

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

Corporate Governance at a glance

According to the definition given by the "Swiss Code of Best Practice for Corporate Governance" issued by *economiesuisse*, the Swiss Business Federation, Corporate Governance "encompasses the full range of principles directed towards shareholders' interest seeking a good balance between direction and control and transparency at the top company level while maintaining decision-making capacity and efficiency."

Swisslog applies the "Swiss Code of Best Practice" and has implemented the Code's guiding principles of good corporate governance by establishing corporate governance practices that are tailored to Swisslog's situation. The cornerstone of Swisslog's corporate governance practices for the year under review is the following:

Capital Structure

Swisslog has a single share class, with each share entitling the holder to one vote at General Meetings of Shareholders; no voting rights restrictions apply. A potential purchaser is required to make a public takeover offer upon reaching the threshold of voting rights as provided for by the Stock Exchange Act (no opting-up or opting-out).

Organization

The Board of Directors, responsible for the strategic direction and overall governance of the company, consisted of members, all of whom are non-executive and independent; business management is delegated to the CEO. The members of the Board of Directors are individually elected for staggered terms of three years. The Board of Directors has established an Audit and Risk Management Committee as well as an HR Committee from among its members.

Compensation System

Compensation for the Board of Directors and the Executive Committee is based upon a modern compensation system. The compensation system for the Executive Committee comprises both a fixed base salary and a variable salary (subject to the achievement of performance targets), as well as a long-term performance share plan.

Reporting

Swisslog reports semi-annually on business performance (using the IFRS accounting standards) and pursues an open reporting policy towards the financial market.

The structure of the following corporate governance report follows the Directive on Information Relating to Corporate Governance published by the SIX Swiss Exchange. Unless otherwise stated, data refers to 31 December 2011.

GROUP STRUCTURE AND SHAREHOLDERS

Group structure

The Swisslog Group's operational group structure reflects the division of its operations into the two divisions Healthcare Solutions and Warehouse & Distribution Solutions. The Swisslog Group is managed by the Board of Directors through the Executive Committee which oversees the divisions. For detailed information on the activities of the two divisions, please refer to pages 10 et seq. of this Annual Report. For reporting by segment according to IFRS, please refer to pages 50 et seq. (2011 Financial Report, Note 3 to the Consolidated Financial Statements).

Swisslog Holding AG, headquartered in Buchs/Aarau, Switzerland, is the ultimate parent company of the Swisslog Group. The registered shares of Swisslog Holding AG are traded on the SIX Swiss Exchange, Zurich (Securities No.: 1 232 462, ISIN CH0012324627). The market capitalization of Swisslog Holding AG as of 31 December 2011 amounted to MCHF 173.4. For further details on the share capital of Swisslog Holding AG, please refer to page 79 (2011 Financial Report, Key figures for share capital).

All companies of the Swisslog Group that are consolidated are itemized on page 78 (2011 Financial Report, Subsidiaries and investments).

Significant shareholders

Pursuant to the information available to the company, the shareholders listed below had shareholdings held for their own account in an amount exceeding 3 percent of voting rights of Swisslog Holding AG as of 31 December 2011:

According to a disclosure notification under the Stock Exchange Act, GoldenPeaks Ltd, Saint Peter Port, Guernsey, held 4.25 percent of the voting rights on 12 May 2011 (disclosure notification that voting rights exceed the threshold of 3 percent by acquisition of shares); on 3 June 2011, GoldenPeaks Ltd. held 5.05 percent of voting rights (disclosure notification that voting rights exceed the threshold of 5 percent by acquisition of shares). According to the share register, GoldenPeaks Ltd. held 6.9 percent of voting rights on 31 December 2011.

According to a disclosure notification under the Stock Exchange Act, the collective investment schemes represented by Pictet Funds SA, Geneva, in its capacity as licensee, together held 4.06 percent of voting rights on 12 May 2011 (disclosure notification that voting rights have fallen below the threshold of 5 percent by sale of shares; further, voting rights of the fund Pictet (CH) Swiss Mid Small Cap represented by Pictet Funds SA have fallen below the threshold of 3 percent by sale of shares). According to the share register, the collective investment schemes represented by Pictet Funds SA together held less than 5 percent of voting rights on 31 December 2011.

