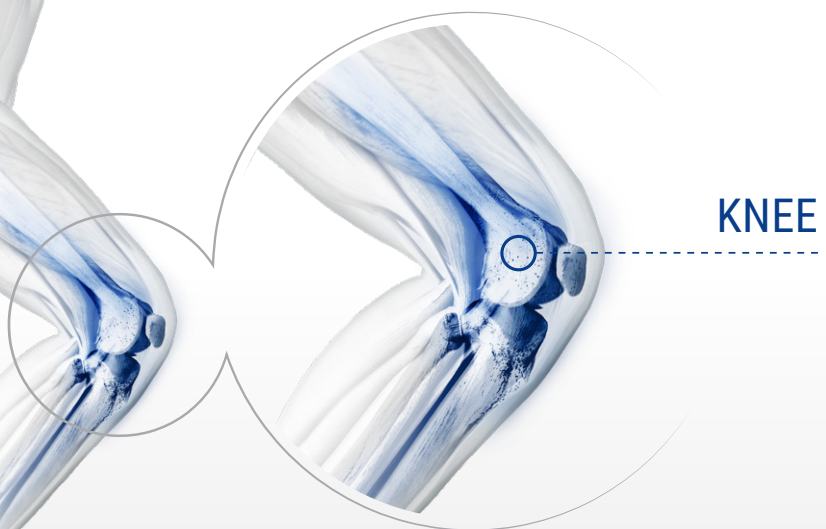




# CORPORATE GOVERNANCE REPORT

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MEDACTA INDIVIDUALIZED  
KINEMATIC ALIGNMENT

A comprehensive platform  
for Kinematic Alignment

Medacta is committed to build value and trust with all the stakeholders. Good corporate governance is an essential element of Medacta's values.

Medacta's corporate governance principles and rules are set out in the [Articles of Association](#), the [Organizational Regulations](#), the Corporate Compliance System including the [MedTech Europe Industry Code of Conduct](#), the [Charters of the Board Committees](#) and internal policies on quality, IT, privacy as well as employee regulations. Further, we take into account the recommendations of the Swiss Code of Best Practice for Corporate Governance. The Group's corporate governance disclosures described in this report are in compliance with the Directive on Information relating to Corporate Governance published by the SIX Exchange Regulation.

# 1. GROUP STRUCTURE AND SHAREHOLDERS

## 1.1 GROUP STRUCTURE

### ORGANIZATIONAL GROUP STRUCTURE

Medacta Group SA ("Company"), Strada Regina 34, 6874 Castel San Pietro, Switzerland, the ultimate parent company of the Group, is as a stock corporation under the laws of Switzerland and is listed on the SIX Swiss Exchange (valor number: 46'852'522, ISIN: CH0468525222, SIX ticker symbol: MOVE, LEI: 506700P2PFU3A3DROC14). The market capitalization of the Company as per December 31, 2019 was CHF 1.45 billion.

Our headquarters and production facilities are located in Castel San Pietro, Switzerland and Rancate, Switzerland, where we have approximately 600 employees in the aggregate. The Group Executive Management is based at our headquarters in Castel San Pietro, Switzerland and they are responsible for executing the decisions of the Board of Directors and implementing the strategy of the Group. The Extended Group Management, which comprises our Head of Research and Development, Global Marketing Director, Technical Director, Head of Commercial and Europe, Vice President Spine and Vice President Extremities and Sportsmed are also based at our headquarters and under the supervision of the CEO, save for the Technical Director who reports directly to the Supply Chain Director. The Head of Commercial and Europe is responsible for the regional Directors who oversee and manage our 12 international branches. Our international branches are responsible for overseeing our salesforce, which consists of direct sales representatives and marketing employees, independent agents, and distributors in 22 countries. For an overview of our worldwide locations, see Section 6.1 "Consolidation Principles, Composition of the Group and Significant Accounting Policies" of the Financial Report.

### GROUP COMPANIES

No other company controlled by Medacta Group SA is listed on a stock exchange.

On December 31, 2019, Medacta Group SA directly or indirectly held 100% of the capital and voting rights in all unlisted consolidated Group companies disclosed in the Financial Report section of this Annual Report under note 6.1 "Consolidation Principles, Composition of the Group and Significant Accounting Policies" to the Financial Report.

## SIGNIFICANT SHAREHOLDERS

To the best of our knowledge, the table below shows shareholders and shareholder groups owning or representing more than 3% of the voting rights of Medacta as of December 31, 2019.

Beneficial owner / persons that can exercise the voting rights at their own discretion <sup>1</sup>	Domicile/ Registered Office	Country	Direct Shareholders <sup>2</sup>	Number of shares	Percentage of voting rights
• Alberto Siccaldi <sup>3</sup>	Sonvico - Lugano	Switzerland	-	13'861'528	69.31%
• Maria Luisa Siccaldi Tonolli <sup>3</sup>	Cadro - Lugano	Switzerland	-		
• Francesco Siccaldi <sup>3</sup>	Vico Morcote	Switzerland	-		
• Alessandro Siccaldi <sup>3</sup>	Lugano	Switzerland	-		
• The Capital Group Companies, Inc <sup>4</sup>	Los Angeles	USA	Capital Research and Management Company	1'022'928	5.12%
• MainFirst SICAV <sup>5</sup>	Senningerberg	Luxembourg	-	603'875	3.02%

[1] Regarding collective investment schemes, the beneficial owner corresponds to the licensee.

[2] Regarding collective investment schemes, the direct shareholder corresponds to the collective investment scheme.

[3] The Family shareholders comprise a group acting in concert within the meaning of art. 120 et seq. FMIA and its implementing ordinances. See SIX shareholder notification dated May 3, 2019, processed by SIX on May 8, 2019 in relation to (i) the lock-up undertaking with the Managers of the IPO until 31 December 2020 and (ii) the shareholders agreement. See also 'Shareholders' Agreement' (below). As a single person, Dr. Alberto Siccaldi owns 10.1% of shares and voting rights while Ms. Maria Luisa Siccaldi Tonolli, Francesco Siccaldi and Alessandro Siccaldi own 19.7% of shares and voting rights each.

[4] The ultimate beneficial owner who has the discretionary power to exercise directly or indirectly the voting rights is The Capital Group Companies, Inc as derived from the latest shareholder notification dated April 17, 2019, processed by SIX on April 24, 2019.

[5] The ultimate beneficial owner who has the discretionary power to exercise the voting rights is MainFirst SICAV as derived from the latest shareholder notification dated April 30, 2019, processed by SIX on May 7, 2019.

As post balance sheet event, on March 25, 2020 we received two notifications from significant shareholders. The Capital Group Companies, Inc., reduced his position from 5.11% to 0.86% while Artisan Partners Limited Partnership (beneficial owner; Milwaukee, USA), became a significant shareholder holding 5.24% of shares. Information on disclosure notifications during the year under review concerning the significant shareholders may be found on the website of the Disclosure Office of the [SIX Swiss Exchange](#).

## SHAREHOLDERS' AGREEMENT

Alberto Siccaldi, Maria Luisa Siccaldi Tonolli, Francesco Siccaldi and Alessandro Siccaldi (collectively, the "Family shareholders") have entered into a shareholders' agreement regarding, *inter alia*, (i) the uniform exercise of voting rights in the shareholders' meeting of the Company, (ii) the right of representation on the Board of Directors of the Company, (iii) principles regarding dividends distributed by the Company, (iv) transfer restrictions applicable to Family shares (as defined in the Shareholders' Agreement) and (v) purchase options regarding the Family shares.

## 1.2 CROSS-SHAREHOLDINGS

The Group does not have, and has not entered into, any cross-shareholdings with other companies relating to equity or voting rights.

## 2. CAPITAL STRUCTURE

### 2.1 CAPITAL

The share capital of the Company as of December 31, 2019 amounted to CHF 2'000'000 and is divided into 20'000'000 registered shares with a nominal value of CHF 0.10 each. The share capital is fully paid-up.

### 2.2 AUTHORISED AND CONDITIONAL CAPITAL

Medacta Group SA has no authorized share capital and no category of shares other than registered shares.

Article 3A of the [Articles of Association](#) includes conditional share capital for equity-linked rights (employee benefit plans) and provides for the increase in the nominal share capital of the Company in the amount of CHF 50'000 through the issuance of up to 500'000 fully paid up registered shares with a nominal value of CHF 0.10 each, which equates to 2.5 % of the existing share capital.

The terms and conditions for the allocation and exercise of the equity-linked rights to eligible officers and employees are to be determined by the Board of Directors. The shares may be issued at a price below the market price. The acquisition of registered shares based on Article 3A and every subsequent transfer of these registered shares is subject to the transfer restrictions pursuant to Article 5 of the [Articles of Association](#).

