dekra e.V. (DE), Chairman of the Supervisory Board Dekra Se (DE) and President of the Board of Directors Südvers Holding GmbH & Co. KG (DE); 1999–April 2013 member of the Board of Directors Bilfinger Berger SE<sup>1)</sup> (DE)



**Hans Hess**

Swiss citizen

**Education:** Master's Degree in Material Science and Engineering ETH Zurich (CH); Master of Business Administration (MBA) from the University of Southern California (USA); Stanford Executive Program at Stanford University (USA)

**Career:** Since 2006 owner of Hanesco AG (CH); 1996–2005 President and CEO Leica Geosystems AG<sup>1)</sup> (CH); 1993–1996 President Leica Optronics Group (CH); 1989–1993 Vice President Leica Microscopy Group (CH); 1983–1988 Head of Polyurethane Business Unit Huber + Suhner AG<sup>1)</sup> (CH); 1981–1983 Development Engineer Sulzer AG<sup>1)</sup> (CH)

**External activities and interests:** Chairman of the Board of Directors Comet Holding AG<sup>1)</sup> (CH) and Reichle & De-Massari Holding AG (CH); member of the Board of Directors Burckhardt Compression Holdings AG<sup>1)</sup> (CH); Chairman of Swissmem (CH); Vice-Chairman of Economiesuisse (CH)

1) listed company

## Elections and terms of office

The Board of Directors of Kaba Holding AG is elected by the General Meeting, with each member standing for election individually. The Articles of Incorporation provide that the Board of Directors must consist of five to ten members. So far, each member of the Board of Directors has been elected for a term of three years. At the Annual General Meeting of 29 October 2013, Board members who are up for election will be proposed for a one year term of office for the first time as a preliminary step to partially implement the Minder Initiative. The members of the Board of Directors may be re-elected for successive terms. When they reach the age of 70, the members of the Board of Directors resign at the next Annual General Meeting.

The terms of office of Elton SK Chiu, Daniel Daeniker, Rolf Dörig and Karina Dubs-Kuenzle expire at the Annual General Meeting of 29 October 2013. The Board of Directors proposes that they be re-elected. At its meeting of 19 April 2013, the Board of Directors also decided to propose to the Annual General Meeting that John Heppner be elected as a new member of the Board. Maurice P. Andrien is stepping down as Board member on 29 October 2013.

## Internal organizational structure

The Board of Directors is ultimately responsible for business strategy and exercises overall guidance over the Kaba Group. The Board of Directors is the highest decision-making body and establishes the strategic, organizational, accounting and financial planning policies to be followed by the Kaba Group. The Board of Directors has delegated the management of day-to-day business operations to the Executive Board, which is headed by the Chief Executive Officer. The Chief Executive Officer is responsible for the overall executive management of the Kaba Group and for all other matters except for those reserved by law, the Articles of Incorporation or Organizational Regulations to another corporate body.

The primary duties of the Board of Directors, as defined in the Swiss Code of Obligations and the Articles of Incorporation and Organizational Regulations of Kaba Holding AG, are as follows:

- > Strategic direction and management of Kaba Group;
- > Accounting matters, financial control, and financial planning;
- > Appointment and dismissal of the members of the Executive Board and other key executives;
- > Overall supervision of business operation;
- > Preparation of the annual reports and the general meetings as well as the execution of its resolutions;
- > Approving the signing authority of Kaba Holding AG employees;
- > Approving the purchase and sale of companies, business areas or other assets if worth more than CHF 5 million;
- > Approving investment in and purchase and disposal of property worth more than CHF 5 million.

Resolutions of the Board of Directors are taken collectively by its members. The Chief Executive Officer and the Chief Financial Officer attend the meetings of the Board of Directors on a regular basis in an advisory capacity. Other members of the Executive Board are called in an advisory capacity as necessary to advise on individual agenda items. During financial 2012/2013, the Board of Directors met seven times at meetings. Meetings generally last a whole working day. In addition, twelve meetings of the committees took place.

The agendas for Board meetings are set by the Chairman based on proposals from the Chief Executive Officer. Any member of the Board of Directors, however, may request that items be included on the agenda. In advance of Board meetings, the members of the Board

of Directors receive documents allowing them to prepare for discussion of the items on the agenda.

