

**Organizational Regulations**

**of**

**Medacta Group SA**

**with registered office in Castel San Pietro**

**(the "Organizational Regulations")**

**Version 19 July 2021**

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## 1. BASIS, PURPOSE AND SCOPE OF APPLICATION

### 1.1 Basis

These Organizational Regulations are adopted by the board of directors (the "**Board**") of Medacta Group SA (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to article 716a and 716b of the Swiss Code of Obligations ("**CO**") and article 16 para. 2 of its articles of association (the "**Articles of Association**").

### 1.2 Purpose

- (a) The purpose of these Organizational Regulations is to determine the executive bodies of the Company and the Group, define their responsibilities and competences regarding the management of the Company and of the Group, and regulate the functioning and cooperation of the various bodies in the Group management. Thereby, these Organizational Regulations shall ensure that the Group's business is guided, directed and managed according to clear principles.
- (b) These Organizational Regulations are complemented by
  - (i) the group Chart in [Annex 1](#);
  - (ii) the chart of authority levels ("**Authority Chart**"), which specify approval authorities for certain matters in more detail, in [Annex 2](#); and
  - (iii) the committee charters ("**Committee Charters**"), as adopted by the Board from time to time, which specify the responsibilities of the Board Committees, including
    - (1) the charter of the Remuneration Committee (RemCo) in [Annex 3](#), and
    - (2) the charter of the Audit and Risk Committee (ARC), in [Annex 4](#).

### 1.3 Organization of the Group

The Company, as the listed parent company of the Group, controls directly or indirectly all subsidiaries of the Group. The Company fulfils strategic, financial and management functions not only for itself, but also with respect to the Group companies and entities. In view of this group-wide function, the Board and the other Corporate Bodies in general have to make determinations on matters that pertain to both the Company and the Group. Notwithstanding this, the Company respects the legal independence of all its subsidiaries according to applicable law. It sets standards for the Group to allow for an efficient and harmonized steering of the Group subject to applicable legal limitations.

## 1.4 Corporate Bodies

These Organizational Regulations govern the internal organization and corporate governance as well as functions, powers and duties of the following corporate bodies and persons (the "**Corporate Bodies**"):

- (a) the Board and the members of the Board (the "**Board Members**"), including its chairman (the "**Chairman**") and lead independent director (the "**Lead Independent Director**"), and the secretary of the Board (the "**Secretary**");
- (b) the committees of the Board (the "**Board Committees**") established pursuant to Swiss law, the Articles of Association and these Organizational Regulations, including the Remuneration Committee ("**RemCo**") and the Audit and Risk Committee ("**ARC**"); and
- (c) the group executive board (the "**Group Executive Management**") under the leadership of the chief executive officer (the "**CEO**"), which has the further support of an extended group management (the "**Extended Group Management**").

## 2. BOARD OF DIRECTORS

### 2.1 Organizational Matters

#### 2.1.1 Constitution

- (a) The Chairman and the other Board Members (including the members of the RemCo) are elected at the general shareholders meeting of the Company in accordance with article 6(2) of the Articles of Association.
- (b) Subject to applicable law and the Articles of Associations, each year, at its first meeting after the annual general shareholders meeting (the "**AGM**", and extraordinary general meetings "**EGM**"), the Board shall constitute itself in accordance with these Organizational Regulations, including by designating:
  - (i) one of its independent Board Members as the Lead Independent Director;
  - (ii) the chairman of the RemCo from amongst the Board Members that have been elected by shareholders to the RemCo;
  - (iii) from amongst its members the chairman and the other members of the ARC;
  - (iv) the chairman and members of other Board Committees (if any); and
  - (v) the Secretary (who needs not to be a Board Member).

## **2.1.2 Meetings, Calling of Meetings and Agenda**

- (a) Meetings of the Board shall be held as often as the business requires but as a general rule at least four times per year, including
  - (i) in the first quarter, inter alia, to approve the annual report and the agenda and invitation to the AGM;
  - (ii) immediately after the AGM, inter alia, to constitute the Board;
  - (iii) in the third quarter, inter alia, to approve the half year financials; and
  - (iv) in the fourth quarter, inter alia, to approve the budget for the next financial year.
- (b) Meetings of the Board 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 shall be entitled to call the meeting.
- (c) Notice of meetings shall be given at least five business days prior to the meeting (by regular mail, e-mail, or facsimile). The notice shall set 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. In urgent cases (as determined by the Chairman in his or her discretion), a meeting may be held on appropriate shorter notice.
- (d) Board Members shall be provided with all necessary supporting materials at least five business days prior to the meeting. If the Chairman deems it necessary, supporting materials may be provided later to allow the Board to receive the latest available information. This applies in particular to updates on financial and other relevant data.
- (e) If all Board Members are present and agree, deviations from the formal requirements set forth in paragraphs (c) and (d) above are permitted; in particular, decisions can be taken in respect of items that are not listed on the agenda for the meeting. Furthermore, these formal requirements shall not apply if a meeting is only convened in order to record the implementation of a capital increase, including the adoption of the report on the capital increase, and to pass resolutions regarding the amendments of the Articles of Association entailed therewith.
- (f) Board meetings may be held in person, by telephone, or by video conference.
- (g) The Chairman, or in his absence the Lead Independent Director, or in the absence of both the aforementioned, a Board Member designated by the attending Board Members, shall chair the meeting.
- (h) The minutes must be signed by the Chairman (or, in such other Board Member that chaired the meeting) and the Secretary. They shall be made available for

review prior to and approved at the next Board meeting. Board Members are entitled to examine the Board minutes of any board meeting at any time.

- (i) The Chairman decides if and which persons outside the Board shall be entitled to attend meetings of the Board. As a rule (and except for "non-executive sessions"), the CEO and the other members of the Group Executive Management shall 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 the that management member are on the agenda.