### 2.3 CHANGES IN CAPITAL

On December 12, 2018, the Company acquired by way of contribution in kind 4'016 registered shares of Medacta Holding SA at their nominal value of CHF 25.64 each, at a total nominal value of CHF 102'970.24, accepted by the Company for CHF 102'970.24 (contribution in kind agreement of December 12, 2018) together with CHF 97'029.76 in cash, both made by Alberto Siccardi and fully accounted to the share capital, against issuance of 2'000'000 registered shares at a nominal value of CHF 0.10 each, for a total nominal value of CHF 200'000.

### 2.4 SHARES AND PARTICIPATION CERTIFICATES

Medacta Group SA has no other categories of shares other than one category of registered shares entitled to one vote each and dividends (if any).

The Company issues its shares only as uncertificated securities, within the meaning of article 973c of the Swiss Code of Obligations and enters them into the main register of SIS and, consequently, constitutes them as book-entry securities within the meaning of the Swiss Federal Intermediated Securities Act (FISA).

### 2.5 DIVIDEND-RIGHT CERTIFICATES

Medacta Group SA did not issue any dividend-right certificates.

### 2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

The Company keeps a Share Register of the registered shares in which the owners/usufructuaries are entered with their name (for legal entities the company name), domicile, address and citizenship (for legal entities the legal domicile).

According to article 5 para. 3 of the [Articles of Association](#), persons not expressly declaring themselves to be holding the shares for their own account in their application for entry in the Share Register or upon request by the Company ("Nominees") are entered in the Share Register with voting rights without further inquiry up to a maximum of 3.0% of the share capital outstanding at that time. Above this limit, registered shares held by Nominees shall be entered in the Share Register with voting rights only if in its application for registration, or thereafter upon request by the Company, the Nominee discloses the names, addresses and shareholdings of the persons for whose account the Nominee is holding 0.5% or more of the share capital outstanding at that time and provided that the disclosure requirements stipulated by the Act on Financial Market Infrastructure (FMIA) are complied with. The Board of Directors has the right to conclude agreements with Nominees concerning their disclosure requirements.

According to article 5 para. 4 of the [Articles of Association](#), the described limit for registration also applies to the acquisition of registered shares, which are subscribed for or acquired by way of exercising any subscription, acquisition, option or convertible rights arising from shares or any other securities issued by the Company or third parties. For purposes of the aforementioned registration restrictions, legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in a like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction, are considered as one shareholder or Nominee.

The Company issues its registered shares only as uncertified securities (*Wertrechte*) and registers them as book-entry securities (in terms of the Book-Entry Securities Act). Uncertified securities may only be transferred by way of assignment provided that they are not registered as book-entry securities. In order to be valid, the assignment must be reported to the Company, which may refuse the entry of the assignee in the Share Register in accordance with Article 5 of the [Articles of Association](#). The transfer restrictions according to Article 5 are not affected by these regulations. For as long as the shares are in uncertificated form and registered as book-entry securities, any transfer and collateralization of shares has to be made in accordance with the FISA. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded.

The Company may in special cases approve exceptions to the above restrictions. In 2019, no such exemptions were granted.

The procedure and condition for the easement or abolition of the restrictions of the transferability of the registered shares in the [Articles of Association](#) require resolution of a shareholders' meeting passed by at least two thirds of the represented share votes and an absolute majority of the par value of represented shares is required to ease or abolish the restrictions on the transferability of registered shares (see Article 13 of the [Articles of Association](#)).

The Company's Share Register is administered by ShareCommService AG, Europastrasse 29, 8152 Glattbrugg, Switzerland.

## 2.7 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2019, neither Medacta Group SA, nor any of its subsidiaries, had issued or outstanding any convertible bonds or options convertible into shares of the Company.

## 3. BOARD OF DIRECTORS

The Board of Directors plays a central role in the strategic guidance of the Group as well as supervising the overall business activities and management.

Accordingly, Board candidates are carefully selected to ensure that they are qualified and committed members, characterized by diversity of backgrounds as well as experience and expertise relevant for the specific role they play on the Board of Directors. In addition, because the current Chairman formerly served as Chief Executive Officer of Medacta International SA, the Board of Directors also has a Lead Independent Director.

The description of the role of the Lead Independent Director is available into Section 3.5 "Internal Organizational Structure" of this Corporate Governance Report.



Philippe Weber, Maria Luisa Siccardi Tonolli, Alberto Siccardi and Victor Balli (from left to right).

### 3.1 MEMBERS OF THE BOARD OF DIRECTORS

As of December 31, 2019, the Board of Directors consisted of four Members (including the Chairman and the Lead Independent Director), three of whom are non-executive Directors. Marco Gadola joined as Member of the Board with effect from January 1, 2020, but he has decided not to stand for re-election at the forthcoming annual general meeting.

The table below outlines the name, year of birth, position, committee memberships and year of appointment of the Members of the Board.

Name	Year of birth	Position	Committee Membership	Year of Appointment
Alberto Siccardi	1944	Chairman	RemCo	2018 <sup>1</sup>
Maria Luisa Siccardi Tonolli	1975	Member	ARC	2018 <sup>2</sup>
Victor Balli	1957	Member; Lead Independent Director	ARC (Chairman)	2019
Philippe Weber	1965	Member	RemCo (Chairman)	2019
Marco Gadola	1963	Member	ARC, RemCo	2019 <sup>3</sup>

RemCo = Remuneration Committee

ARC = Audit and Risk Committee

<sup>[1]</sup> Founder and Chairman of the Board of Directors of Medacta International since 1999

<sup>[2]</sup> Member of the Board of Directors of Medacta International from 2003 until 2014

<sup>[3]</sup> Appointed member of the Board of Directors with effect as of January 1, 2020. Mr. Marco Gadola will not stand for re-election to the Board of Directors of Medacta Group SA at the forthcoming annual general meeting scheduled for May 19, 2020.



## ALBERTO SICCARDI,

Swiss and Italian, Executive, Chairman of the Board

**Other main activities in 2019:** Mr. Siccardi further serves as Chairman of Surgical Practice Resource Group SA, Lugano since 2015 and as Chairman of the Medacta for Life Foundation, Castel San Pietro since 2011. He is Chairman of Verve SA, Castel San Pietro and a Board Member of Machi Holding SA, ALLES Holding SA and 2A Holding SA, Castel San Pietro since 2019. In addition, according to Mr. Siccardi's mandate agreement, from time to time, he provides certain bespoke consultancy services to the Company. For example, in 2019 he rendered services in the HR management. Mr. Siccardi decided voluntarily to offer the aforementioned services free of charge.

**Career Highlights:** Mr. Siccardi served as CEO of Medacta International since founding Medacta in 1999 until November 2018 and as Chairman of the Company since March 2019. Prior to founding Medacta, Mr. Siccardi's family owned Bieffe Medital SPA, an Italian company operating in the medical device industry. Mr. Siccardi successfully developed and expanded Bieffe Medital internationally as CEO and then subsequently sold the business to Baxter Group in 1997.

**Qualifications:** Mr. Siccardi has a degree in Pharmacy from the University of Turin (1969) and a Master's Degree in Business Administration (MBA) from SDA Bocconi School of Management in Milan (with distinction).

**Key attributes for the Board:** Mr. Siccardi represents continuity, solidity and credibility among the various stakeholders. As founder and major shareholder of Medacta, Mr. Siccardi chairs the Board of Directors with his expertise and in-depth knowledge of the orthopaedics products.



## MARIA LUISA SICCARDI TONOLLI,

Swiss and Italian, Non-executive, Member of the Board

**Other main activities in 2019:** Ms. Siccardi Tonolli has served as the Head of the Siccardi Family Office since 2002. Ms. Siccardi Tonolli also serves as a Member of the Board of Directors of Surgical Practice Resource Group SA, Lugano since 2015, as President of Machi Holding SA, Castel San Pietro since 2019, as Vice-President and Member of the Board of Directors of Medacta for Life Foundation, Castel San Pietro since 2011 and as Member of the Board of Directors of Verve SA, Castel San Pietro since 2001.

**Career Highlights:** Ms. Siccardi Tonolli joined Medacta International SA in 2002 and served as a Member of its Board of Directors from 2003 until 2014. In early 2018, Ms. Siccardi Tonolli was re-elected as Member of the Board of Directors of Medacta International SA, and then elected to the Board of the Company upon its incorporation in 2018. Ms. Siccardi Tonolli has served in various finance, controlling and treasury roles at the Group, including as Head of Strategic and Corporate Finance from 2003 until 2014 and then as Vice President Finance / Treasury Supervisor from 2011 until April 1, 2019. Since the IPO, Ms. Siccardi Tonolli has exclusively served as a Member of the Board of Directors. Ms. Siccardi Tonolli is also a real estate expert. She served as a Member of the Board of Verve SA for approximately 18 years, an international real estate company domiciled in Switzerland.