The Board of Directors maintains an exchange of ideas with the company's managers and usually visits one or more locations of the Kaba Group per year.

## Committees

The Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination Committee. Each of the committees has regulations in writing, outlining its duties and responsibilities. The chairpersons are elected by the Board of Directors. The committees meet regularly and are required to submit full minutes and recommendations to the Board of Directors at its regular meetings. The agendas for the committee meetings are set by their chairpersons. In advance of meetings the members of the committees receive documents allowing them to prepare for discussion of the items on the agenda.

### Audit Committee

The Audit Committee consists of three non-executive members of the Board of Directors whose professional background has made them experienced in financial and accounting matters:

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Daniel Daeniker (Chair)

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Heribert Allemann

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Rolf Dörig

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The Board of Directors has determined that the members must meet certain requirements with respect to independence and qualification and may not be part of the Executive Board. Each member of the Audit Committee is elected for a term of one year and may be re-elected to successive terms. The chairperson invites the members of the Audit Committee to convene as often as business requires, but meetings are held at least once a year. During the 2012/2013 financial year the Audit Committee met four times, with the meetings lasting a whole working day in total.

Usually, the Chief Executive Officer and the Chief Financial Officer attend the meetings in an advisory capacity as do, usually, representatives of the statutory auditors and, if necessary, representatives of internal audit and controlling. During the 2012/2013 financial year, representatives of the statutory auditors took part in three meetings, a representative of the legal department in four meetings and representatives of the internal auditors and the controlling department in four meetings. External consultants took part in one meeting. The Audit Committee keeps minutes of its discussions and resolutions.

The principal responsibilities of the Audit Committee are to evaluate risk management and controlling processes, monitor financial reporting and internal audits, and assess external audits. With regard to external audits, the Audit Committee has the following responsibilities:

- > Approval of the focal points of the auditing program;
- > Acceptance of the statutory auditors' report and any recommendations from the statutory auditors before the annual accounts (individual and consolidated accounts) are submitted to the Board of Directors as a whole for approval;
- > Submission of a proposal to the Board of Directors as a whole as to which external auditor is to be proposed to the General Meeting for election as the statutory auditor, including appraisal of the statutory auditors' performance and compensation as well as of their independence, and assessment of the compatibility of their auditing activities with any consultancy mandates.



With regard to internal auditing:

- › Approval of guidelines governing the organization and responsibilities of internal auditing;
- › Approval of the auditing program;
- › Checking auditing results and implementation of recommendations by external or internal auditors;
- › Upkeep and expansion of the existing Internal Control System (ICS). Internal Audit audits the ICS, compliance with the guidelines established by the Management Information System, compliance with guidelines on limiting legal risk, and reporting on/minimization of insurable risks. In individual cases, external specialist auditors may be brought in to help;
- › Auditing of Compliance Report;
- › Monitoring of outstanding legal proceedings;
- › Evaluation and monitoring of business and financial risks.

The risk management system periodically records legal, operational and business risks. Legal risks include current or potential legal disputes; operational risks include scenarios such as operational failures and natural disasters; and business risks include e.g. payment defaults, general negative market developments, etc. Risks are quantified and weighted with regard to their likelihood and their possible financial and/or business impact. Preventative measures that have been planned or already implemented are also subject to critical review. Risks are recorded if they have a potential financial impact of CHF 2.5 million or more.

The Audit Committee reports regularly to the Board of Directors as a whole on its activities; however, it notifies the Board of Directors immediately of any important matters.

### Compensation Committee

The Compensation Committee consists of three non-executive members of the Board of Directors:

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Rolf Dörig (Chair)

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Maurice P. Andrien

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Ulrich Graf

Each member of the Compensation Committee is elected for a term of one year and may be re-elected for successive terms.

The Compensation Committee meets at least once a year. During the 2012/2013 financial year, the Compensation Committee met four times, with the meetings lasting half a working day in total. The Chief Executive Officer usually participates in the meetings. In addition, a representative of Group HR took part in two meetings, and an external consultant in one meeting during the 2012/2013 financial year. Details of Kaba Group's salary policy can be found in the Compensation Report on pages 78 et seq.