According to a previous disclosure notification under Art. 20 Stock Exchange Act, Baillie Gifford & Co, Edinburgh, held between 3 and 5 percent of voting rights on 31 December 2011. Baillie Gifford & Co filed no disclosure notification in the year under review.

Disclosures of shareholdings according to Art. 20 of the Stock Exchange Act can be found in the SIX database for significant shareholders: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Cross-shareholdings

The Swisslog Group has not entered into any cross-shareholdings with other companies as far as equity capital or voting rights are concerned.

CAPITAL STRUCTURE

Shares and share capital

The share capital of Swisslog Holding AG stands at CHF 2 512 769.84, all of which is fully paid. The share capital consists of 251 276 984 registered shares with a par value of CHF 0.01. Each share registered entitles the holder to one vote at General Meetings of Swisslog Holding AG.

Neither conditional nor authorized capital exists. The company has not issued participation certificates (*Partizipationsscheine*) or profit sharing certificates (*Genussscheine*).

For more information about the share capital please refer to page 79 (Financial Report 2011, Key figures for share capital).

Changes to the share capital

No changes in capital took place within the last three financial years.

Limitation on transferability and nominee registrations

Swisslog Holding AG's Articles of Association do not provide for a percentage limitation on the registration of shares with voting rights (restriction on transferability). The Articles of Association contain a nominee provision: The registration of persons holding shares in a fiduciary capacity for undisclosed third parties is limited to 3 percent of the registered share capital. Registered shares of nominees with voting rights exceeding this limit can be entered in the share register only if the respective nominee discloses the names, addresses and shareholdings of the persons for whose account he holds 1 percent or more of the registered share capital as entered in the commercial register. A statutory group clause applies for nominees acting in concert.

Convertible bonds and warrants/options

Swisslog Holding AG and its Group Companies have no convertible bond or options on shares outstanding. No employee options exist.

BOARD OF DIRECTORS

1 Hans Ziegler

Chairman, non-executive
Since 2004; term expires 2014
Audit and Risk Management
Committee

2 Jürg Rückert

Vice-Chairman, non-executive
Since 2004; term expires 2012
Audit and Risk Management
Committee, Chairman

3 Heinz Bachmann

Member, non-executive
Since 2007; term expires 2013
Human Resources Committee

4 Johann Löttner

Member, non-executive
Since 2009; term expires 2012
Audit and Risk Management
Committee

5 Manfred Schuster

(until 31.12.2011)¹
Member, non-executive
Since 2004; term expires 2014
Human Resources Committee,
Chairman

¹ Manfred Schuster resigned from the Board
of Directors on 31.12.2011



BOARD OF DIRECTORS

Members of the Board of Directors

None of the members of the Board of Directors currently holds or has formerly held an executive function within the Swisslog Group. No member of the Board of Directors has any material business relationship with the Swisslog Group.

Hans Ziegler, Chairman, born 1952, Swiss

Hans Ziegler is Chairman of the Board of Directors of Swisslog Holding AG. He earned a degree as a business economist (KSZ) and completed postgraduate studies in business administration and information technology at TCU Dallas-Fort Worth, USA. After holding a number of positions, including CFO at Alcon Pharmaceuticals Cham/Fort Worth, USA, and CFO of Usego Trimerco Group as well as Globus Group, he founded a consulting company operating in Switzerland and abroad in 1996, specializing in corporate restructuring, turnaround management, and repositioning. From August 2009 until May 2010 he was delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG. Hans Ziegler is Chairman of the Board of Directors of Charles Vögele Holding AG, member of the Board of Directors of OC Oerlikon Corporation AG and serves on the board of a number of other, non-listed Swiss and foreign companies.

Jürg Rückert, Vice-Chairman, born 1945, Swiss

Jürg Rückert is Vice-Chairman of the Board of Directors of Swisslog Holding AG and chairs its Audit and Risk Management Committee. He graduated in economics (lic. rer. pol.) from the University of Basel. Jürg Rückert is the owner of C.M.C. Consulting Management Coaching AG. He has held various management positions in the Swiss retail sector, including various functions at Denner, as COO of Waro and UHC (Bon appétit Group), and as CEO of USEGO. Jürg Rückert is inter alia Chairman of Zuckerfabriken Aarberg + Frauenfeld AG and Lagerhausgenossenschaft (LHG) Berne, Vice-Chairman of réservesuisse and of GS 1 and a member of the Board of Directors of Distribution Suisse Holding SA, Valrhône SA, Lüchinger+Schmid AG, Groba AG, and Zellweger Management Consultants AG.