### **2.1.3 Quorum, Passing of Resolutions and Minutes**

- (a) 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).
- (b) The Board shall 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 shall have the casting vote.
- (c) 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.
- (d) An attendance quorum shall not be required if the sole purpose of the meeting is to record the implementation of a capital increase, including the adoption of the report on the capital increase, and to pass resolutions regarding the amendments of the Articles of Association entailed therewith.
- (e) The minutes shall set forth all passed resolutions and reflect in a general manner the considerations which led to the decisions taken, including where applicable, any statements of attendees expressly made "for the record". The minutes shall be signed by the Chairman (or, where applicable, such other Board Member who chaired that meeting) and the person keeping the minutes and must be approved by the Board. Resolutions passed by means of circular resolutions or telephone conference shall be included in the next minutes.

### **2.1.4 Information and Reporting**

- (a) Each Board Member shall be entitled to request information concerning all affairs of the Company and the Group reasonably necessary to fulfil his fiduciary duties.
- (b) At each meeting, the CEO and the other members of the Group Executive Management which are present shall inform the Board about the current course of business and important business developments. In addition, the Board Members

shall be informed immediately of extraordinary events by way of circular letter, if necessary, in advance by telephone, e-mail or facsimile.

- (c) Should a Board Member require information or wish to review documents outside the meetings of the Board, he or she must address his or her request in writing (including by e-mail) to the Chairman. To the extent necessary to fulfil his or her duties, each Board Member may request in writing (including by e-mail) that the Chairman authorizes the inspection of the books and records of the Company. If the Chairman rejects a request for information, hearing or inspection, the Lead Independent Director or the Board shall decide whether to grant such request.

#### **2.1.5 Board self-assessment**

At least annually, the Board shall review its own performance, as well as the performance of each of the Committees. Such assessment shall seek to determine whether the Board and the Board Committees function effectively and efficiently.

#### **2.1.6 Secretary**

- (a) The Secretary shall prepare the agenda for each Board meeting, keep the Board minutes, and assist the Board, the Chairman and the Lead Independent Director to coordinate and fulfil their duties and assignments.
- (b) The Secretary is responsible for keeping the Company's official company documents and records.

### **2.2 Responsibilities of the Board; Delegation to the Group Executive Management**

#### **2.2.1 General principles; Delegation**

- (a) The Board constitutes the highest executive body of the Company and of the Group as a whole. Its responsibilities, duties and competencies and the procedural principles by which it is governed are specified by law, the Articles of Association and these Organizational Regulations.
- (b) 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.
- (c) Save to the extent expressly stated otherwise in these 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 (see clause 6 below).
- (d) Subject to mandatory law and the Articles of Association, the Board may delegate further responsibilities to the Board Committees, single Board Members or the Group Executive Management from time to time.



### **2.2.2 General non-transferable and inalienable duties of the Board**

The Board shall have the following non-transferable and inalienable rights and duties as set forth by law with respect to the Company and the Group as a whole:

- (a) overall management ("*alta direzione*" / "*Oberleitung*") and issuing of related directives;
- (b) determine the organization of the Company, in particular, to adopt, regularly revisit and amend these Organizational Regulations;
- (c) organisation of the accounting, financial control and financial planning systems as required for the overall management of the Company and the Group as a whole;
- (d) appoint and dismiss the members of the Group Executive Management and to grant all forms of signing authorities;
- (e) 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;
- (f) review and approve the annual report and the proposed dividend;
- (g) preparation for the AGM and EGM (including related proposals of the Board) and implementation of related shareholder resolutions;
- (h) notification of the court in the event that the Company is overindebted;
- (i) 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;
- (j) pass resolutions regarding agreements in respect of mergers, de-mergers, transformations or transfers of assets and liabilities in accordance with the Swiss Merger Act.

### **2.2.3 Strategy, Operation, Finance and Sustainability (ESG)**

The Board's ultimate responsibility for the strategy (of which sustainability forms an integral part), operation, finance of the Company and the Group a whole includes in particular:

- (a) determining the overall business strategy and mission statement, taking into account the information, proposals and alternatives presented by the CEO;
- (b) laying down the principles for and oversight over relevant corporate sustainability (Environment, Social and Governance; ESG) strategies, policies and programs

of the Company and the Group with the support of a dedicated Board Member (the "**ESG Director**") and an inter-functional corporate responsibility team,

- (c) reviewing and approving annually the budgets and business plans for the Group proposed by the CEO on behalf of the Group Executive Management;
- (d) laying down principles for accounting, financial and risk control (including approval of the framework of an internal control system) and approving significant changes to them;
- (e) setting financial objectives and approving, via the budget and financial planning process, the necessary means to achieve these objectives;
- (f) deciding on the Group entering into substantial new business areas or exiting from a substantial existing business area, in each case insofar as not covered by the current approved strategic framework;
- (g) approving unbudgeted capital expenditures (Capex) in excess of 10% of the EBITDA of the preceding financial year per individual item;
- (h) approving the entering into or termination of any agreements with a value over the term of the contract in excess of 10% of the EBITDA of the preceding financial year or of 10% of the EBITDA of the preceding financial year per annum, unless already covered by the budget and excluding supply, distribution and delivery agreements in the ordinary course and other agreements specifically addressed elsewhere in this clause 2.2;
- (i) approving unbudgeted acquisitions, including land acquisitions or acquisitions of companies and participations in companies, as well as divestments in excess of 10% of the EBITDA of the preceding financial year;
- (j) unless covered by the budget, the entering into, creating or terminating any joint venture, partnership or similar business association involving an investment commitment by the Group in excess of 10% of the EBITDA of the preceding financial year;
- (k) agreeing to loans, credit lines, other financial indebtedness (including any security) or leases which would result in the debt / EBITDA ratio raising by more than 0.5 or the debt / EBITDA ratio exceeding the threshold of 2.0, excluding intercompany transactions;
- (l) approving the issuance of securities or other capital market transactions;
- (m) to the extent not covered by 2.2.3(k), approving any guarantees, suretyships, liens, performance bonds and pledges and other types of charge or security exceeding 25% of the EBITDA of the preceding financial year, but excluding intercompany transactions as well as charges and security arising in the ordinary course of business, mandatorily arising and subsisting by operation of law, or

customarily granted pursuant to the general terms and conditions of banks in relation to bank accounts;

- (n) initiating, settling or otherwise terminating any litigation or other legal or administrative proceedings with an amount in dispute or settlement value in excess of 10% of the EBITDA of the preceding financial year or otherwise prejudicial or material to the Group's business or reputation; and
- (o) approving all matters and business decisions where such decisions exceed the authority delegated by the Board to the Board Committees, the CEO or the Group Executive Board.
- (p) reviewing and approving the full year and interim financial statements of the Company and the Group as a whole; and
- (q) reviewing and approving the annual report (including any proposed dividend), the remuneration report and the sustainability report.