The Compensation Committee's job is to propose to the whole Board of Directors the compensation for Board members and, in response to the Chief Executive Officer's proposals, to define the salary policy and payments to the Executive Board.

### Nomination Committee

The Nomination Committee is composed of three members, the majority of whom must be non-executive members of the Board of Directors:

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Ulrich Graf (Chair)

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Maurice P. Andrien

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Rolf Dörig

The Nomination Committee's members are elected for a term of one year, and re-election is possible.

The Nomination Committee convenes at least once a year. During the 2012/2013 financial year, the Nomination Committee met four times, with the meetings lasting half a working day in total. The meetings are generally also attended in an advisory capacity by the Chief Executive Officer, as the sole member of the Executive Board. During the 2012/2013 financial year, a representative of Group HR also attended one meeting. External advisors do not attend.

The Nomination Committee establishes the principles for the nomination and re-election of members of the Board of Directors, and submits to the Board of Directors proposals regarding the Board's composition. Decisions on nominations are made by the Board of Directors itself. The Board of Directors may also delegate responsibility for the nomination and evaluation of members of the Executive Board to the Nomination Committee. The Nomination Committee keeps minutes of its discussions and resolutions, and regularly reports to the Board of Directors.

### Information and control instruments relating to Executive Board

Kaba Group's management information system (MIS) operates as follows: the individual financial statements (balance sheet, income statement, cash flow statement) of each of the subsidiaries are prepared monthly, quarterly, semi-annually and annually. These figures are summarized per division and consolidated for the Group. They are compared with the preceding financial year and the budget. The budget, which constitutes the first year of a three-year mid-term plan per subsidiary, is assessed on the basis of the quarterly statements and in the form of forecasts with respect to its achievability.

Once a month, the Chief Executive Officer and the Chief Financial Officer report in writing to the Board of Directors on the achievement of budgeted figures and on the comparison to the preceding financial year. The Division Heads inform the Chief Executive Officer and the Chief Financial Officer about business progress and noteworthy events in monthly performance reviews based on written reports, including about budget fulfilment.

At the meetings of the Board of Directors, a summary of these reports is discussed and evaluated with the Chief Executive Officer and the Chief Financial Officer.

### Executive Board

#### Management philosophy

The Kaba Group delegates entrepreneurial responsibility for operational business to the divisions. The corresponding management organization is based on decentralized responsibility and rapid decision-making structures situated close to the local markets. This helps to keep activities focused on the customer.

Group functions such as Human Resources and Communications define and monitor Group-wide standards and are responsible for functional, Group-wide projects. As a rule, the Division Heads (Chief Operating Officers) are responsible for their own business activities worldwide, including development, production and distribution, while Technology+Innovation is strategically managed by the Chief Technology Officer at Executive Board level.

#### Management organization

The Board of Directors has appointed an Executive Board, chaired by the Chief Executive Officer. Its functions and responsibilities are defined in Kaba Holding AG's Organizational Regulations. The Chief Operating Officers, the Chief Financial Officer, the Chief Technology Officer, the Chief of Staff as well as the EVP Group Business Develop-

ment (as of 1 July 2013) report to the Chief Executive Officer, who is responsible for overall management and collaboration across divisions. These functions sit on the Executive Board.

### Chief Executive Officer

The Chief Executive Officer manages the Kaba Group. He is entrusted with all functions except for those matters reserved by law, the Articles of Incorporation and the Organizational Regulations for another corporate body. After consultation with the Executive Board, the Chief Executive Officer submits strategy, long- and medium-term objectives and the management guidelines of the Kaba Group to the Board of Directors as a whole for approval. In response to a proposal by the Chief Executive Officer the whole Board of Directors decides about the annual budget (consolidated), individual projects, the consolidated accounts and the financial statements of Kaba Holding AG. The Chief Executive Officer submits proposals to the Nomination Committee about personnel issues at Executive Board level. The Chief Executive Officer also makes proposals to the Compensation Committee regarding the remuneration of members of the Executive Board (including allocation of shares from the share allocation plans, plus insurance aspects).