Heinz Bachmann, Member, born 1942, Swiss

Heinz Bachmann holds a degree in engineering from the Fachhochschule für Textilindustrie in Reutlingen, Germany. He acted as President and CEO of Saurer Textile Systems from 1990 to 2003 and subsequently became a member of the Board of Directors of Saurer Management AG. Previously he was a director and member of the Executive Committee of Rieter, Lauffenmühle-Gruppe, and Wellington Industries. Heinz Bachmann is a Visiting Professor and academic consultant at Donghua University in Shanghai, China. Heinz Bachmann is Vice-Chairman of the Board of Directors of Burckhardt Compression AG as well as a member of the Board of Directors of Hunziker AG and Grob AG.

Johann Löttner, Member, born 1949, Austrian

Johann Löttner studied economic and social sciences at the Johannes Kepler University in Linz, Austria, and graduated with a degree in business studies. His long-standing activities in the intralogistics industry include various senior executive roles within the Siemens and Mannesmann Groups; from 2003 until 2005 he acted as head of the Logistics and Assembly Systems Division of Siemens AG. From 2006 until 2007, he was CEO of the Dematic Group. Johann Löttner is interim CFO of Schubert GmbH, Magdeburg, and a member of several Supervisory and Advisory Boards in Germany and abroad.

Manfred Schuster, Member (until 31 December 2011), born 1953, German

Manfred Schuster chaired in the year under review the HR Committee of the Board of Directors. He resigned for personal reasons from the Board of Directors effective 31 December 2011. Manfred Schuster was trained as an industrial manager. After having completed a trainee program at Siemens, he held various management positions at the Siemens group, including a divisional CFO position at Siemens Data Ges.m.b.H., Austria, and as member of the Executive Boards of Siemens Nixdorf Germany and Siemens Business Services Germany. He acted as general manager for affiliates of the Siemens group. In 1999 he became a member of the Executive Board of Oracle Germany and was responsible for its consulting business. From 2001 until 2006 Manfred Schuster was CIO of Deutsche Post DHL and served as general manager of affiliates of the Deutsche Post DHL group, e.g. at Deutsche Post ITSolutions GmbH and from 2006 until 2007 at Williams Lea Deutschland GmbH. He served as a member of the Supervisory Boards of various affiliates of the Siemens group and of the Deutsche Post DHL group, inter alia at Siemens Nixdorf Informationssysteme AG, at GFT Technologies AG, at Deutsche Post eBusiness GmbH (Chairman) and at Einsnull IT-Support GmbH (Chairman).

Elections and terms of office

Pursuant to the Articles of Association, the Board of Directors shall consist of at least five members, elected at the General Meeting of Shareholders for a term of three years. A member of the Board of Directors who has reached the age of 70 shall retire automatically at the next ordinary General Meeting of Shareholders. Our practice is to elect members of the Board of Directors individually and for staggered terms. Members may be re-elected.

Internal organizational structure and definition of areas of responsibility

The Board of Directors has issued Bylaws that regulate the organization and prescribe procedures for the Board of Directors, the delegation of management to the Executive Committee, the allocation of authority and the reporting system.

The Board of Directors is responsible for the overall governance of Swisslog Holding AG and the Swisslog Group and for overseeing the management of its affairs. The Board of Directors has the organizational and financial responsibility and determines the strategic objectives, the general ways and means to reach them and the persons to be charged with management. Accordingly, the responsibilities of the Board of Directors comprise, among other things, the determination of the overall strategy and the legal and operational structure of the Group, decisions on the compensation of the Board of Directors, decisions on appointments to and compensation of the Executive Committee and on the basic compensation strategy of the Group, the adoption of the business plan and the annual budget, the structuring of the accounting system, of the financial controls as well as of the system for internal control, the allocation of functions and authority between the Board of Directors and the CEO, and the enactment of basic corporate policies.

Under the Bylaws, the Board of Directors has assigned the entire business management function to the Chief Executive Officer (CEO), who assumes this function with the support of additional members of the Executive Committee. The Board of Directors has determined the financial authority of the Executive Committee and has reserved the right to approve all matters that exceed this authority. The CEO is responsible for strategy implementation and for carrying out resolutions of the Board of Directors. The CEO is also responsible for the organization, management, and control of the overall business and affairs for the company, for supervising management, for managing the accounting system, and for all reporting to the Board of Directors. He prepares proposals for the Board of Directors, including strategy, the organization of the Group and appointments to the Executive Committee, the business plan, and the annual budget.