**Qualifications:** Ms. Siccardi Tonolli holds a Master of Science (MSc) in Business Administration from Bocconi University, Milan (2000) and has completed various professional training courses.

**Key attributes for the Board:** As a major shareholder of Medacta Group, Ms. Siccardi Tonolli contributes with her experience in the field of finance, controlling and treasury.



## VICTOR BALLI,

Swiss, Non-executive, Member of the Board; Lead Independent Director

**Other main activities in 2019:** Member of the Board of Directors and Member of the compensation committee and the audit committee of Givaudan SA, Vernier since 2016; Member of the Board of Directors and the Chairman of the audit committee of KWS Saat SE, Germany since 2017; Since 2018 Member of the Board of Directors of the Swiss Federal Audit Oversight Authority in Bern (Revisionsaufsichtsbehörde, FAOA), Member of the Board of Directors and of the audit committee of Louis Dreyfus Company Holdings B.V., Netherlands; Since 2019, Member of the Board of Directors of Hemro AG, Bachenbülach.; Member of the Board of Directors and of the audit committee of SIKA AG, Baar since 2019.

**Career Highlights:** Mr. Balli was Chief Financial Officer of Barry Callebaut AG, Zurich, the largest global supplier of cocoa and chocolate products from 2007 to 2018. From 1996 to 2006, he was a director at Niantic Group, which represents the investment holding of Dr. Andreas Jacobs, and served in various executive and Board functions at subsidiaries of Niantic Group during that period. Mr. Balli served as Member of the Board of Directors and Chairman of the audit committee of Ceva Logistics AG, Baar from 2018 to 2019.

**Qualifications:** Mr. Balli holds a Master's degree in Economics from the University of St. Gallen (HSG) in St. Gallen (1984) and a Master of Science (MSc) in Chemical Engineering from the Swiss Federal Institute of Technology (ETH) in Zurich (1981). He has further completed various management courses at INSEAD, Fontainebleau France and INSEAD, Singapore.

**Key attributes for the Board:** In addition to his Board and executive experience in other companies, Mr. Balli has a strong track record in general management, finance and corporate finance.



## PHILIPPE WEBER,

Swiss, Non-executive, Member of the Board

**Other main activities in 2019:** Chairman of the board of directors and managing partner of Niederer Kraft Frey AG, Zurich since 2015; Company Secretary of CLS Group Holdings AG, Lucerne since 2002; Non-Executive Director of EDAG Engineering Group AG, Arbon since 2015; Member of Board of Directors of Newron Suisse SA, Zurich since 2007, NorthStar Holding AG, Roggwil (Thurgau) (since 2018), and of Banca del Ceresio SA, Lugano since 2017. Elected to the Board of Directors of Leonteq AG at the shareholders meeting held on 31 March 2020. During the course of 2019, Mr. Weber's law firm Niederer Kraft Frey AG also provided certain legal services to the Company following the IPO. For example, guidance on ad hoc publicity requirements as well as other compliance aspects for public companies under Swiss law. For the amounts paid for such services rendered, see Section 8 "Related Party Compensation" of the Remuneration Report, enclosed in this Annual Report.

**Career Highlights:** Mr. Weber joined Niederer Kraft Frey AG (NKF) in 1994 and became a partner in 2002. Since 2015, he has served as the managing partner of NKF. From 1990 to 1992, he was a research assistant at the University of Zurich before joining the foreign affairs committees of the two chambers of the Swiss parliament as a legal clerk in 1992/1993.

**Qualifications:** Mr. Weber holds a PhD in law (summa cum laude) from the University of Zurich (1995) and an LL.M. (with distinction) from the European University Institute (EUI) in Fiesole, Italy in 1995. He is an attorney-at-law admitted to the Swiss bar.

**Key attributes for the Board:** Mr. Weber has vast experience in high profile corporate/ M&A, capital markets and banking transactions as well as corporate governance. He complements the Board with his extensive knowledge and experience with regards to legal and corporate matters as well as Board Member in various other companies.

## MEMBER OF THE BOARD WITH EFFECT FROM JANUARY 1, 2020



### MARCO GADOLA,

Swiss, Non-executive, Member of the Board with effect from January 1, 2020.

**Other main activities in 2019:** CEO Straumann Group, Chairman of the Board of Calida Group; Member of the Board of Directors of Mettler Toledo; Panel Member of the Swiss-American Chamber of Commerce; Elected to the Board of Directors DKSH AG with effect from January 1, 2020 and nominated to become Chairman of DKSH at the shareholders meeting to be held in May 2020. Since 2018, he has been a Member of the Board of Directors of AVAG Anlage und Verwaltungs AG, Basel. The Board of Directors of Medartis Holding AG, proposed Mr. Gadola for election as Board member at the Annual General Meeting that will be held on 17 April 2020.

**Career Highlights:** From 2008 to 2013, he was Chief Financial Officer and Regional Chief Executive Officer Asia/Pacific at Panalpina. He also served as Chief Financial Officer and responsible IT and operations at the Swiss-based international food group Hero. Since 2013, he served as the Chief Executive Officer of Straumann Group (a leading company in the dental market) and announced his resignation at the end of 2019. Following his resignation as CEO at the end of 2019, he plans to stand for election to the Board of Straumann Group at their shareholders meeting in 2020.

**Qualifications:** Mr. Gadola holds a Master's degree in Business Administration from the University of Basel (1987). He also completed the Accelerated Management Development Program at the London School of Economics (LSE) and at the International Institute for Management Development (IMD) in Lausanne.

**Key attributes for the Board:** In addition to his board experience in other companies, Marco Gadola has a strong track record in general management, corporate finance, marketing, distribution and leadership gained from his career in the Med-Tech industry.

As communicated in the press release published on March 18, 2020, Mr. Marco Gadola will not stand for re-election to the Board of Directors of Medacta Group SA at the forthcoming annual general meeting scheduled for May 19, 2020.

## ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

Medacta aims to have a well-balanced Board of Directors with individuals who bring a variety of perspectives, backgrounds and skills. Accordingly, Board candidates have been carefully selected to ensure a collective set of important skills/traits. In addition, the Board of Directors carries out an annual self-assessment that will be completed at the Board of Directors' meeting that shall approve the annual financial statements in April 2020, such assessment will strive to identify strengths and areas of improvement.

The matrix below summarizes the updated set of skills/traits grouped into thirteen categories.

Board of Directors - Competence Matrix	Alberto Siccaldi	Maria Luisa Siccaldi Tonolli	Victor Balli	Philippe Weber	Marco Gadola <sup>1</sup>
Executive experience	✓	✓	✓	✓	✓
Finance, audit, risk management	✓	✓	✓		✓
Compliance, regulatory, legal	✓		✓	✓	✓
Capital markets, M&A	✓	✓	✓	✓	✓
Core industry experience (medical device)	✓	✓			✓
Transferable expertise in related industries			✓		
Functional experience	✓	✓			✓
International business experience	✓	✓	✓		✓
Digitalization, Technology	✓	✓			✓
Strategy, business, transformation	✓	✓	✓	✓	✓
HR, Compensation	✓			✓	✓
Board Governance	✓	✓	✓	✓	✓
Sustainability	✓	✓	✓		✓

<sup>[1]</sup> As communicated in the press release published on March 18, 2020, Mr. Marco Gadola will not stand for re-election to the Board of Directors of Medacta Group SA at the forthcoming annual general meeting scheduled for May 19, 2020.

### 3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Except as disclosed in the biographies of the Members of the Board of Directors, and as outlined below, no further activities or interests are carried out outside of the Group.