The Chief Executive Officer reports regularly to the Board of Directors as a whole on current business developments, anticipates important business opportunities and risks as well as changes in management at division level. The members of the Board of Directors may request and review other information. The Chief Executive Officer must immediately notify the Chairman of the Board of Directors if significant unanticipated developments occur.

### Members of the Group Executive Board

The table below provides the name, age, position and date first elected for those individuals who in the year under review served as members of the Executive Board.

## MEMBERS OF THE EXECUTIVE BOARD 2012/2013

Name/Position	Year of birth	Entry Executive Board
<b>Riet Cadonau</b> Chief Executive Officer	1961	2011
<b>Beat Malacarne</b> Chief Financial Officer	1962	2011
<b>Frank Belflower</b> Chief Operating Officer Key Systems North America (until 30 June 2013); EVP Group Business Development	1953	2001
<b>Roberto Gaspari</b> Chief Operating Officer Access + Data Systems EMEA/AP	1959	2006
<b>Patrick Grawehr</b> Chief of Staff	1964	2011
<b>Andreas Häberli</b> Chief Technology Officer	1968	2011
<b>Carl Sideranko</b> Chief Operating Officer Access + Data Systems Americas	1954	2006
<b>Stefano Zocca</b> Chief Operating Officer Key Systems EMEA/AP/SAM	1963	2011

### Management contracts

Kaba Holding AG and its Group companies have not entered into management contracts with third parties.



**Riet Cadonau**  
Chief Executive Officer

Swiss citizen

**Education:** Master of Arts in economics and business administration from the University of Zurich (CH); Advanced Management Program at INSEAD (FR)

**Career:** Since 1 July 2011 CEO Kaba Group; 2007–2011 CEO Ascom Group<sup>1)</sup> (CH); until 2007 Managing Director ACS Europe + Transport Revenue, a global line of business of ACS, Inc. (today a Xerox company); 2001–2005 member of the Executive Board Ascom Group<sup>1)</sup>, from 2002 Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS in 2005; 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services

**External activities and interests:** Since 2013 member of the Board of Directors of Zehnder Group<sup>1)</sup> (CH); 2006–2011 member of the Board of Directors Kaba Group and Griesser Group (CH); 2004–2009 President of the Swiss Management Association ([www.smg.ch](http://www.smg.ch))



**Beat Malacarne**  
Chief Financial Officer

Swiss citizen

**Education:** Swiss certified accountant

**Career:** Since 2011 Chief Financial Officer and member of the Executive Board Kaba Group; 2009–2011 Chief Financial Officer, member of the Executive Board SBB Cargo AG (CH); 2006–2009 Project Manager Internal Control System (ICS) and Deputy Director Holcim Group Support Ltd.<sup>1)</sup> (CH); 2005–2006 Chief Financial Officer and member of the Executive Board ACC Ltd.<sup>1)</sup> (IN); 2004–2005 Project Manager financial integration India Holcim Group Support Ltd.<sup>1)</sup> (CH); 1999–2004 Chief Financial Officer and member of the Executive Board Siam City Cement Public Company Ltd.<sup>1)</sup> (TH); 1997–1999 Vice President Finance and member of the Asian Executive Board Hilti Asia Ltd. (CN)

1) listed company



**Frank Belflower**  
COO Key Systems North America (until 30 June 2013);  
EVP Group Business Development

US citizen

**Education:** Bachelor of Arts (BA Psychology)

**Career:** Since 2001 member of the Executive Board Kaba Group, starting 2013 as Head of Group Business Development and 2001–2013 as Division Head; 1993–2001 member of the management of Unican Group (2001 acquisition of Unican Security Systems Ltd. by Kaba Group); since 1978 different management positions at Unican Group (USA)

**External activities and interests:** Member of the Industry Advisory Board of ALOA (USA)



**Roberto Gaspari**  
COO Access + Data Systems  
EMEA/AP

Italian citizen

**Education:** Economics degree from the Bocconi University (IT)

**Career:** Since 2011 Head of Division Access + Data Systems EMEA/AP and member of the Executive Board Kaba Group; 2006–2011 Head of Division Key Systems Europe/Asia Pacific and member of the Executive Board Kaba Group; 2002–2011 General Manager Silca S.p.A. (IT); 1997–2002 Managing Director Italy and France at the multinational American company Watts Industries Inc. (USA); 1988–1997 Managing Director at Cisa S.p.A. (IT)