The Chairman of the Board of Directors is entrusted with the management of the Board. He assures the flow of information within the Board of Directors and between the Board of Directors and the Executive Committee. He arranges the convocation and preparation of meetings and establishes the agenda. He conducts the meetings and monitors the implementation of decisions made by the Board of Directors. The Chairman is in constant contact with the CEO. The Vice-Chairman carries out the duties of the Chairman of the Board of Directors in his absence.

The Board of Directors is self-constituted and elects the Chairman, Vice-Chairman and members of committees from among the Board members.

The Board of Directors holds meetings as often as required, but at least four times during the year. The CEO and CFO regularly attend the meetings of the Board of Directors. If needed, additional persons are included in the meeting if they are responsible for a specific agenda item. On the occasion of at least one meeting per year, the Board of Directors focuses on one specific division and includes that division's management. In the year under review the Board of Directors convened seven ordinary meetings of the Board of Directors, which lasted between two hours and a full day. One circular resolution was passed. For two meetings, one member of the Board of Directors was unable to attend.

Committees

The Board of Directors set up two committees to assist it in its work: the Audit and Risk Management Committee and the HR Committee. The Committees support the Board of Directors by preparing the business of the Board in their area of responsibility and by monitoring the implementation of Board decisions. They report to the Board of Directors during its meetings and file proposals as necessary. Decision-making authority and responsibility remain with the Board of Directors.

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of three non-executive, independent Board members: Jürg Rückert (Chairman), Johann Löttner, and Hans Ziegler. The Committee convenes at least three times a year, reporting on its activities to the Board of Directors on an ongoing basis. The Committee has the following primary functions: In the field of financial reporting, the Committee evaluates the financial report and the half-year report and submits its recommendation for approval to the Board of Directors. The Committee monitors the external auditors, their independence, audit planning and execution. The auditors are required to report their findings to the Committee, and the Committee recommends on improvements to the audit process. The Committee assesses the organization, quality and functioning of the internal control system, internal audit procedures and compliance. The Committee monitors and assesses the risk management systems and risk

management processes of the Group. The corporate Internal Audit and Compliance functions report to the Committee. The CFO, the CEO and the external auditors attend meetings of the Committee. In the year under review the Committee met three times, with meetings lasting two to three hours.

HR Committee

The HR Committee consists of two non-executive, independent Board members: Manfred Schuster (Chairman) (until 31 December 2011) and Heinz Bachmann. The Committee convenes at least twice a year, reporting to the Board of Directors when the latter convenes. The main functions of the Committee are to monitor the Group's compensation strategy, compensation programs and instruments. The Committee is responsible for monitoring remuneration for the Board of Directors, CEO and Executive Committee; employee benefit policies and plans; administration of employee stock ownership plans; development and career plans; and to carry out compensation comparisons. The Head of Corporate Human Resources and the CEO, if required, regularly attend meetings of the Committee. In the year under review the HR Committee met three times, with meetings lasting about two hours.

Information and controlling instruments vis-à-vis the Executive Committee

The CEO and the CFO brief the Board of Directors when it convenes on the Group's current business performance, including the status of budget attainment. The division heads in turn report to the CEO in the regular Executive Committee meetings and on the occasion of the institutionalized quarterly business reviews. At least once a year during one of its meetings, the Board of Directors focuses on one specific division, with the involvement of divisional management. The entire Executive Committee attends those meetings of the Board of Directors that discuss the budget or the business plan.

The Board of Directors is provided with monthly written reports from the Management Information System (MIS) of the Swisslog Group. The Management Information System consists of the following: monthly, quarterly, half-yearly, and annual reporting (balance sheet, income statement and statistical data) of specific Swisslog subsidiaries. The figures are consolidated for the regions, divisions and the Group and then reported. They are also compared with the previous year's figures, the budget, and the forecast established quarterly.

The CEO and CFO regularly attend the meetings of the Board of Directors. If needed, additional persons responsible for a specific agenda item are included. Required attendees of the Audit and Risk Management Committee meetings are the CFO and the CEO. Required attendees at the HR Committee meetings are the Head of Corporate Human Resources and the CEO, if needed.