The matrix below summarizes the mandates currently covered by the Board Members:

Member of the Board	Enterprise	No profit organization/ No commercial entities	Location	Function
Alberto Siccardi	Surgical Practice Resource Group SA		CH	Chairman
		Medacta For Life Foundation	CH	Chairman
	Verve SA		CH	Chairman
	Machi Holding SA		CH	Board Member
	ALLES Holding SA		CH	Board Member
	2A Holding SA		CH	Board Member
Maria Luisa Siccardi Tonolli	Surgical Practice Resource Group SA		CH	Board Member
	Verve SA		CH	Board Member
		Medacta For Life Foundation	CH	Vice-President and Board Member
		Machi Holding SA	CH	President
Victor Balli	Givaudan SA		CH	Board Member
	KWS Saat SE		DE	Board Member
		Swiss Federal Audit Oversight Authority in Bern	CH	Board Member
	Louis Dreyfus Company Holdings B.V.		NL	Board Member
	Hemro AG		CH	Board Member
	SIKA AG		CH	Board Member
Philippe Weber	Niederer Kraft Frey AG		CH	Chairman
	CLS Group Holdings AG		CH	Company Secretary
	EDAG Engineering Group AG		CH	Board Member
	Newron Suisse SA		CH	Board Member
	NorthStar Holding AG		CH	Board Member
	Leonteq AG		CH	Board Member
	Banca del Ceresio SA		CH	Board Member
Marco Gadola	Calida Group		CH	Chairman
	Mettler Toledo		CH	Board Member
	Straumann		CH	Chairman
		Swiss-American Chamber of Commerce	CH	Panel Member
	DKSH		CH	Chairman
	AVAG Anlage und Verwaltungs AG		CH	Board Member (from 1.1.2020 onwards)

### 3.3 PERMITTED ADDITIONAL ACTIVITIES PURSUANT TO OAEC

As required by the Swiss Ordinance against Excessive Compensation in Listed Companies ("OaEC") and in the interest of good governance, the [Articles of Association](#) limit the number of functions in superior management or administrative bodies of legal units other than the Company or its subsidiaries which Members of the Board are allowed to hold at one time.

According to article 23 of the [Articles of Association](#), the Members of the Board of Directors may have the following other functions in the superior management or administrative bodies of legal units obliged to register themselves in a Swiss Commercial Register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Group:

- up to five (respectively, the Chairman of the Board of Directors up to four) mandates as Member of the Board of Directors or any other superior management or administrative body of publicly traded companies pursuant to Article 727 para. 1 number 1 CO; and, in addition,
- up to 10 mandates as Member of the Board of Directors or any other superior management or administrative body of companies pursuant to Article 727 para. 1 number 2 CO; and, in addition,
- up to 20 mandates as Member of the Board of Directors or any other superior management or administrative body of legal entities that do not meet the above-mentioned criteria; and, in addition,
- up to 20 mandates in associations, charity foundations and employee assistance foundations.

With respect to the additional activities of the Members of the Board of Directors, mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

All Members of the Board of Directors are within the limits of external mandates stipulated by the [Articles of Association](#).

### 3.4 ELECTIONS AND TERMS OF OFFICE

In accordance with the Swiss Law, all Members of the Board of Directors, including the Chairman, are elected, and may only be removed, by a shareholders' resolution. The term of office for a Member of the Board of Directors is one year, subject to the possibility of re-election. In this context, a year means the time period between one annual shareholders' meeting and the next one or, if a Member is elected at an extraordinary shareholders' meeting, between such extraordinary shareholders' meeting and the next annual shareholders' meeting.

The Board of Directors appoints the Secretary who does not need to be a shareholder or Member of the Board of Directors.

If the office of the Chairman of the Board of Directors is vacant, the Board of Directors appoints a substitute for the time period until the conclusion of the next annual shareholders' meeting that must be a Member of the Board of Directors.

At the annual shareholders' meeting 2020, all Members of the Board of Directors will stand for re-election, except Mr. Gadola who was appointed with effect as of January 1, 2020, and no new Board Members will be proposed.

For information on the elections and terms of office of the Members of the Remuneration Committee and the Independent Proxy, see section 3.5 "Internal Organizational Structure" and section 10 "Independent Proxy", respectively.

### 3.5 INTERNAL ORGANIZATIONAL STRUCTURE

#### ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

The internal organizational structure of the Board of Directors is set forth in the [Organizational Regulations](#) of Medacta Group SA, that determines the executive bodies of the Company and the Group, defines their responsibilities and competences regarding the management of the Company and of the Group, and regulates the functioning and cooperation of the various bodies in the Group management. The current Chairman of the Board is Alberto Siccardi.

To operate effectively and allow in-depth focus in specific areas, the Board of Directors has two standing Board Committees: an Audit and Risk Committee and a Remuneration Committee (each, a "Committee"), described in greater detail below.

The Committees have no decision-making authority of their own and the Board remains ultimately responsible for the tasks delegated to the Committees by law, the Articles of Association, the Organizational Regulations or other internal regulations.

In addition, the Board of Directors has delegated the day-to-day and operational activities of the Company and the Group as a whole to the Group Executive Management under the leadership of the CEO, subject to the duties and powers reserved to the Board by Swiss law, the [Articles of Association](#) and the [Organizational Regulations](#). The Group Executive Management is directly supervised by the Board of Directors and its Committees.

At least annually, the Board reviews its own performance, as well as the performance of each of the Committees and the Group Executive Management. Such assessment seeks to determine whether the Board, the Committees and the Group Executive Management function effectively and efficiently. This annual review will be finalized during the approval of the Consolidated Financial Statements 2019.

#### **TASKS OF THE LEAD INDEPENDENT DIRECTOR**

The Board of Directors has also elected a Lead Independent Director that, among other things, chairs meetings of the Board or the annual/extraordinary shareholders' meeting if the Chairman is required to abstain from the deliberation and decision-taking in case the following items are on the agenda: (i) assessment of the work of the Chairman; (ii) decision of the Board on the request to the annual/extraordinary shareholders' meeting for the re-election or not of the Chairman; (iii) decision about the compensation of the Chairman; and (iv) any other matters in which the Chairman has a conflict of interest. The Lead Independent Director is entitled to call a meeting of the Board whenever he deems fit. If the Chairman is indisposed, the Lead Independent Director shall take the chair at the meetings of the Board and the General Meeting.

Victor Balli is currently serving as the Company's Lead Independent Director.

#### **WORKING METHODS OF THE BOARD OF DIRECTORS**

Meetings of the Board are held as often as the business requires, but as a general rule at least four times per year, and are convened by the Chairman if and when the need arises or whenever a Board Member or the CEO, indicating the reasons, so requests in writing. If the Chairman does not comply with such request within 14 days, the Lead Independent Director may be entitled to call the meeting.

Notice of meetings is given at least five business days prior to the meeting and it sets forth the time, place and agenda of the meeting so that Board Members may have a reasonable understanding of the business intended to be conducted at the meeting. Board Members are provided with all necessary supporting materials at least five business days prior to the meeting.

The Chairman, or in his absence the Lead Independent Director, or in the absence of both, a Board Member designated by the attending Board Members, chairs the meeting.

Each Board Member must disclose to the Chairman and the CEO, respectively, regarding any conflict of interest arising or relating to any matter to be discussed at the meeting of the Board as soon as the Board Member becomes aware of its potential existence. The Chairman (or, if applicable, the Lead Independent Director) may decide upon appropriate measures to avoid any interference of such conflict of interests with the decision-making of the Company.

In principle (and as set forth by the [Organizational Regulations](#)), the CEO and the other Members of the Group Executive Management attend the meetings of the Board as guests without the right to vote. Other Members of the management of the group are expected to participate at meetings of the Board if specific issues falling within the responsibility of that management Member are on the agenda. The Chairman decides if and which persons outside the Board is entitled to attend meetings of the Board.

In order to pass resolutions, not less than a majority of the Board Members must be participating in the meeting (whether in person, by phone or videoconference). The Board may pass its resolutions with the majority of the votes cast (simple majority). Abstentions count as votes uncast. In case of a tie of votes, the Chairman has the casting vote.

The minutes are signed by the Chairman (or by other Board Member that chaired the meeting) and the Secretary. Board resolutions may also be passed by means of circular resolutions, by letter, facsimile or pdf-document (e-mail) provided that no Board Member requests within five days of receipt of the proposed resolution either by phone, facsimile or e-mail the deliberation to take place in a meeting. Board resolutions by means of circular resolutions require the affirmative vote of the majority of the Board Members.

The Secretary prepares the agenda for each Board meeting, keeps the Board minutes, and assists the Board, the Chairman and the Lead Independent Director to coordinate and fulfil their duties and assignments. The Secretary is responsible for keeping the Company's official corporate documents and records.

For more details about informational duties of the Committees, see sub-headings "Audit and Risk Committee" and "Remuneration Committee".

## BOARD OF DIRECTORS MEETINGS 2019

In 2019, the Board of Directors met ten times for an average duration of three hours and adopted a Circular Resolution on December 10, 2019. The CEO along with the other Members of the Group Executive Management attended seven Board meetings in 2019.