#### **2.2.4 Organization and Remuneration**

With respect to the organization of the Company and the Group as a whole, the Board is in particular responsible for:

- (a) approving and regularly reviewing the governance principles and the management structures as set out in these Organizational Regulations (including the Organizational Chart in Annex 1 and the Authority Levels in Annex 2, it being understood that the designation and appointment of non-Group Executive Management members to the Extended Group Management is the responsibility of the CEO as set forth in section 6.8 below);
- (b) approving and regularly reviewing internal regulations (including these Organizational Regulations and the Committee Charters) and directives;
- (c) appointing and removing the Board Committees (except for the Compensation Committee) as well as the CEO and the other members of the Group Executive Management and reviewing their performance in meeting agreed goals and objectives and compliance with applicable laws, rules and regulations;
- (d) to decide on the individual and the total amount of fixed and variable compensation payable to the Board Members and of the Group Executive Management and approve the remuneration policy (including any related short and long term incentive plans) of the Company and the Group, taking into account the respective recommendations of the RemCo;
- (e) proposing for election, re-election or removal by the AGM, the external auditors as recommended by the ARC; and
- (f) to approve transactions between the Company and/or subsidiaries and Board Members or members the Group Executive Management.

### **2.2.5 Further responsibilities**

Further details of the authorities and responsibilities of the Board may be set out in the Authority Chart.

### **2.3 Compensation**

The type of compensation of the Board and of the Group Executive Management and the amount thereof are determined by the Articles of Association of the Company and the applicable legal provisions.

## **3. CHAIRMAN OF THE BOARD**

- (a) The Chairman of the Board calls and chairs the meetings of the Board. Together with the person keeping the minutes (i.e. the Secretary), he signs the minutes of the deliberations and resolutions of the Board.
- (b) The Chairman of the Board presides over the AGM and EGM.
- (c) The Chairman, together with the CEO, is responsible for ensuring effective communication with shareholders and with stakeholders including government officials, regulators and public organisations.
- (d) It is intended that the Chairman establishes and keeps a close working relationship with the CEO, providing advice and support to him or her. He or she shall seek to facilitate a constructive relationship between the Board, the CEO, and the other Board Committee members.
- (e) The Chairman of the Board has the right to call upon third parties as advisors in meetings of the Board.
- (f) The Board Committee(s) shall keep the Chairman informed on a current basis about all important strategic issues, transactions as well as about the business situation and development, and important organizational changes within the Company and the Group. The Chairman shall monitor such informational duty of the Board Committee(s). The Chairman reports to the Board on information received from the Board Committee(s). Also, the Chairman shall immediately inform the other Board Members of any extraordinary situation regarding the Company or the Group of which the Chairman may become aware.
- (g) Further provisions regarding the authorities and responsibilities of the Chairman may be set out in the Authority Chart provided that they do not conflict with these Organizational Regulations or the Articles.

## **4. LEAD INDEPENDENT DIRECTOR**

- (a) The Lead Independent Director shall be an independent Board Member and shall be elected by the Board for a term of one year or until the conclusion of the next AGM.

- (b) If the Chairman is indisposed, the Lead Independent Director shall take the chair at the meetings of the Board and the AGM/EGM. In particular, the Lead Independent Director shall chair the meeting of the Board or the AGM/EGM 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 AGM / EGM 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.
- (c) The Lead Independent Director is entitled to call a meeting of the Board whenever he deems fit.
- (d) For purposes of these Organizational Regulations the term "independent" shall be interpreted in accordance with the Swiss Code of Best Practice for Corporate Governance, whereby a Board Member shall be deemed to have no or comparatively minor business relations with the Company as long as such Board Member is not receiving more than CHF 120,000 during any 12-month period in direct compensation from the Company (other than director fees and related compensations) and the Director is not a current executive officer of a company that made payments to, or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of CHF 200,000 or 5% of the recipient company's consolidated gross revenues for that year.

## **5. COMMITTEES OF THE BOARD**

### **5.1 General**

- (a) The Board shall have the following Board Committees:
  - (i) Remuneration Committee (RemCo);
  - (ii) Audit and Risk Committee (ARC).
- (b) The Board may form additional ad-hoc and standing Board Committees for particular areas within the scope of its duties to deal with specific issues.
- (c) The Board Committees shall be authorised to conduct, or request to be conducted, investigations into all matters within their areas of responsibility. Each Board Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including authority to engage independent professional advisors, subject matter experts and counsel, which shall be provided by the Company.

- (d) The members of the Board Committees can be dismissed by the Board at any time. For the members of the RemCo article 726 para. 2 CO applies.
- (e) Board Committees shall meet upon invitation of their chairman as often as the business of the Company requires, usually before an ordinary meeting of the Board takes place.
- (f) The organizational rules applicable to Board meetings as set out in clause 2.1.2 (Meetings, Calling of Meetings and Agenda), 2.1.3 (Quorum, Passing of Resolutions and Minutes), and 2.1.4 (Information and Reporting) apply by analogy to meetings of the Board Committees.
- (g) Each Board Committee shall annually:
  - (i) review its own performance and assess whether it is functioning effectively and efficiently;
  - (ii) review and reassess the adequacy of the provisions applicable to it; and
  - (iii) take or propose the Board to take, the appropriate measures to cure any deficiencies detected and to implement possible improvements.

## **5.2 Audit and Risk Committee (ARC)**

- (a) The ARC shall consist of at least two Board Members appointed by the Board. At least one member, including the chairman, of the ARC shall be independent. They shall have the necessary qualifications and skills and shall possess financial literacy and keep themselves up to date regarding risk management best practices.
- (b) The purpose of the Audit and Risk Committee (ARC) is to assist the Board in fulfilling its responsibilities defined by applicable law, Articles of Association, these Organizational Regulations, the ARC Charter and other applicable laws and regulations with respect to matters involving the financial and risk management aspects of governance of the Company and the Group.