The Chairman of the Board of Directors is provided with the minutes of the meetings of the Executive Committee. He is in constant contact with the CEO. The CEO keeps the Chairman of the Board continually informed about important business matters and any unusual matters promptly as they arise.

Each member of the Board of Directors has the right to obtain information from the Executive Committee and any other officer on all of the Group's business affairs. Article 715a of the Swiss Code of Obligations governs the information and inspection rights of the Board of Directors.

Internal Audit carries out audits of certain companies in the Swisslog Group each year, particularly focusing on the implementation of the internal control system and compliance with required policies and processes. The main focal points of the audit are determined by the Audit and Risk Management Committee, on the one hand based on the reports of the external auditors, and, on the other, in consultation with Group Risk Management. Internal Audit reports to the Audit and Risk Management Committee.

The material strategic, operational, and financial risks of the Group are covered by the Executive Committee annually as part of the annual business plan development process and are detailed in a risk matrix. As part of the budgeting process, the risk matrix is reviewed, updated and completed. Risks are categorized based on their probability of occurrence and their potential financial impact (outflow of resources and /or effect on the income statement). For each listed risk, prevention and mitigation measures as well as responsibilities and monitoring of developments are defined. The Board of Directors discusses and approves the risk matrix established by the Executive Committee on an annual basis.

EXECUTIVE COMMITTEE

1 Remo Brunchwiler

Chief Executive Officer (CEO), President of Healthcare Solutions ad interim (April 2010 until 31.12.2011)

2 Charlie Kegley

President of Healthcare Solutions North America (until 31.12.2011)

3 Daniel Fink

President of Warehouse & Distribution Solutions

4 Christian Mäder

Chief Financial Officer (CFO)

5 Philipp Uschatz

Head of Corporate Human Resources



EXECUTIVE COMMITTEE

The Executive Committee consists of the Chief Executive Officer (CEO), the Heads of the Healthcare Solutions and Warehouse & Distribution Solutions divisions, the Chief Financial Officer (CFO) and the Head of Corporate Human Resources.

Between April 2010 and December 2011, the CEO held also the function of President of the Healthcare Solutions division ad interim. The previous President, Charlie Kegley, as President Healthcare Solutions North America, concentrated on the region and in this function continued to be a member of the Executive Committee until his age-related resignation effective at the end of 2011. The President of the Healthcare Solutions division position was filled at the beginning of 2012.

The CEO reports to the Board of Directors. The remaining members of the Executive Committee report to the CEO. The CEO is entrusted with conducting the business of the Group. He performs this task with the support of the other members of the Executive Committee. The Board of Directors appoints the members of the Executive Committee, including the CEO.

Remo Brunswiler, Chief Executive Officer and until 31 December 2011 President Healthcare Solutions, born 1958, Swiss

Remo Brunswiler is Chief Executive Officer of the Swisslog Group since 1 March 2003. He headed the Healthcare Solutions division ad interim from April 2010 until year-end 2011. Remo Brunswiler studied economics at the University of Basel and holds an MBA from INSEAD, Fontainebleau, France. Between 1996 and 2003 he headed the Eurocargo division of Danzas. From 1989 to 1996, he was a consultant at McKinsey in Switzerland and Germany for logistics and pharmaceutical companies. He began his career as a strategic planner with Ciba-Geigy AG in Basel and as product manager for pharmaceuticals with Ciba-Geigy in Italy. Remo Brunswiler is a member of the Board of Directors of Holcim (Schweiz) AG and of Papyrus AB, Sweden (until February 2012).

Charlie Kegley, President of Healthcare Solutions North America (until 31 December 2011), born 1946, American

Charlie Kegley was President of Healthcare Solutions North America from 1996 until the end of 2011. He was President of the Healthcare Solutions division between April 2003 and March 2010. He graduated with a Bachelor of Science in mechanical engineering from Penn State University, USA. Charlie Kegley's first project and sales experience was in the field of computerized conveying systems with the Powers Regulator Company and MCC Powers-Transitube, USA. Charlie Kegley was Vice-President of Translogic Corporation from 1985 to 1996 and President of Translogic Corporation from 1996 to 1999. Following its acquisition by Swisslog, he continued to hold this position within the Swisslog Group.