**Patrick Grawehr**  
Chief of Staff

Swiss citizen

**Education:** Lic. iur. from the University of Fribourg (CH); Dr. iur. HSG (CH), Master of Laws from the University of Melbourne (AUS); attorney-at-law (CH)

**Career:** Since 2011 Chief of Staff and member of the Executive Board Kaba Group; 2008–2011 General Counsel Ascom Group<sup>1)</sup> (CH); 2005–2008 Director of Contracts + Negotiations ACS Solutions Switzerland Ltd., Division Transport Revenue (CH); 2001–2005 Head of Contracts + Negotiations Ascom Group<sup>1)</sup> (CH); 2001 Manager Contracts + Negotiations IBM Switzerland (CH); 2000–2001 Advisory Contracts + Negotiations IBM Switzerland (CH)



**Andreas Häberli**  
Chief Technology Officer

Swiss citizen

**Education:** Degree in electrical engineering ETH Zurich (CH), PhD in micro-engineering ETH Zurich (CH)

**Career:** Since 2011 Chief Technology Officer and member of the Executive Board Kaba Group; 2003–2010 Head of Development and member of Management Board Kaba AG (CH), from 2009 also of Kaba GmbH (AT); 1999–2003 member Management Board Sensirion (CH); 1997–1999 Chip Design Engineer Invox (CA/USA)



**Carl Sideranko**  
COO Access + Data Systems Americas

US citizen

**Education:** Bachelor of Science (BS Marketing)

**Career:** Since 2006 Head of Division and member of the Executive Board Kaba Group; until 2006 General Manager Kaba Mas Corp. and Strategic Division Manager for Safe Locks (USA); 1998–2000 Head of Distribution Mas-Hamilton Group (2001 acquisition by Unican); 1976–1998 various management positions in the security industry at Emhart Industries and Assa Abloy affiliates



**Stefano Zocca**  
COO Key Systems EMEA/AP/SAM

Italian citizen

**Education:** Economics degree from the Bocconi University (IT)

**Career:** Since 2011 Head of Division Key Systems EMEA/AP/SAM and member of the Executive Board Kaba Group; 1988–2011 various positions at Whirlpool EMEA (IT); 2004–2011 General Manager Middle East, Africa + Turkey, from 2010 also of Central Europe; 2000–2004 Customer Service Regional Director, South, Central + East Europe, Middle East + Africa; 1994–2000 European Procurement Manager; 1988–1994 various positions in industrial and logistics operations; 1986–1988 Procurement and Planning Assistant Imbal (IT)

1) listed company

## Compensation

The compensation policy and all facts and figures on the remuneration of the Board of Directors and the Executive Board can be found in the Compensation Report (see pages 78 et seq.).

## Compliance

Compliance principles are set out in Kaba's Code of Conduct, as well as in Group directives and guidelines. Adherence to these rules is very important to Kaba Group as an internationally active, listed company. Key compliance themes include bribery and corruption, competition and cartel law and safeguarding the employees' personal integrity. The Code of Conduct and all directives and guidelines are available to Kaba's employees on the Group Intranet.

The company's compliance mechanisms were introduced on a precautionary basis, are reviewed regularly and are adjusted where necessary to the changing business environment. Managers at Kaba's subsidiaries conduct compliance reviews of suppliers on the basis of the applicable Group regulations.

Middle managers at Kaba Group are regularly trained in compliance matters. The training program is regularly reviewed and updated by the company's Legal Department.

## Code of Conduct

The Kaba Group's Code of Conduct was revised during financial year 2012/2013. Besides standards and rules on bribery and corruption, equal employment opportunities, harassment, antitrust and competition law, and procedures for reporting noncompliance, the Code now also includes rules on conflicts of interest and references to the company's values. The revised version was approved by the Executive Board and Board of Directors.