## **5.3 Remuneration Committee (RemCo)**

- (a) The RemCo consists of at least two Board Members. The chairman of the RemCo shall be independent. The members of the RemCo are elected annually and individually by the AGM for a one-year period until the next AGM. One member of the RemCo will be appointed as chairman of the RemCo by the Board in accordance with clause 2.1.1(b)(ii) above.
- (b) Each member of the RemCo shall have the necessary qualifications, skills, experience and time in order to be able to effectively fulfil its duties as member of the RemCo.

- (c) The purpose of the RemCo is to support the Board in Remuneration matters by exercising the duties assigned to it under the Articles of Association, these Organizational Regulations, the RemCo Charter and applicable laws and regulations. In particular, the RemCo shall support the Board in (i) establishing and reviewing the compensation strategy of the Group, (ii) preparing the proposals to the shareholders' meeting regarding the compensation of the Board and the Group Executive Management, and (iii) performing such other duties as set forth in the Articles of Association, these Organizational Regulations and the RemCo Charter.

## **6. GROUP EXECUTIVE MANAGEMENT**

### **6.1 Constitution of the Group Executive Management**

- (a) The Group Executive Management shall include as a minimum the CEO, the chief financial officer (the "**CFO**"), and the supply chain director ("**SCD**"), and such other officers as may be determined by the Board, in consultation with the CEO, from time to time.
- (b) All members of the Group Executive Management are appointed and removed by the Board in consultation with the CEO (except in case of the appointment or removal of the CEO).
- (c) The Group Executive Management shall be chaired by the CEO.

### **6.2 Role of the Group Executive Management**

- (a) The Group Executive Management has a dual function in the management of the Group:
  - (i) on the one hand, under the leadership of the CEO it is responsible for the day-to-day business of the Company to the extent not reserved to the Board; and
  - (ii) on the other hand, it is responsible for the operational business of the whole Group as well as of each individual segment or division or the individual Group companies, to the extent that the respective competences are, pursuant to these Organizational Regulations, not reserved to the Board or are, by law, reserved to the boards of directors of the subsidiaries.
- (b) 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 and in accordance with the law, the Articles of Association, these Organizational Regulations and the resolutions of the AGM/EGM.

### **6.3 Delegation**

- (a) Save to the extent expressly stated otherwise in these 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 hereby delegated to fullest extent permitted by applicable law to the Group Executive Management under the leadership of the CEO.

- (b) The CEO may in turn further delegate certain responsibilities and authorities to other executives and committees and may empower them to further delegate their responsibilities and authorities, provided that any such delegation is clearly defined and includes a statement of reporting responsibility (see also clause 6.8 (*Extended Group Management*) below).
- (c) Further details of the authorities and responsibilities of the Group Executive Management may be set out in the Authority Chart, provided that they do not conflict with the Articles of Association or these Organizational Regulations.

#### **6.4 Meetings and Resolutions of the Group Executive Management**

- (a) Meetings of the Group Executive Management shall generally take place as determined by the CEO, with the expectation that there would be no fewer than six such meetings per calendar year.
- (b) The resolutions of the Group Executive Management are taken by the majority of the members of the Group Executive Management present. The CEO has the power to over-rule any Group Executive Management resolution.
- (c) The Group Executive Management shall take note on a regular basis of the reports of the CFO regarding the financial situation of the Company and the Group as well as of the other members' reports in the meetings of the Group Executive Management.

#### **6.5 CEO**

##### **6.5.1 General**

- (a) The CEO is the highest executive officer of the Group and has responsibility and accountability for the management and performance of the Group. The Group Executive Management and the Extended Group Management act under his or her leadership.
- (b) The CEO is appointed and removed by the Board.

##### **6.5.2 Responsibilities of the CEO**

- (a) The CEO shall have the following powers and duties with respect to the Company and the Group as a whole:
  - (i) leading, managing, supervising and coordinating the Group Executive Management and the Extended Group Management. In this respect, the CEO particularly sets the business and corporate agenda, ensures high



- quality and timely decision making, and controls implementation of decisions taken;
- (ii) managing, supervising, and coordinating the ongoing business operations of the Company and the Group;
  - (iii) implementing the strategy and the decisions taken by the Board and the Board Committees, including by establishing the operating system required to achieve such strategic objectives;
  - (iv) monitoring and assessing progress against the Company's and the Group's target, budget and business plans;
  - (v) preparing and submitting to the Board for approval the matters that are subject to the Board's approval according to law, the Articles of Associations, or these Organisational Regulations;
  - (vi) determining the communication policy of the Company and the Group and representing, or directing the representation of, the Company and the Group towards its shareholders and third parties. In this connection the CEO, together with the Chairman, is responsible for (i) defining and maintaining the Group's reputation, image, philosophy, and values, and (ii) representing the Company and the Group in contacts with shareholders, investors, media and the general public. The CEO serves as internal spokesperson for corporate messages; and
  - (vii) making recommendations to the Board and to the Compensation Committee regarding the membership of the Group Executive Management.
- (b) The CEO, in collaboration with the CFO and with the support of head of IR shall be responsible for corporate communications and IR, including on an ad hoc basis, for the publication of price-sensitive information and for all other reporting required pursuant to Swiss law (including the FinfraG and the Stock Exchange Act) and the SIX Listing Rules and implementing regulations. Further details regarding the compliance with the foregoing reporting obligations are set out in a separate policy.
- (c) The CEO has a comprehensive right to information and examination of all business matters of the Group and has the power to overrule any decision made by any management body (other than the Board or a Board Committee).
- (d) Further details of the authorities and responsibilities of the CEO may be set out in the Authority Chart. In addition, the Board may from time to time delegate further powers and responsibilities to the CEO.