Daniel Fink, President of Warehouse & Distribution Solutions, born 1961, Swiss

Daniel Fink has been President of the Warehouse & Distribution Solutions division since July 2008. He graduated in law from the University of Zurich and was admitted to the bar. After two years as Legal Counsel with NCR Switzerland, Daniel Fink joined Georg Fischer AG, where he held several management positions, at the Group's headquarters in Switzerland as well as in the USA and China, for about 15 years. Before joining Swisslog, he led the Asian division of GF Piping Systems and acted as China Delegate of the Corporate CEO.

Christian Mäder, Chief Financial Officer, born 1969, Swiss

Christian Mäder has been Chief Financial Officer of the Swisslog Group since December 2005. He is a Swiss-certified expert in accounting and controlling. Christian Mäder occupied various positions in Swisslog's finance department from 2000 to the date of his appointment. From 1993 to 1999, he was with a subsidiary of the Motor-Columbus Group as Head of Finance Controlling and worked as a management consultant for BearingPoint from 1999 to 2000. Christian Mäder is a member of the Board of Directors of O. Kleiner AG.

Philipp Uschatz, Head of Corporate Human Resources, born 1963, Swiss

Philipp Uschatz has been Head of Corporate HR since November 2006. He studied at the Swiss Federal Institute of Technology (ETH), where he graduated as a mechanical engineer, subsequently also earning a Ph.D. in management from the same institution. From 2000 to 2006, Philipp Uschatz was with Geberit, likewise as Head of Corporate HR, and before that he worked in various HR positions at Siemens Schweiz AG. In the first few years after completing his studies, Philipp Uschatz was a management consultant with the BWI foundation (now GFO).

Management contracts

No management contracts with companies or individuals outside the Swisslog Group exist.

COMPENSATION REPORT

Board of Directors

Directors' compensation is proposed by the HR Committee, approved by the Board of Directors and documented in relevant regulations. Directors' compensation is adjusted from time to time. Compensation consists of a fixed monthly fee, paid quarterly. Furthermore, Directors are eligible to participate in the share matching plan of Swisslog.

Executive Committee

The Board of Directors and the Executive Committee aim to maintain a modern compensation system, which allows the Group to retain executives or recruit new executives with the appropriate qualifications. Furthermore, the system must align the interests of shareholders with the interests of the executives and foster a performance-oriented corporate culture.

Cash compensation of members of the Executive Committee consists of a fixed base salary and a variable salary. The base salary plus the variable salary of executives shall result in a competitive target cash compensation. The salaries are reviewed and, where appropriate, adjusted annually on 1 April. The following parameters are considered when reviewing individual salaries:

- Financial situation of the Group
- Expected average salary increase rates in the country where the particular member of the Executive Committee is employed
- Individual performance and management conduct (assessed by a standardized performance appraisal process)
- Individual compensation level relative to the market median

Individual compensation levels are assessed regularly on the basis of an analytical job evaluation and by means of a complementary compensation benchmark. The job evaluation method, the job evaluation, and the compensation benchmark are provided by an external compensation specialist company. The compensation benchmark includes survey data as well as publicly accessible compensation data and relates exclusively to Swiss companies which are comparable to Swisslog's size, complexity, and industry.

Variable salaries are based in detail on the factors described in the following section "Variable salary scheme for Executive Committee members and upper management."

The compensation of the Executive Committee members is based on the above approach, which is consistently applied for the Group's upper management. In general, the base salary is 65 percent and the target variable salary 35 percent of the total cash compensation of an Executive Committee member.

The HR Committee proposes target cash compensation of the Executive Committee members as well as their calculated variable salary for approval by the Board of Directors.

Variable salary scheme for Executive Committee members and upper management

Variable salaries are paid annually and are based on the extent to which qualitative targets as well as financial targets for the Group, the division or region have been achieved. The following financial objectives can apply:

- Operating profit (EBIT) or net result
- Order intake
- Average net working capital days

The use of the three parameters above ensures that profitability (EBIT/net result), growth (order intake), and the efficient use of capital (average net working capital days) are appropriately and consistently incentivized.

Within this scope, the objectives and their weighting are agreed upon with each member of the Executive Committee at the beginning of the business year. In the year under review, qualitative objectives generally comprised 30 percent of the total weight with the remaining 70 percent focused on financial objectives. Targets relate to budget figures set by the Board of Directors. The maximum variable salary is the double of the target variable salary. No variable salary is paid if predefined minimum targets are not achieved.