The Code of Conduct is available to all Kaba employees in several languages and in electronic as well as in printed form. Upon commencement of employment with Kaba, employees confirm receipt of the document with their signature. Members of the senior management, e.g. General Managers of the local companies, are responsible for implementing and imposing the Code of Conduct. The General Counsel, as Compliance Officer, monitors these processes and, alongside line managers, is one of the defined contacts for reporting infringements of the Code of Conduct. Members of the Kaba Group's senior management are trained at management meetings in how to work with the Code of Conduct. The Kaba Code of Conduct can be found on [www.kaba.com/coc](http://www.kaba.com/coc).

## Kaba Principles

The Executive Board and other senior managers at Kaba Group have defined the company's shared values under the heading "Kaba Principles". These are: integrity, respect, customer orientation, sustainability, courage, performance and a passionate professionalism. These values are the foundations on which Kaba employees make decisions, but they also serve as guiding principles for conduct and collaboration within the Group and for Kaba's approach to addressing customer needs.

## Shareholders' participation rights

### Voting rights restriction and proxy voting

At the General Meeting of Kaba Holding AG, each registered share entitles its owner to one vote. Single shareholders may exercise no more than 5% of all voting rights when directly representing their own registered shares and indirectly acting as proxies for registered shares owned by others. In this context, legal entities or partnerships that are linked by capital, voting rights, joint management or other-

wise, as well as all individuals, legal entities or partnerships that combine with the intention of circumventing the voting rights restriction, are deemed to constitute a single person. This voting rights restriction does not apply to banks representing shareholders, members of a corporate body acting as proxies, or independent proxies pursuant to article 689c of the Swiss Code of Obligations. This voting rights restriction does not apply to shareholders who were already listed in the share register with more than 5% of the voting rights when the voting rights restriction clause was ratified.

A shareholder may be represented only by another shareholder with a written proxy. Representation by banks, by members of a corporate body acting as proxies or by independent proxies pursuant to articles 689c and 689d of the Swiss Code of Obligations remains permitted.

The voting rights restriction can only be amended by a resolution of the General Meeting with a majority of the votes submitted.

## Majorities required by the Articles of Incorporation

For resolutions covering

- > conversion of registered shares into bearer shares,
- > dissolution of Kaba Holding AG (including as a result of merger), and
- > amendments to provisions of the Articles of Incorporation regarding the restrictions on the transferability of registered shares, resolutions of the General Meeting and the election and re-election of members of the Board of Directors,

approval requires at least two-thirds of the votes represented. In all other cases, the General Meeting of Kaba Holding AG passes its resolutions and conducts its votes, without regard for the number of shareholders present or represented shares, on the basis of the majority of votes cast. Mandatory provisions of the law are reserved.

## Convocation of the General Meeting of Shareholders and agenda

Convocation of the General Meeting is in accordance with the legal requirements.

The Board of Directors of Kaba Holding AG is obliged to include motions by shareholders collectively representing 0.5% of the share capital in the agenda sent out with the invitation to the General Meeting, provided that such motions are submitted in writing to the Board of Directors at least four weeks prior to the General Meeting. Proposals for inclusion in the agenda must be made in writing, stating the subject matter and the motions.

At the Annual General Meeting of 19 October 2010, the Articles of Incorporation of Kaba Holding AG were adjusted in line with the legal provisions to the extent that in future the Annual Report and the auditors' report will have to be made available for inspection only at the company's registered office in Rümlang, but not at any branch offices of Kaba Holding AG.

## Entry in the share register/Invitation to the Annual General Meeting of 29 October 2013

Shareholders entered in the share register with voting rights as at 21 October 2013 will directly receive the invitation to the Annual General Meeting on 29 October 2013 with the proposals of the Board of Directors. Shareholders who return their reply slip will receive the admission card and voting materials. Shareholders who sell all their shares before the General Meeting will no longer be eligible to vote. Shareholders who sell part of their shares or purchase additional shares are to have their admission cards updated at the information desk at the venue of the General Meeting. No entries will be made in the share register from 22 to 29 October 2013.

## Change of control and defense measures

### Duty to make a public offer

The Articles of Incorporation do not contain opting-out or opting-up provisions (article 22 of the Swiss Federal Law on Stock Exchanges and Securities Trading).