### **6.5.3 Relationship of the CEO with Group Executive Management and Extended Group Management and information of the Board**

- (a) The CEO may involve the Group Executive Management and the Extended Group Management or members of it, in his or her discretion, in all relevant matters and resolutions pertaining to his powers and duties. Subject to these Organizational Regulations and mandatory provisions of law, he or she shall be entitled to delegate some of his or her duties to other members of the Group Executive Management and/or members of the Extended Group Management, as well as to other members of management of the Group or to third parties, it being understood that the CEO remains overall responsible for the duties and competencies delegated to him or her by the Board.
- (b) The CEO shall regularly inform the Board at its meetings on the current course of business and all major business matters of the Company and the Group, including anticipated opportunities and risks. Extraordinary matters including significant unanticipated developments shall immediately be reported to the Chairman.

### **6.6 CFO**

- (a) Subject to the inalienable and non-transferable powers of the Board, and in cooperation with the CEO, the Chief Financial Officer shall be responsible for Financial and Accounting (financial accounting, management accounting, debtors, creditors), Corporate Treasury, Corporate Controlling (group reporting, group consolidation, property insurance), Taxes, Legal and IT.
- (b) In particular, subject to the inalienable and non-transferable powers of the Board, in cooperation with the CEO, the Chief Financial Officer:
  - (i) defines and implements the finance strategy of the Group;
  - (ii) monitors financial performance against targets, reports the results to the ARC and the Board and endorses these reports in all material respects as to their completeness, reliability and accuracy;
  - (iii) has responsibility for ensuring good financial governance and as such:
    - (1) oversees all financial planning, budgeting (short- and midterm), reporting and risk management activities;
    - (2) ensures the implementation of systems and procedures to seek to ensure compliance with regulatory requirements for financial information, reporting, disclosure requirements, and internal control;
    - (3) leads global initiatives to improve performance and/or compliance in accounting, finance & controlling, tax and risk management;
    - (4) assists the ARC in the effective discharge of its functions;

- (5) oversees cash flow and cash flow forecasting to ensure the liquidity of the Group, oversees and manages all financial risk exposures of the organization, provides and facilitates appropriate funding in order to realize the Group's business strategy and minimize financing costs, and initiates appropriate strategies to enhance cash positions; and
  - (6) maintains the relationship of the Group with its financing banks and monitors compliance with related reporting and other duties (including maintenance of related covenants).
- (c) In addition, the CFO has the following duties:
- (i) regarding taxes, is responsible for the establishment of the Group's tax strategy, the management of tax risks and tax compliance;
  - (ii) monitors and leads capital budgeting process and the CAPEX approval process;
  - (iii) is responsible for compliance with applicable accounting rules (i.e. IFRS and CO);
  - (iv) maintains internal control safeguards and coordinates the external audit activities;
  - (v) maintains the Group Authority Levels document and monitors compliance therewith;
  - (vi) supports the CEO in the oversight of the business units and review of business performance, capital expenditure requests, large projects and other operational issues.
- (d) In addition to his other duties as member of the Group Executive Management, the CFO is, in particular, responsible for the creation of transparency in respect of the financial development, events, prospects and risks of the Group. He ensures efficient planning and supervision of the business activities of the Group through a transparent information system and is tasked to ensure that any deviations from targets are identified early on, that the CEO and the Board are informed in time and that correcting measures are being taken.
- (e) He proposes measures to improve performance and procedures and ensures compliance with legal requirements, professional standards (best practice), Group policies as well as the instructions of the Board. In doing so, he has a direct responsibility towards and reports directly to the Board and the internal and external auditors while concurrently informing the CEO.

## 6.7 SCD (Supply Chain Director)

- (a) Subject to the inalienable and non-transferable powers of the Board, and in cooperation with the CEO, the SCD shall be responsible for the management of the material supply chain functions and lead and support key strategic and tactical initiatives to optimize the performance of the supply chain.
- (b) In particular, subject to the inalienable and non-transferable powers of the Board, in cooperation with the CEO, the SCD shall be responsible for the following:
  - (i) Direct and coordinate all activities involved in purchasing components, raw materials, production supplies, other products, services and aftermarket service parts. Establish and maintain relationships with vendors while continually searching for improved costs, materials, suppliers and processes.
  - (ii) Set strategic direction and support staff in the development, implementation, and execution of supply chain processes in support of supply chain and business objectives;
  - (iii) Oversee and maintain relationships with cross-functional teams in all areas related to product to market timeline;
  - (iv) Manage managers who are responsible for managing planners & buyers who create and achieve production/purchase plans in support of goals & objectives;
  - (v) Provide management and finance inventory projections, service level issues, revenue constraints, and issues impacting profitability;
  - (vi) Schedule, plan and forecast inventory within the global manufacturing facilities;
  - (vii) Identify and implement standardized operating models by creating tools, templates or procedures;
  - (viii) Develop a supply chain talent strategy that aligns with business needs and continues to drive a high performance culture;
  - (ix) Monitor the sales growth trend in order to align the production capacity with company needs;
  - (x) Receive customers feedback through sales department in order to maintain and augment the level of quality and services;
  - (xi) Coordinate purchasing and planning department in order to satisfy market's requests according to sales previsions; and
  - (xii) Establish and maintain relationship with strategic suppliers.

## **6.8 Extended Group Management (*Erweiterte Geschäftsleitung; Direzione allargata*)**

- (a) The Group Executive Management under the leadership of the CEO shall be supported by additional members of management, which are designated and appointed by the CEO and who together with members of the Group Executive Management form the Extended Group Management. The current additional management functions and members being part of the Extended Group Management are recorded in Annex 1 (as amended by the CEO if and when applicable).
- (b) Meetings of the Extended Group Management shall be convened by the CEO whenever he deems appropriate.
- (c) The Extended Group Management has no decision making powers but shall be a body to prepare, inform about, and coordinate the implementation of, decisions of the CEO and the Group Executive Management within the Group.

## **7. EXECUTIVE BODIES OF THE SUBSIDIARIES**

- (a) The responsibilities of the bodies of the subsidiaries of the Company are limited to the non-transferrable legal duties which shall be exercised, to the extent legally permissible, in the overall interests of the Group.
- (b) The supervisory bodies (Board, supervisory board etc.) of the subsidiaries shall be staffed with members of the operational management of the Group. As far as possible and useful as well as legally permissible, the principle of separation of the supervisory and executing functions shall thereby be observed.
- (c) The supervisory bodies of the subsidiaries shall be as small as legally permissible and operationally useful.