The following table outlines the dates and the attendees of each meeting of the Board of Directors:

Date	Attendees	Other Attendees
11.02.2019	Board of Directors (All)	None
08.03.2019	Board of Directors (All)	None
21.03.2019	Board of Directors (All)	None
21.03.2019	Board of Directors (All) Donato Cortesi (Secretary) Daniel Muller (Deputy Secretary)	Group Executive Management; Marco Gadola (designated Board Member from January 1, 2020); Luigi Tonolli (Assistant Treasury Supervisor).
21.03.2019	Board of Directors (All) Donato Cortesi (Secretary)	Group Executive Management.
24.05.2019	Board of Directors (All) Donato Cortesi (Secretary)	Group Executive Management.
02.09.2019	Board of Directors (All) Daniel Müller (Deputy Secretary)	Group Executive Management. Marco Gadola (designated Board Member from January 1, 2020); Luigi Tonolli (Assistant Treasury Supervisor).
08.10.2019	Board of Directors (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	Group Executive Management.
05.12.2019	Board of Directors (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	Group Executive Management; Marco Gadola (designated Board Member from January 1, 2020); Antonio Di Brino, Group Head of Finance.
20.12.2019	Board of Directors (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	Group Executive Management.

The key topics of the Board of Directors in 2019 included, among other things:

- Company's initial public offering (IPO) on the SIX Swiss Exchange;
- Consolidated annual financial statements 2018;
- Forecast for full year 2019;
- Board meetings calendar 2019/2020;
- Corporate Governance, powers and signatures;
- Remuneration of the Board and the Group Executive Management;
- Adoption of new internal regulations;
- First quarter and first-half 2019 performance review;
- Extraordinary business matters, such as the sale of non-strategic real estate property;
- Long Term Incentive Plan;
- Roadshow feedback and plan;
- Appointment of Investors' Relation Manager;
- Extraordinary Fidelity Bonus for all employees;
- Share performance;
- Guidance Revision;
- Year-to-date results (sales) and year-end forecast 2019;
- Information from the Audit and Risk Committee;
- Budget 2020;
- Discussion on mid-term business plan and guidance;
- Shareholders' meeting updates;
- Investor relation and communication 2020 (press releases, roadshow plan);
- Compliance and internal control system; and
- Personnel issues/Information from the Remuneration Committee.

## COMMITTEES AND WORKING METHODS OF THE COMMITTEES

Subject to the provisions of the [Articles of Association](#), the Committees generally comprise at least two Members of the Board of Directors. Each Committee has its own charter governing its duties and responsibilities.

The Committees have no decision-making authority of their own and the Board remains ultimately responsible for the tasks delegated to the Committees by law, the [Articles of Association](#), the [Organizational Regulations](#) or other internal regulations.

The Committees keep the Chairman informed on a regular basis about all important strategic issues, transactions as well as any business situations and/or developments within their scope of responsibilities and duties. The Chairman monitors such informational duty of the Committees. The Chairman reports to the Board on information received from the Committees. In addition, the Chairman immediately informs the other Board Members of any extraordinary situation regarding the Company or the Group of which the Chairman may become aware. The Chairman of each Committee provides the full Board of Directors at their meeting with an overview of key topics discussed at the most recent Committee meeting. In addition, the signed minutes from each Committee meeting are circulated to the full Board once available for their review.

### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board of Directors in fulfilling its responsibilities defined by applicable law, the [Articles of Association](#), the [Organizational Regulations](#) and the [Audit and Risk Committee Charter](#) with respect to matters involving the financial and risk management aspects of governance of the Company and the Group.

The Audit and Risk Committee consists of at least two Members of the Board of Directors. The Members of the Audit and Risk Committee are appointed by the Board of Directors. At least one member, including the chairman, of the Audit and Risk Committee is independent. Members of the Audit and Risk Committee must have the necessary qualifications and skills and possess financial literacy and keep themselves up to date regarding risk management best practices.

The Members of the Audit and Risk Committee are Victor Balli (Chairman) and Maria Luisa Siccardi Tonolli.

The Audit and Risk Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board of Directors meetings and at least four times per year. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Audit and Risk Committee member, or upon request of the Compliance Officer. For more details about the role of the Compliance Officer, see sub-heading 3.8 "Compliance and Quality Assurance" of this report.

The Secretary prepares the agenda for each meeting, keeps the minutes, and assists the Audit and Risk Committee and the Chairman to coordinate and fulfil their duties and assignments.

The minutes are signed by the Chairman of the Audit and Risk Committee and the Secretary and are made available to the full Board thereafter. The resolutions may also be passed by means of circular resolutions, by letter, facsimile or pdf-document (e-mail) provided that no Member requests within five days of receipt of the proposed resolution either by phone, facsimile or e-mail the deliberation to take place in a meeting. Resolutions by means of circular resolutions require the affirmative vote of the majority of the members.

In particular, the Audit and Risk Committee has the following duties:

- assessing the adequacy and effectiveness of the Group's internal and prudential systems and controls in respect of both financial and non-financial risks, including the risk of fraud, the Company's and the Group's compliance with legal obligations, workplace health and safety, environmental, insurance and other regulatory requirements and relevant compliance matters, as well as with policies issued by the Company, including through discussions with and reviewing reports from the external auditor, internal officers (including, in particular, the Compliance Officer) and management and through the consideration of and adaptation to major legislative and regulatory developments with significant impact on the Group, local management's procedures to comply with local laws, and the Company's and the Group's system to handle external and internal complaints;
- evaluating the external auditors, regarding the fulfillment of the necessary qualifications and independence according to the applicable legal provisions, and making proposals to the Board concerning the choice of the external auditors;
- assessing the work performed by the external auditors and approving the budget for auditing fees;
- reviewing the external audit reports with the external auditors, and issuing the necessary applications and recommendations to the Board;
- pre-approving any necessary non-audit specific services provided by the external auditors;
- examining, reviewing and approving the Company's accounting policies and changes thereto, as well as monitoring compliance with such accounting policies;
- reviewing the interim financial statements and annual audited financial statements (including material items not shown on the annual balance sheet) of the Company and the Group with the external auditor and the relevant Members of the Group Executive Management as well as issuing the necessary applications and recommendations to the Board prior to the publication of the financial statements; thereby the Audit and Risk Committee shall review (including the review from the external auditors): (A) the Company's selection or application of accounting principles and the adequacy and effectiveness of internal control over financial reporting, (B) significant financial reporting issues and judgments applied by management, (C) effects of significant regulatory and accounting initiatives, and (D) the completeness and clarity of the disclosures in the financial statements;
- reviewing and approving all related-party transactions required to be disclosed;
- reviewing and discussing earnings press releases, as well as financial information and earnings guidance provided to analysts, the investment community and rating agencies;
- reviewing and discussing with management and the external auditor any deficiencies in internal control, including internal control over financial reporting, as well as management's respective remediation measures and their implementation;
- approving the Company's Group treasury policy, and reviewing the Company's funding strategy and position, as well as the Company's liquidity risk management, foreign exchange risk management, interest risk management and counterparty credit risk management processes;
- reviewing the Company's tax planning and tax compliance processes, including the design and implementation of transfer pricing guidelines;
- reviewing the status of material legal proceedings that the Company is party to, including measures taken by management to protect the interests of the Company;
- reviewing the Company's insurance programs;
- reviewing the Company's enterprise risk management system, management's assessment of the Company's major risks, as well as evaluating the respective measures taken by the Group;
- reviewing of the Group's short-term incentive and long-term incentive targets, calculations and adjustments; and
- generally assessing the yearly business expenses of the Members of the Group Executive Management.

Due to the IPO in April 2019, the Audit and Risk Committee met twice for an average duration of two hours in 2019. The key topics included, among other things:

- half-year 2019 performance review;
- business matters;
- update on the organizational and IPO costs;
- bonus for employees;
- year-to-date results (sales) and year-end forecast 2019;
- review of the Annual Report 2019;
- report from the auditors including audit plan;
- budget 2020 and mid-term guidance (3-year business plan);
- compliance internal control and risk factors;
- US capital structure;
- update on material legal proceedings; and
- update on transfer pricing project.

The following table outlines the dates and the attendees of each meeting:

Date	Attendees	Other Attendees
02.09.2019	Audit and Risk Committee (All)	Corrado Farsetta (CFO)
	Daniel Müller (Deputy Secretary)	Deloitte SA
19.12.2019	Audit and Risk Committee (All)	Alberto Siccardi, President of the Board
	Daniel Müller (Deputy Secretary)	Corrado Farsetta (CFO)
		Deloitte SA

#### REMUNERATION COMMITTEE

The function of the Remuneration Committee is to support the Board of Directors in remuneration matters by exercising the duties assigned to it under the [Articles of Association](#), the [Organization Regulations](#) and the [Remuneration Committee Charter](#) with respect to matters involving the compensation aspects of the Company and the Group.