Variable salary awards are calculated based on the audited results according to IFRS. The targets were partly missed in the year under review; the variable salaries of the members of the Executive Committee for 2011 thus fall short of the target value; they did so in 2010, too.

Share matching plan (long-term incentive scheme)

Under the Swisslog share matching plan, participants agree to buy a certain number of Swisslog shares at market price or to bring in Swisslog shares from their private portfolios ("base shares"). Participants can dispose of their base shares only after a blocking period of three years. Upon the expiration of the three years' blocking period, participants receive free Swisslog shares ("matching shares"), where the number depends on how many base shares the participant had bought and on the level of achievement of a three-year performance target. Participants receive one matching share per base share if the target is met at 100 percent. The performance target relates to a ratio that combines profits and cost of capital; the plan aims at the long-term creation of company value.

The Swisslog share matching plan was implemented in 2008. Since then, grants have been made annually as of 1 July. The terms and conditions for the grants offered to eligible persons have remained unchanged since the implementation of the plan. The plan shall be continued with further grants on a yearly basis. Eligibility for the plan is limited to Directors, members of the Executive Committee, and members of the second management tier. Participation in the plan is optional for the eligible persons.

SHAREHOLDERS' PARTICIPATION

The matching shares of the first grant (2008) have vested in 2011; participants have received 44 matching shares per 100 base shares. In total, 151 947 matching shares have been transferred to directors and members of the Executive Committee.

Additional compensation components and employment conditions

Besides cash compensation (base salary and variable salary), the members of the Executive Committee are entitled to pension and social security benefits that are legally prescribed or customary in their countries of origin.

Based on the systematic compensation benchmark, the Board of Directors has increased the pension benefits for the Swiss employed members of the Executive Committee as of 1 April 2011. By doing so their benefits have been adjusted to an average level in the Swiss market.

Besides pension and social security benefits, all members of the Executive Committee are also provided with a company car.

The notice requirement for members of the Executive Committee is a maximum of 12 months. Details on benefits following a change of control are given in the section "Change of Control and Defense Measures" on page 34.

Compensation in the year under review

For Board and Executive Committee compensation disclosure based on the requirements of the Swiss Law on Obligations, please refer to page 72 (2011 Financial Report, Note 9 to the Financial Statements of Swisslog Holding AG).

Voting rights and representation restrictions

The Articles of Association do not stipulate any voting rights restrictions; each share registered in the Swisslog Holding AG share register entitles the holder to one vote at General Meetings of Shareholders. On nominee provisions see page 25, "Limitations on transferability and nominee registrations."

The Articles of Association do not restrict the rules on representation in General Meetings from the applicable legal provisions. Shareholders may be represented at the General Meeting of Shareholders by a proxy of their choice, the Corporate Proxy, the Independent Proxy or a Deposit Proxy. A proxy needs not be a shareholder. A shareholder can only appoint one proxy.

Statutory quorums

The Articles of Association do not stipulate any special quorums. The General Meeting of Shareholders shall pass its resolutions and conduct elections by an absolute majority of the votes represented unless the law stipulates otherwise. A correctly convened General Meeting of Shareholders is capable of acting regardless of the number of shareholders present and shares represented.

CHANGE OF CONTROL AND DEFENSE MEASURES

Convocation of the General Meeting of Shareholders and agenda

General Meetings of Shareholders are convened in accordance with applicable legal provisions. The General Meeting is convened by the Board of Directors and, in cases stipulated by law, by the auditors.

Upon the request of one or several shareholders who together represent at least 10 percent of the company's share capital, the Board of Directors shall convene a General Meeting of Shareholders. The request must be made in writing and state the purposes for the meeting, including proposed agenda items.

The convocation of the General Meeting of Shareholders is announced once in the company's official publication. Shareholders may under the Articles of Association also receive written notification of the convocation. Notice must be given at least 20 days before the day of the meeting and state the subjects for discussion and proposals to be included on the agenda. In the event elections will be held at the meeting then such notice must contain the names of the proposed candidates.

Shareholders representing shares with a par value of CHF 100 000 may request under the Articles of Association that a subject for discussion be included on the agenda. Their request for such an inclusion must be submitted in writing at least 40 days before the scheduled date of the General Meeting and state the subject for discussion and proposals of the shareholder.