## **8. COMPLIANCE AND QUALITY ASSURANCE**

### **8.1 Compliance**

- (a) The CEO shall designate 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. Unless designated otherwise by the CEO the Compliance Officer shall also act as the data protection officer of the Group.
- (b) The Compliance Officer reports to the CEO. However, the Compliance Officer shall have direct access to the ARC and report to the ARC whenever requested by the ARC 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.
- (c) Further details shall be set out in a compliance policy of the Group.

## **8.2 Quality Assurance**

The CEO shall designate 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.

## **9. OTHER PROVISIONS**

### **9.1 Signatory Powers**

#### **9.1.1 Board**

- (a) All members of the Board shall have joint signatory power and shall sign by two signatories. Additional signatory powers for the Company shall be granted by the Board.
- (b) Signatory powers for the subsidiaries shall be granted by the relevant board. However, signatory powers shall always be exercised jointly by two signatories.

#### **9.1.2 Group Executive Management**

All members of the Group Executive Management shall have joint signatory power and shall sign by two signatories and the respective holders shall be registered in the company register.

### **9.2 Confidentiality, Return of Documents**

- (a) The Board Member and the members of the Group Executive Management as well as all other bodies and employees of the Group shall be obliged to keep confidential towards third parties all transactions and other business activities or facts about the Company, its subsidiaries, other Group companies and its parent company and its shareholders of which they obtain knowledge during the exercise of their professional activities. This duty of confidentiality shall survive the termination of employment of the above-named persons with the Company.
- (b) Upon termination of their employment with the Company, they shall return all files and documents of the Company.
- (c) Directors may communicate publicly (e.g. through lectures, publications, social media) information related to the Company's affairs only in a manner consistent with agreed Company positions and policies and after coordination with the Chairman. If a Director comments on other matters in public, the comments should be clearly identified as representing the personal view of the individual. Any views attributed publicly to the Board or the Company should be cleared in advance, preferably with the full Board, but at least with the Chairman.

### **9.3 Conflict of Interest**

- (a) The Board Members and the members of the Group Executive Management shall arrange their personal and business affairs so as to avoid, as much as possible, a conflict of interest.
- (b) Furthermore, each Board Member and each member of the Group Executive Management shall disclose to the Chairman and the CEO, respectively, any conflict of interest arising or relating to any matter to be discussed at a meeting, as soon as the Board Member or member of the Group Executive Management becomes aware of its potential existence.
- (c) The Chairman (or, if applicable, the Lead Independent Director) and the CEO, respectively, shall decide upon appropriate measures to avoid any interference of such conflict of interests with the decision-making of the Company. In the event of doubt, the Chairman (or, if applicable, the Lead Independent Director) and the CEO, respectively, shall request the respective corporate body (under exclusion of the members who are subject to the potential conflict of interest) to determine whether a conflict of interest exists and to decide upon appropriate measures.
- (d) As a rule, subject to exceptional circumstances in which the best interests of the Company dictate otherwise, the Board Member or member of the Group Executive Management shall not participate in the decision-making involving the matter at stake. The person with a conflict shall have the right to, or may be required by the Chairman and the CEO, respectively, to provide a statement of his or her view of the matter.

### **9.4 Other offices or investments**

- (a) Any Board Member and any member of the Group Executive Management shall obtain the written consent of the Chairman and the Chairman himself/herself, as applicable, the written consent of the Lead Independent Director prior to:
  - (i) accepting (i) any board memberships of publicly listed companies and, in the case of members of the Group Executive Management, any listed and non-listed companies, or (ii) any major external appointments. If a Board Member has been qualified by the Board as independent or non-executive, the agreement of the Chairman (or the Lead Independent Director, as applicable) should also be sought before accepting additional commitments that might conflict with that qualification; or
  - (ii) accepting any board memberships or other role with, or making or holding any investment in, a company or other entity which is or is about to be in competition with the Group, except for investments in a scheme or arrangement (including collective investment funds or investment companies) where the assets of the scheme or arrangement include a multitude of assets and are invested at the discretion of a third party.

- (b) In addition, any Board Member and any member of the Group Executive Management shall inform the Chairman (or the Lead Independent Director, if applicable) before accepting any membership of boards of directors or other significant commitments involving affiliation with other businesses or governmental units. Changes to such board memberships or significant commitments shall be reported as well.
- (c) The approval and information requirements for members of the Group Executive Management shall be further set out in their employment agreements.
- (d) In any case, each Board Member and each member of the Group Executive Management shall comply with the maximum number of offices permitted by the Articles of Association.

#### **9.5 Code of Conduct etc.**

- (a) The Board shall adopt and maintain a Code of Conduct.
- (b) The Board shall adopt internal policies to ensure compliance by the Group and its officers and employees with the reporting duties as well as with insider and other market behaviour rules applicable in connection with the listing of the Company's shares on SIX Swiss Exchange.

#### **9.6 Business Year**

The business year of the Company starts on 1 January and ends on 31 December.

### **10. FINAL PROVISIONS**

#### **10.1 Entry into Force**

These Organizational Regulations shall enter into force on the date of adoption by the Board.

#### **10.2 Revisions and Amendments**

As a general rule, these Organizational Regulations shall be reviewed and, if necessary, amended every two years at the first meeting of the Board following the annual general meeting. Changes to these Organizational Regulations require the approval of at least two thirds of the Board Members present at the respective Board meeting.