The Remuneration Committee consists of at least two Members of the Board of Directors who are elected by the shareholders' meeting. The Chairman of the Remuneration Committee is independent and is appointed by the Board of Directors. The term of office of the Members of the Remuneration Committee is one year. In this context, a year means the time period between one annual shareholders' meeting and the next one or, if a Member is elected at an extraordinary shareholders' meeting, between such extraordinary shareholders' meeting and the next annual shareholders' meeting. Re-election is possible.

The Remuneration Committee consists of two Members, Alberto Siccardi and Philippe Weber (Chairman).

The Remuneration Committee meets at such frequency as it deems necessary to fulfill its duties, normally ahead of ordinary Board meetings and at least four times per year. Additional meetings may be held and may be convened at the request of either the Board of Directors or any Remuneration Committee Member.

The Secretary prepares the agenda for each meeting, keeps the minutes, and assists the Remuneration Committee and the Chairman to coordinate and fulfil their duties and assignments.

The minutes are signed by the Chairman of the Remuneration Committee and the Secretary and are made available to the full Board thereafter. The resolutions may also be passed by means of circular resolutions, by letter, facsimile or pdf-document (e-mail) provided that no Member requests within five days of receipt of the proposed resolution either by phone, facsimile or e-mail the deliberation to take place in a meeting. Resolutions by means of circular resolutions require the affirmative vote of the majority of the members.

In particular, the Remuneration Committee has the following duties:

- making proposals to the full Board of Directors regarding the compensation scheme of the Group pursuant to the principles set forth in articles 25 and 26 of the Articles of Association;
- making proposals to the full Board of Directors regarding the determination of compensation-related targets for the Group Executive Management;
- making proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other Members of the Board of Directors as well as the maximum aggregate compensation of the CEO;
- making proposals to the full Board of Directors regarding the individual compensation (fixed and variable compensation) of the other Members of the Group Executive Management as well as their further terms of employment and titles;
- making proposals to the full Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme for Members of the Group Executive Management;
- making proposals to the full Board of Directors regarding mandates pursuant to article 23 of the Articles of Association and further additional occupation of the Members of the Group Executive Management; and
- undertaking further duties and responsibilities as provided for in the Articles of Association, the Organizational Regulations or law.

Due to the IPO in April 2019, the Remuneration Committee met three times for an average duration of one hour and half in 2019.

The key topics included, among other things:

- Determination of KPI targets for the Short-Term Incentive Plan of the Group Executive Management;
- Group Executive Management remuneration;
- Terms of employment and titles of the Group Executive Management;
- Long Term Incentive Plan (LTIP):
  - designing of the LTIP structure;
  - LTIP review;
- Special Fidelity Bonus;
- Remuneration Report:
  - structure of the Remuneration Report;
  - Remuneration Report review; and
- Group Executive Management remuneration benchmarking against worldwide MedTech industry and Swiss MedTech and Healthcare Industry.

The following table reports the dates and the attendees of each meeting:

Date	Attendees	Other Attendees
21.03.2019	Remuneration Committee (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	None
02.09.2019	Remuneration Committee (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	Francesco Siccardi (CEO) Marco Gadola (designated Board Member from January 1, 2020) Luigi Tonolli (Assistant Treasury Supervisor) Daniel Müller (Deputy Secretary)
19.12.2019	Remuneration Committee (All) Donato Cortesi (Secretary) Daniel Müller (Deputy Secretary)	Francesco Siccardi (CEO) Marco Gadola (designated Board Member from January 1, 2020) Luigi Tonolli (Assistant Treasury Supervisor)

### 3.6 AREAS OF RESPONSIBILITY

The Board constitutes the highest executive body of Medacta with the ultimate strategic direction of the Company as well as the oversight of management. This includes determining the strategy of the Group as well as the appointment and dismissal of the Members of the Group Executive Management. Its responsibilities, duties and competencies and the procedural principles by which it is governed are specified by law, the [Articles of Association](#) and [Organizational Regulations](#).

The Board may take decisions on all matters that are not expressly reserved to the shareholders' meeting or to another corporate body by law, by the [Articles of Association](#) or these [Organizational Regulations](#).

Save to the extent expressly stated otherwise in the [Organizational Regulations](#), the [Articles of Association](#) or mandatory law, the responsibility and authority necessary or appropriate to carry out the day-to-day and operational activities of the Company and the Group as a whole is delegated to the Group Executive Management under the leadership of the CEO.

Subject to mandatory law and the [Articles of Association](#), the Board may delegate further responsibilities to the Audit and Risk Committee and the Remuneration Committee, single Board Members or the Group Executive Management from time to time.

The Board has the following non-transferable and inalienable rights and duties as set forth by law:

- overall management and issuing of related directives;
- determine the organization, in particular, to adopt, regularly revisit and amend these Organizational Regulations;
- organization of the accounting, financial control and financial planning systems as required for the overall management;
- appoint and dismiss the Members of the Group Executive Management and to grant all forms of signing authorities;
- overall supervision of the persons entrusted with management, in particular with regard to compliance with law, the Articles of Association, these Organizational Regulations and further directives;
- review and approve the annual report and the proposed dividend;
- preparation for the general meetings and implementation of related shareholder resolutions;
- notification of the court in the event that the Company is over-indebted;
- pass resolutions regarding the increase of share capital to the extent that this is within the authority of the Board (Art. 651 para. 4 CO) as well as the adoption of the capital increase and the amendments to the Articles of Association entailed therewith; and
- pass resolutions regarding agreements in respect of mergers, de-mergers, transformations or transfers of assets and liabilities in accordance with the Swiss Merger Act.

In addition to the matters referred to above, the Remuneration Committee provides the Board of Directors with:

- a yearly report on the activities of the Remuneration Committee;
- a report on individual remuneration amounts paid, including a breakdown of remuneration elements;
- a review of the remuneration process on an annual basis; and
- any other extraordinary remuneration related matters as deemed appropriate.

### 3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE GROUP EXECUTIVE MANAGEMENT

The Board of Directors has different information instruments in place to oversee, monitor and control the implementation of the Group's strategy as well as the execution of the responsibilities delegated to the Group Executive Management.

The Group Executive Management reports regularly to the Board of Directors and its Committees. The CEO regularly informs the Board of Directors on the status of current business matters and financial results, presents relevant strategic initiatives as well as major business transactions.

According to Section 6.6 of the [Organizational Regulations](#), the CFO, in cooperation with the CEO, ensures good financial governance, overseeing all financial planning, budgeting (short- and mid-term), reporting and risk management activities. Furthermore, the CFO leads the implementation of systems and procedures to seek to ensure compliance with regulatory requirements for financial information, reporting, disclosure requirements, and internal control.

On a quarterly basis, the Board of Directors receives a financial report with the profit and loss statement, the balance sheet, and the cash flow statement, as well as a summary of the business performance, updates on various initiatives and outlook. Telephone conferences are held, as required, between Board Members and the Group Executive Management. Furthermore, each Member of the Board of Directors may request information on all matters concerning the Group at any time.

The Board of Directors is also responsible for the Group's internal control system, which provides the ultimate oversight for Medacta's strategy, operations and finances. The internal control system of Medacta is structured to ensure the correct disclosure and adequate coverage of control over all Group activities, with particular attention on areas considered potentially at risk, such as risk management process throughout the entire lifecycle of Medacta medical devices and financial reporting risks associated to external requirements. Each Board Member is entitled to request information concerning all affairs of the Company and the Group reasonably necessary to fulfil their fiduciary duties.

In addition, Medacta has developed, implemented and maintains quality management systems that meet all relevant medical device industry standards and are certified according to ISO 13485 (the global standard for medical device quality systems) ensuring high quality products, processes and related customer support. As of December 31, 2019, our quality function comprised 11 quality assurance professionals, who are responsible for ensuring our corporate activities are conducted under compliant, effective, and well-documented processes, and 27 quality control professionals, who are responsible for ensuring all components and associated processes fully conform with the specified requirements.

### 3.8 COMPLIANCE AND QUALITY ASSURANCE

According to the [Organizational Regulations](#), the CEO designated a Group compliance officer ("Compliance Officer") who is responsible to develop and maintain compliance policies, promote a culture of responsibility, conduct risk analyses, identify remediation needs, and provide training, and take other steps to assist the Group in meeting its legal, regulatory and ethical obligations. The Compliance Officer also acts as the data protection officer of the Group. The Compliance Officer reports to the CEO. However, the Compliance Officer has direct access to the Audit and Risk Committee and reports to the Audit and Risk Committee whenever requested by the Audit and Risk Committee or if there exists a significant compliance or risk issue that involves or implicates a member of the Group Executive Management which the Compliance Officer believes cannot be or has not been appropriately addressed by, or directly implicates, the CEO.