### Change of control provisions

In the event of a change of control of Kaba Holding AG, Kaba Management + Consulting AG (joint liability with Kaba Holding AG) is obliged to pay members of the Executive Board and two members of the senior management a payment to improve their pension entitlement in the amount of approximately one year's salary (incl. variable components) if their employment contracts are terminated within a year of the change of control or if they resign within a year of the change of control. If control changes, Kaba Holding AG is also obliged to pay the Chairman of the Board of Directors an amount equivalent to approximately one year's remuneration in case he leaves the Board.

The rules of the ESAP 1 und ESAP Plus stock award plans state that if there is a change in the control of Kaba Holding AG (as defined in the regulations) the share blocking period will be lifted. If there is a change in the control of Kaba Holding AG (as defined in the regulations), under the ESAP Plus participants have the right to a cash payment to compensate their right to a (loyalty-based) allocation of additional shares, provided the plan participants concerned are still employed with the Kaba Group and no notice has been given when the change of control occurs.

## Auditors

### Duration of the mandate and term of office of the head auditor

PricewaterhouseCoopers AG, Zurich, was appointed auditor of Kaba Holding AG in 1907 and of the Kaba Group in 1982. The head auditor responsible for the existing auditing mandate was appointed effective in financial 2009/2010.

### Auditing fees and additional fees

Fees charged by the Group auditors PricewaterhouseCoopers for services in connection with auditing the Financial Statements of Kaba Holding AG and the Group companies as well as the Consolidated Financial Statements of Kaba Group in financial 2012/2013 were approximately CHF 1.49 million. In financial 2012/2013, Kaba Group also paid around CHF 0.76 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 0.57 million of this was for general advisory services relating to restructurings and accounting changes, and around CHF 0.11 million for taxation services (direct and indirect taxes). Another CHF 0.08 million was spent on accountancy support for subsidiaries.

The Audit Committee of the Board of Directors annually assesses the performance, remuneration and independence of the Group auditors and submits to the Board of Directors a proposal as to which external auditors shall be proposed for election by the General Meeting. The Audit Committee also annually monitors the scope of the external auditing process, the auditing program and the relevant procedures and discusses the auditing results with the external auditors.

## Information policy

The reporting on financial 2012/2013 and financial statements as at 30 June 2013 consists of the Executive Report and the Annual Report which includes the Financial Statements, the Corporate Governance Report and the Compensation Report. The Executive Report will be sent to shareholders together with the invitation to the Annual General Meeting; the other publications may be ordered by using the enclosed form, or online at [www.kaba.com/news-service](http://www.kaba.com/news-service). The share price, Group publications and reports, press releases and presentations may also be downloaded at [www.kaba.com](http://www.kaba.com). Media and analysts' conferences are held at least once a year, but usually twice a year.

Kaba Group also holds investors' meetings at which financial analysts and investors can gain a deeper insight into the company by meeting members of the Executive Board and management as well as seeing product presentations.

Kaba Holding AG publishes price-sensitive information in accordance with its disclosure obligations under the rules of the SIX Swiss Exchange AG (Listing Rules, Art. 53, and rules on ad hoc publicity).

Kaba Holding AG informs its shareholders in writing about the course of its business every half year. Information about the course of business is available at [www.kaba.com/publications](http://www.kaba.com/publications) and [www.kaba.com/media-releases](http://www.kaba.com/media-releases).

Kaba Group has started a company-wide project to strengthen its sustainability activities. A multi-year program has been defined based on the established Global Reporting Initiative (GRI) reporting system. The aim is to anchor the subject of sustainability more firmly in the Group's business activities and to intensify both reporting and transparency. In the first phase the focus is on recording and describing the numerous existing initiatives relating to the 25 GRI indicators that are most important for Kaba. These have been selected based on their relevance for the company from a set of 80 indicators covering three areas – "Economic", "Environmental" and "Social". The sustainability reporting is available at [www.kaba.com/sustainability](http://www.kaba.com/sustainability).

The notifications, reports and presentations of the Kaba Group are not continually updated by the company; the statements and data contained therein are therefore valid as of the relevant date of publication. For those wishing to obtain current information, Kaba Holding AG recommends that they do not refer solely to past publications.

A list of the most important dates in the financial year can be found at [www.kaba.com/agenda](http://www.kaba.com/agenda).