Annexes:

Annex 1: Organizational Structure of the Group (Chart)

Annex 2: Authority Chart

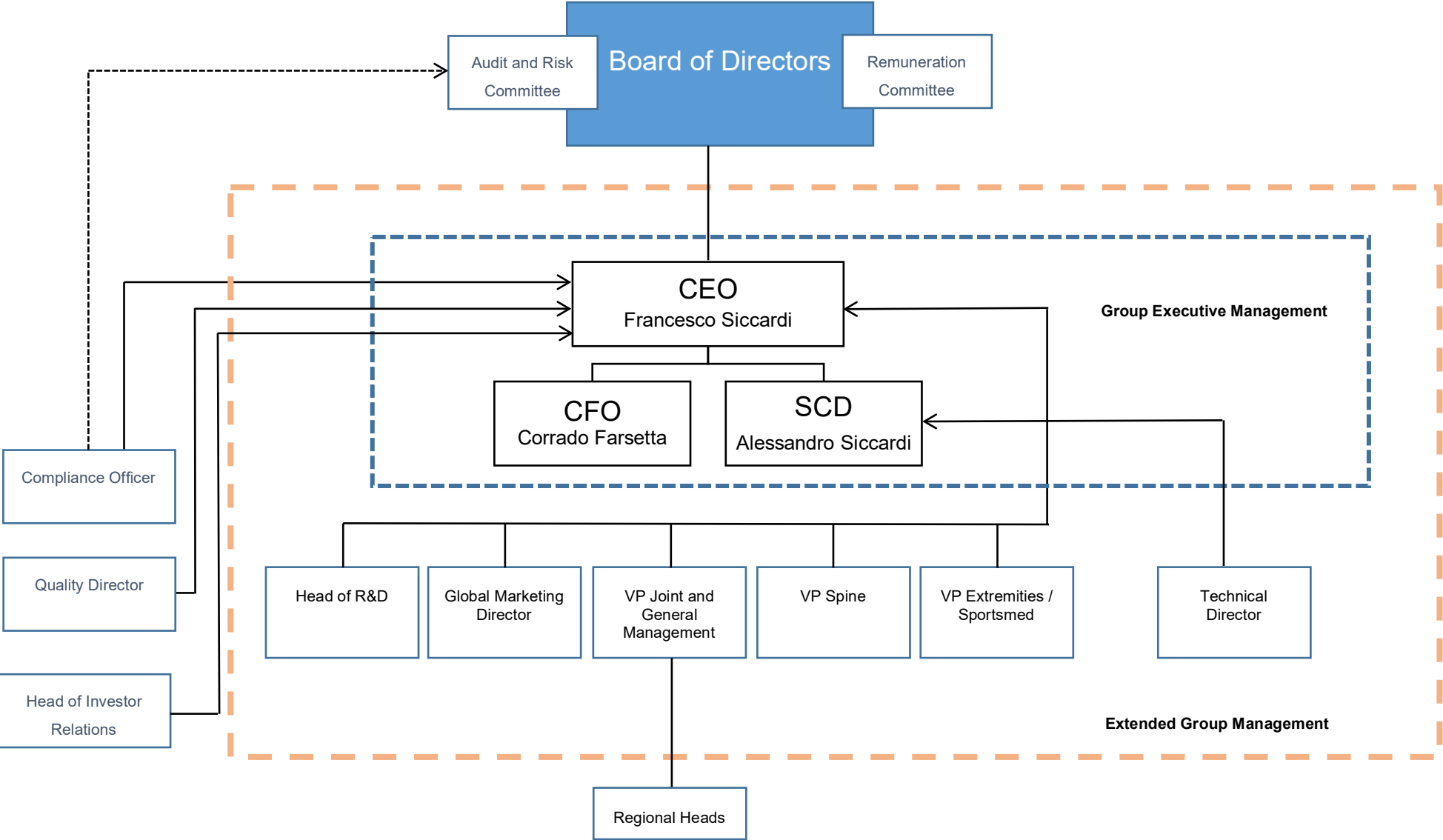
Annex 3: RemCo Charter

Annex 4: ARC Charter

**Annex 1: Organizational Structure of the Group (Chart)**

*(Separate Document)*

**Annex 1: Organizational Group Chart**



**Annex 2: Authority Chart**

*(Separate document)*

**Annex 3: RemCo Charter**

*(Separate document)*

**Annex 3 to the Organizational Regulations**

**CHARTER  
OF  
THE REMUNERATION COMMITTEE (RemCo)  
OF  
THE BOARD OF DIRECTORS OF MEDACTA GROUP SA**

**Version 19 July 2021**

**1. BASIS AND DEFINITIONS**

- (a) This charter (the "**Charter**") of the Remuneration Committee has been adopted as set forth in clause 1.2(b) of the organizational regulations of the board of directors of Medacta Group SA (the "**Organizational Regulations**").
- (b) Unless defined otherwise herein, capitalized terms have the same meaning as in the Organizational Regulations. In this Charter, the following capitalized terms have the following meaning:

Covered Persons	Board Members, the CEO, members of the Group Executive Management (GEM) and other employees whom the RemCo deems appropriate to cover in light of its powers and duties under this Charter.
Related Matters	<ul style="list-style-type: none"> <li>• Remuneration principles strategy and policy, including structure, instruments, funding, allocations, and pay-outs;</li> <li>• Contracts, mandates, loans and other agreements with Covered Persons;</li> <li>• Policies for business and non-business travel, entertainment and other expenses of Covered Persons, including any travel or other benefits for family or companions;</li> <li>• Remuneration governance, including appropriate processes, controls and reporting, and the alignment of Remuneration with performance and compliance;</li> <li>• Compliance by Covered Persons with the policies, rules and guidance relating to Remuneration.</li> </ul>
Remuneration	Any type of remuneration or benefits, including salaries, fees, entitlements, daily and other allowances, bonuses, pensions, sign-on payments, termination payments, special payments, and fringe benefits, whether past, current or future.

**2. MISSION**

- (a) The purpose of the Remuneration Committee is to support the Board remuneration matters by exercising the duties assigned to it under the Articles of Association, the Organization Regulations, this RemCo Charter ("**Charter**") and applicable laws and regulations. In particular, the RemCo shall support the Board in (i) establishing and reviewing the compensation strategy of the Group, (ii) pre-

paring the proposals to the shareholders' meeting regarding the compensation of the Board and the Group Executive Management, and (iii) performing such other duties as set forth in the Articles of Association, the Organizational Regulations and this Charter.