According to the [Organizational Regulations](#), the CEO designated a head of quality assurance ("Quality Director") who reports to the CEO. The Quality Director heads the Group's quality control and assurance team responsible for setting, reviewing, monitoring, revising and implementing the Group's quality management and control systems and programs to meet the relevant medical device industry standards and ensure high quality products, processes and related customer support.

## 4. GROUP EXECUTIVE MANAGEMENT

The Board of Directors has delegated the day-to-day and operational activities of the Company and the Group as a whole to the Group Executive Management under the leadership of the CEO, subject to the duties and powers reserved to the Board by Swiss law, the [Articles of Association](#) and the [Organizational Regulations](#). Under the leadership of the CEO, the Group Executive Management is responsible to ensure the execution of the decisions of the Board and to implement the strategy of the Group in accordance with the law, the [Articles of Association](#), the [Organizational Regulations](#) and the resolutions of the extraordinary/annual shareholders' meeting. The Group Executive Management is directly supervised by the Board of Directors and its Committees.



Corrado Farsetta, Francesco Siccardi and Alessandro Siccardi (from left to right).

### 4.1 MEMBERS OF THE GROUP EXECUTIVE MANAGEMENT

The Group Executive Management is headed by the CEO and currently comprises three Members, specifically the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Supply Chain Director (SCD).

Pursuant to the Organizational Regulations, the CEO may be appointed and removed by the Board of Directors. The other Group Executive Management Members are appointed and removed by the Board of Directors in consultation with the CEO (except in cases of appointment or removal of the CEO).

The table below outlines the name, year of birth, year of appointment and position of the Members of our Group Executive Management:

Name	Year of birth	Year of Appointment	Position
Francesco Siccardi	1977	2018 <sup>1</sup>	CEO
Corrado Farsetta	1968	2011 <sup>2</sup>	CFO
Alessandro Siccardi	1986	2016 <sup>3</sup>	SCD

<sup>[1]</sup> Appointed CEO as of November 1, 2018

<sup>[2]</sup> Appointed CFO of Medacta International in 2011

<sup>[3]</sup> Appointed SCD of Medacta International in 2016



### **FRANCESCO SICCARDI,**

Swiss and Italian, CEO, Member of the Group Executive Management.

**Other main activities:** Member of the Board of Directors of Surgical Practice Resource Group SA, Lugano since 2015 and of Medacta for Life Foundation, Castel San Pietro since 2011. He further serves on the Board of various Medacta Group companies internationally. He has a diverse portfolio of interests in smaller private companies, of which he serves as either Member of the Board of Directors or President.

**Career highlights:** Mr. Siccardi joined Medacta International in 2002 and served as a Member of its Board of Directors since 2003. He then served on the Board of the Company from its incorporation until March 21, 2019. Following the retirement of the Company's Chairman, Mr. Siccardi was appointed Chief Executive Officer as of November 1, 2018. Prior to becoming CEO, he served as Executive Vice President and Medical Affairs Manager (from 2013 to 2014) and as Executive Vice President (from 2014 to 2018).

**Qualifications:** Mr. Siccardi holds a Master of Science (MSc) in Biomedical Engineering from the Polytechnic University of Milan (2002). He also completed the Executive Program for Growing Companies (EPGC) at Stanford Business School Executive Education in Stanford, California, USA (2009).



### **CORRADO FARSETTA,**

Italian, CFO, Member of the Group Executive Management.

**Career highlights:** Mr. Farsetta was appointed as Chief Financial Officer of Medacta International in 2011. Prior to becoming CFO, Mr. Farsetta served as Group Controller (from 2008–2011). From 2006 to 2007, Mr. Farsetta was Group Controller of Sympak Group and Senior Manager of TGrow Management Consulting from 1999 to 2005. He has further served as Controller of Air Liquide (from 1995 to 1999) and as Controller of Lamberti S.p.A. (from 1994 to 1995). He further serves on the Board of various Medacta Group companies internationally.

**Qualifications:** Mr. Farsetta holds a Master of Science (MSc) in Business Administration from Bocconi University, Milan (1993). He also completed post degree program on Value Based Management from SDA Bocconi School of Management, Milan.



### **ALESSANDRO SICCARDI,**

Swiss, Supply Chain Director, Member of the Group Executive Management.

**Other main activities:** Mr. Siccardi is a Member of the Board of Directors of Surgical Practice Resource Group SA since 2015, Member of the Board of Directors of the Medacta for Life foundation since 2011 and he is President of 2A Holding SA since 2019. He further serves on the Board of Medacta International SA and Medacta Holding SA.

**Career highlights:** Mr. Siccardi joined Medacta International in 2011 and served as a Member of its Board of Directors since 2013. He then served on the Board of the Company from its incorporation until March 21, 2019. Mr. Siccardi was appointed Supply Chain Director of Medacta International in 2016. Prior to becoming SCD, Mr. Siccardi previously served as International Area Director (from 2012 to 2016) and as Marketing Assistant (from 2011 to 2012).

**Qualifications:** In 2015 Mr. Siccardi attended the Program for Management Development (PSM) at the SDA Bocconi School of Management, Milan with a focus on general management, marketing and sales strategies. He is also currently attending a Supply Chain Course at the SDA Bocconi School of Management, Milan.

The employment agreements of the Members of the Group Executive Management are in principle concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed one year. With respect to employment agreements entered into for an indefinite period, the maximum notice period must not exceed 12 months.

The Group Executive Management is supported by further Members of management who form part of the Extended Group Management.

## 4.2 OTHER ACTIVITIES AND VESTED INTERESTS

Except as disclosed in the biographies of the Members of the Group Executive Management, no further activities or interests are carried out outside of Medacta.

## 4.3 PERMITTED ADDITIONAL ACTIVITIES PURSUANT TO Oaec

As required by the Oaec and in the interest of good governance, the [Articles of Association](#) limit the number of functions in superior management or administrative bodies of legal units other than the Company or its subsidiaries which Members of the Group Executive Management are allowed to hold at one time.

According to article 23 of our [Articles of Association](#), with the approval of the Remuneration Committee, the Members of the Group Executive Management may have the following other functions in the superior management or administrative bodies of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Group:

- up to one mandate as Member of a Board of Directors or any other superior management or administrative body of a publicly traded company pursuant to Article 727 para. 1 number 1 CO; and, in addition,
- up to 10 mandates as Member of the Board of Directors or any other superior management or administrative body of other legal entities that do not meet the above-mentioned criteria.

With respect to the additional activities of the Members of the Group Executive Management, mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.

All Members are within the limits of external mandates stipulated by the [Articles of Association](#).

## 4.4 MANAGEMENT CONTRACTS

The Board of Directors and the Group Executive Management conduct business directly and have not delegated any management powers to persons or companies outside the Group.

## 5. COMPENSATION, SHAREHOLDINGS AND LOANS

Information related to compensation, shareholdings and loans are disclosed in the Remuneration Report of this Annual Report on section 4 "Remuneration Framework For Board Of Directors" and 5 "Remuneration Framework For Group Executive Management".

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

Voting rights may be exercised only after a shareholder has been registered in the Share Register as a shareholder with voting rights up to a specific qualifying day designated by the Board of Directors.

Persons acquiring registered shares shall on application be entered in the Share Register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirements stipulated by the Federal Act on Financial Market Infrastructure (FMIA).

Entry in the Share Register as a shareholder with voting rights is subject to the approval of the Company. Entry into the Share Register of registered shares as shareholder with voting rights may be refused based on the grounds set forth in article 5 para. 3, 4 and 5 of the [Articles of Association](#).

Until an acquirer becomes a shareholder with voting rights for the shares, she/he may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers are entered in the Share Register as shareholders without voting rights. The corresponding shares will be considered as not represented in the shareholders' meeting.

The Company may in special cases approve exceptions to the above restrictions. After due consultation with the persons concerned, the Company is further authorized to delete entries in the Share Register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to article 5 para. 3 of the [Articles of Association](#). The concerned person has to be immediately informed about the deletion. In 2019, no such exemptions were granted.

Each shareholder may be represented by the Independent Proxy or any other person who needs not be a shareholder. The Board of Directors determines the requirements regarding proxies and voting instructions. The Articles of Association do not contain any further specific requirements on the issue of instructions to the independent proxy or for the electronic participation at shareholders' meetings; thus, these topics are governed by Swiss law.