Inscription into the share register

The cut-off date for entitlement to vote at the General Meeting of Shareholders will generally be seven days prior to the date of said meeting.

Duty to make an offer

Swisslog Holding AG has waived its right to include in the Articles of Association any so-called opting-out or opting-up clauses which would limit or abrogate the obligation to make a public takeover offer under the rules contained in Article 32 of the Stock Exchange Act. In accordance with said Article 32 of the Stock Exchange Act, any shareholder of Swisslog Holding AG who acquires shares in Swisslog Holding AG directly, indirectly or by mutual arrangement with a third party, and thereby exceeds the threshold of 33 $\frac{1}{3}$ percent of the voting rights, is required to submit a purchase or exchange offer to all shareholders of Swisslog Holding AG. Any such offers shall also be subject to the minimum-price rules of the Stock Exchange Act.

Clauses on changes of control

Swisslog generally seeks to avoid employment contracts which provide for any extraordinary obligations. However, under special circumstances and for certain categories of employees, it cannot always be ruled out that certain special terms and conditions will be negotiated. This is the case for one member of the Executive Committee, with whom it was agreed that in the event of a significant change of control of the company – be it through a material change in the ownership of the company or through a change in the Board of Swisslog Holding AG – said member would be entitled to a severance payment equal to approximately twice the member's annual compensation. Such payment will become due either if the member decides within three months of the change of control to leave the company or if he is terminated.

In case of a public takeover or a merger, the Swisslog share matching plan (cf. page 32 et seq., "Share matching plan") would terminate and the matching shares granted would vest early, at a level assuming at least 100 percent target achievement. The blocking period for the base shares would expire early. Based on a target achievement of 100 percent, members of the Board of Directors, the Executive Committee, and members of the second management tier are at present entitled to a total of 1 693 350 matching shares.

AUDITORS

Duration of mandate and term of office of the Lead Auditor

The independent auditors are elected at the General Meeting of Shareholders for a term of one year. At the General Meeting 2011, Ernst & Young AG, Basel, was re-elected as auditor. Ernst & Young AG has been acting as auditor since 2005. The partner Mr. Philip Klopfenstein has served as Lead Auditor since 2010. A change of Lead Auditor is mandatory at least every seven years.

Auditing fees and other fees

Ernst & Young charged the Swisslog Group approximately MCHF 0.9 for auditing services and less than MCHF 0.1 for additional services, particularly for tax consulting, in the year under review.

Informational instruments pertaining to the external audit

On behalf of the Board of Directors, the Board of Directors' Audit and Risk Management Committee exercises supervision and control of external audits. The auditors usually take part in meetings of the Audit and Risk Management Committee. The Committee approves the auditing plans. The auditors report verbally and in writing on audit execution, auditing results and recommendations (interim audits and year-end audit), with these reports being analyzed and passed by the Committee, and submitted to the Board of Directors for approval. The Committee monitors the independence of the auditors, the adequacy of auditing fees, and the commission from auditors of services other than auditing. In the year under review, the auditors attended the three meetings of the Audit and Risk Management Committee and attended the meeting of the Board of Directors that discussed the year-end financial statement.

INFORMATION POLICY

The Swisslog Group is committed to an open reporting policy vis-à-vis all stakeholder groups and the financial markets. Swisslog advocates open dialogue and is proactive in its communication with clients, staff, shareholders, the media and the general public. The company's information policy is based on five principles:

- Consistency and clarity
- Continuity and topicality
- Transparency and verifiability
- Equal information for all
- Compliance with all legal and regulatory provisions

In order to keep its shareholders updated on business performance, Swisslog Holding AG publishes a half-year and an annual report.

Business reports and financial information, press releases and various presentations are all available on the website at www.swisslog.com under "Media Relations" and "Investor Relations", respectively.

Media and analysts' conferences are held at least once a year. Swisslog publishes important information in keeping with the SIX Swiss Exchange's disclosure regulations governing price-sensitive information (ad hoc publicity).

Key dates

End of fiscal year:	31 December
Announcement of annual results:	13 March 2012
General Meeting of Shareholders:	18 April 2012
End of half-year:	30 June
Announcement of half-year results:	20 August 2012

Exact dates can be viewed at www.swisslog.com under "Investor Relations."

For more contact information please refer to page 82 of this Annual Report.