In shareholders' meetings, each shareholder has equal rights, including equal voting rights. According to the [Articles of Association](#), each share is entitled to one vote (provided that its holder or usufructuary has been duly entered into the Share Register as a shareholder with voting rights on or before the relevant qualifying date).

Under Swiss laws, the procedure and condition for abolishing voting rights restrictions in the [Articles of Association](#) requirement resolution of a shareholders' meeting passed by at least two thirds of the represented share votes and an absolute majority of the par value of represented shares.

For information on certain limitations on transferability and nominee registrations, please refer to the information provided under the sub-heading 2.6 "Limitations on Transferability and Nominee Registrations" of this Report.

## 6.2 QUORUMS

The [Articles of Association](#) do not stipulate any resolutions of the shareholders' meeting that can only be passed by a majority greater than that required by Swiss law. Pursuant to article 11 of the [Articles of Association](#), shareholders' resolutions generally require the approval of a simple majority of the votes cast at the shareholders' meeting (with abstentions, empty or invalid votes not being taken into account for the calculation of the required majority).

Article 13 of the [Articles of Association](#) and applicable Swiss legal provisions (in particular section 704 of the Swiss Code of Obligations) that stipulate a different majority are reserved.

## 6.3 CONVOCAION OF THE GENERAL MEETING OF SHAREHOLDERS

Under Swiss law, an annual shareholders' meeting must be held within six months after the end of a company's preceding financial year. Shareholders' meetings may be convened by the Board of Directors or, if necessary, by Company's statutory auditors or liquidators. According to article 7 para. 3 of the [Articles of Association](#), the Board of Directors is further required to convene an extraordinary shareholders' meeting within two months if requested in writing by one or more shareholder(s) representing in aggregate at least 5% of the Company's share capital registered in the commercial register setting forth the items to be discussed and the proposals to be decided upon.

A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce at least 20 calendar days before the date of the meeting. To the extent the post and/or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post and/or e-mail. The notice shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the shareholders' meeting or that an item be included on the agenda.

## 6.4 INCLUSION OF ITEMS ON THE AGENDA

The Board of Directors states the items on the agenda.

Registered shareholders with voting rights individually or jointly representing at least 5% of the share capital of the Company may demand that items be included on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 calendar days before the date of the annual shareholders' meeting and shall be in writing, specifying the item and the proposals.

No resolutions may be passed on motions concerning agenda items which have not been duly announced apart from those exceptions permitted by law.

## 6.5 ENTRIES IN THE SHARE REGISTER

Voting rights may be exercised only after a shareholder has been registered in the Share Register as a shareholder with voting rights up to a specific qualifying day designated by the Board of Directors (the "Record Date").

There are no statutory rules concerning deadlines for entry in the Share Register. However, for organizational reasons, the Share Register is closed several days before the annual shareholders' meeting. The respective Record Date for inscriptions in the Share Register is announced in the invitation to the annual general shareholders' meeting.

For information on certain limitations on transferability and nominee registrations, please refer to the information provided under the sub-heading 2.6 "Limitations on Transferability and Nominee Registrations" of this Report. For information on share voting rights, please refer to the information under the sub-heading 6.1 "Voting Rights Restrictions and Representation" of this Report.

## 7. CHANGE OF CONTROL AND DEFENSE MEASURES

### 7.1 MANDATORY BID RULES

Pursuant to the applicable provisions of FMIA, any person that acquires shares of a company whose shares are listed on a Swiss stock exchange, whether directly or indirectly or acting in concert with third parties, and, as a result, exceeds the threshold of  $33\frac{1}{3}\%$  of the voting rights (whether exercisable or not) of such company, must submit a public tender offer to acquire all of the listed shares of such company. A company's articles of association may either waive this requirement entirely ("opting-out") or raise the relevant threshold to up to 49% ("opting-up").

The [Articles of Association](#) (Art. 32) include an opting-out provision and thereby exempt shareholders from the duty to make a mandatory public tender offer pursuant to article 135 FMIA. As a result, any shareholder or group of shareholders exceeding the threshold of  $33\frac{1}{3}\%$  of the voting rights (whether exercisable or not) of the Company is/are not required to make a mandatory tender offer to the other shareholders. Differently from other companies listed in Switzerland which have no opting-out clause (and no opting-up clause), upon such shareholder or group of shareholders reaching or exceeding the threshold of  $33\frac{1}{3}\%$  of the voting rights (whether exercisable or not) of the Company, the shareholders will neither benefit from the option to sell their shares in a mandatory tender offer nor from minority shareholder protection rules related to such mandatory tender offers.

### 7.2 CHANGES OF CONTROL

There is no change of control clauses included in agreements and schemes benefiting members of the Board of Directors or the Group Executive Management or other management of the Group.

## 8. AUDITORS

The annual shareholders' meeting elects the Group's external auditors on annual basis. Deloitte SA, domiciled in via Ferruccio Pelli 1, 6901 Lugano Switzerland, has served as the Group's auditor since its foundation on November 28, 2018 and was previously the auditor of Medacta International SA since January 21, 2009. On March 8, 2019, Deloitte SA was reappointed as Group and statutory auditor of the Company at the shareholder's meeting. The auditor in charge is changed every seven years in accordance with Swiss law. The current auditor in charge is Fabien Lussu, Swiss Certified Public Accountant, who has been carrying out this function since 2018.

The Board of Directors monitors compliance and proposes the election of the external auditor to the annual shareholders' meeting. In accordance to the [Organizational Regulations](#), the Audit and Risk Committee oversees the integrity of the Company's and Group's financial statements, the effectiveness of the internal control over financial reporting of the Company and the Group, the compliance by the Company and the Group with legal and regulatory requirements, annually (or more often as required) reviews the independent auditor's qualification and independence, the performance of the Company's and Group's external auditors, and the effectiveness of the Company's and Group's risk management, compliance and quality assurance systems and processes. Deloitte SA presents to the Audit and Risk Committee, on an annual basis, a detailed report on the results of the audit of the consolidated financial statements, the findings on significant accounting and reporting matters, and findings on the internal control system. The results and findings of this report are also discussed in detail with the CFO. During 2019, Audit and Risk Committee meetings were held with representatives of the external auditor. For more information regarding the Audit and Risk Committee and their meetings which included the auditors, please refer to the information under the heading Board of Directors meetings 2019 (sub-heading 3.5 "Internal Organizational Structure"). Audit fees are ultimately approved by the Audit and Risk Committee.

The worldwide fees paid to the auditors are outlined in the table below:

Worldwide fees (EUR thousand)	December 31, 2019	December 31, 2018
<b>Audit fees</b>	<b>375</b>	<b>526</b>
Annual audit fees	375	320
Audit fees - First Time Adoption	-	206
<b>Audit related fees</b>	<b>199</b>	<b>-</b>
IPO - Comfort letters	199	-
<b>Non-audit related fees</b>	<b>68</b>	<b>416</b>
Advisory services*	30	392
Other Services	38	24
<b>Total</b>	<b>641</b>	<b>942</b>

\* The Advisory services are primarily related to the IPO.

## 9. INFORMATION POLICY

The Company releases its financial results in the form of an annual report. Its annual report is published in print and electronic form within four months of the December 31 balance sheet date. In addition, results for the first half of each fiscal year are released in electronic form within three months of the June 30 balance sheet date. The Company's annual report and half year results will be announced via press releases and media and investor conferences in person via telephone.

Copies of all information and documents pertaining to press releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from the Company's website or obtained from the Company upon request at Medacta Group SA, Strada Regina 34, 6874 Castel San Pietro, Switzerland (phone: +41 91 696 6060; email: investor.relations@medacta.ch). Below are certain relevant weblinks:

The Company's website:	<a href="http://www.medacta.com">http://www.medacta.com</a>
E-mail distribution list (push system):	<a href="http://www.medacta.com/EN/investors">http://www.medacta.com/EN/investors</a>
Ad-hoc messages (pull system):	<a href="http://www.medacta.com/EN/investors">http://www.medacta.com/EN/investors</a>
Financial reports:	<a href="http://www.medacta.com/EN/investors">http://www.medacta.com/EN/investors</a>
Corporate calendar:	<a href="http://www.medacta.com/EN/investors">http://www.medacta.com/EN/investors</a>

## 10. INDEPENDENT PROXY

Pursuant to the OaEC and our [Articles of Association](#), the annual shareholders' meeting elects the Independent Proxy for a term ending at the conclusion of the next annual shareholders' meeting. Re-election is possible.

Fulvio Pelli, Lugano, was elected as the Independent Proxy of the Company on March 21, 2019.