- (b) In carrying out its duties under this Charter, the RemCo shall be guided by the principle that the Company's remuneration system shall be designed and operated to:
  - (i) be consistent with sound financial, performance management, compliance, and governance principles, as well as applicable laws and regulations;
  - (ii) attract, motivate and retain world-class talent.
- (c) The RemCo consists of at least two Board Members. The chairman of the RemCo shall be independent. The members of the RemCo are elected annually and individually by the AGM for a one-year period until the next AGM. One member of the RemCo will be appointed as chairman of the RemCo by the Board in accordance with clause 2.1.1(b)(ii) of the Organizational Regulations.
- (d) Each member of the RemCo shall have the necessary qualifications, skills, experience and time in order to be able to effectively fulfil its duties as member of the RemCo.

### **3. DUTIES, RESPONSIBILITIES AND AUTHORITY**

- (a) The RemCo shall have the following duties in accordance with in the Articles of Association:
  - (i) make proposals to the Board regarding the compensation structure for the Group pursuant to the principles set forth in the Articles of Association;
  - (ii) make proposals to the Board regarding the determination of compensation-related targets for the Group Executive Management and other members of senior management;
  - (iii) make proposals to the Board regarding the approval of the individual compensation of the Board, Group Executive Management and other Covered Persons, including, where applicable, their further terms of employment and titles;
  - (iv) make proposals to the Board regarding the maximum aggregate fixed and variable remuneration amount for the Board and Group Executive Management respectively to be submitted for shareholder approval;



- (v) make proposals to the Board regarding amendments to the Articles of Association with respect to the compensation scheme of members of the Group Executive Management;
  - (vi) make proposals to the Board regarding additional activities of the members of the Group Executive Management; and
  - (vii) undertake such further duties and responsibilities as provided for in the Articles of Association, the Organizational Regulations or the law.
- (b) In addition to the matters referred to above, the RemCo shall provide the Board with
- (i) a yearly report on the activities of the RemCo;
  - (ii) a report on individual remuneration amounts paid to Covered Persons including a breakdown of remuneration elements;
  - (iii) a review of the remuneration process on an annual basis;
  - (iv) any other extraordinary remuneration related matters as deemed appropriate by the RemCo.
- (c) The RemCo may further perform such other tasks in relation to Remuneration and Related Matters as deemed appropriate in view of its duties under this Charter, the Organizational Regulations, the Articles of Association, and applicable law and regulations. In particular, the RemCo shall oversee the overall Remuneration approach of the Group and all aspects of the Remuneration to Covered Persons and Related Matters as set out in this Charter.
- (d) The RemCo shall conduct its duties in a manner mindful of the responsibilities of the RemCo, the Board, the Audit and Finance Committee and the Company's management. In the event of a conflict between the RemCo's recommendations and the resolutions of the Board, the Board must, if so requested by the RemCo, include in its meeting minutes a summary of the relevant recommendations of the RemCo and the reasons for not adopting such recommendations.
- (i) be informed in advance of any matter bearing on its areas of responsibility that comes before the Board or the General Meeting, and to provide its Input thereto;
  - (ii) request and receive reports from the Group Executive Management on matters which the RemCo deems necessary to perform its duties and responsibilities;
  - (iii) have unrestricted access to all data, documents and records of the Company which the RemCo deems necessary to perform its duties and responsibilities;

- (iv) have unrestricted access to the Group Executive Management, Board members, consultants, employees, and relevant providers of services to the Company, all of whom shall cooperate fully with the RemCo and answer promptly and fully any questions submitted by the RemCo and attend any meetings as requested by the RemCo;
  - (v) organize itself and its work in the manner it deems appropriate, consistent with the Articles of Association, the Organizational Regulations and this Charter, including establishing subcommittees or working groups;
  - (vi) bring any matter at its sole discretion to the attention of the Board and may present reports to the Board regarding its work and any issues related to it.
- (e) The RemCo may retain the services of independent counsel and other advisers as deemed appropriate, to request full and detailed information for any party within the Group or from the external auditor, and to conduct or authorize investigations (including inspection of any relevant documents) into any matters within the scope of its duties.

#### **4. MEETINGS AND REPORTING**

- (a) The RemCo shall meet 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 or any RemCo member.
- (b) RemCo meetings shall be convened by the chairman of the RemCo. Meetings of the RemCo will be chaired by the chairman of the RemCo or in his absence by another member elected as chairman of the day by the present members.
- (c) The RemCo may invite to meetings and shall communicate periodically with the CEO, the CFO and the Head HR, as well as such other persons as the RemCo deems appropriate.
- (d) Unless specifically stated otherwise in this Charter, the organizational rules applicable to Board meetings as set out in clause 2.1.2 (Meetings, Calling of Meetings and Agenda), 2.1.3 (Quorum, Passing of Resolutions and Minutes), and 2.1.4 (Information and Reporting) of the Organizational Regulations apply by analogy to meetings of the RemCo.

#### **4.2 MISCELLANEOUS**

- (a) The RemCo shall annually:
  - (i) review its own performance and assess whether it is functioning effectively and efficiently;

- (ii) review and reassess the adequacy of the provisions applicable to it; and
  - (iii) take or propose the Board to take, the appropriate measures to cure any deficiencies detected and to implement possible improvements.
- (b) The RemCo shall ensure that it has appropriate timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
- (c) Unless provided specifically otherwise in this Charter, Clauses 9.2 (Confidentiality, Return of Documents, 9.3 (Conflicts of Interest), and 9.4 (Other Offices or investments) of the Organization Regulations shall apply by analogy.
- (d) In case of any conflict between this Charter on the one hand and the Articles of Association, the Organizational Regulations or any applicable laws or regulations on the other hand, the latter prevail.

Approved upon recommendation of the RemCo by the Board on the date set forth on the cover page with immediate effect.

**Annex 4: ARC Charter**

*(Separate document)*

**Annex 4 of the Organizational Regulations**

**CHARTER  
OF  
THE AUDIT AND RISK COMMITTEE (ARC)  
OF  
THE BOARD OF DIRECTORS OF MEDACTA GROUP SA**

**Version 19 July 2021**

## 1. BASIS

This charter (the "**Charter**") of the Audit and Risk Committee has been adopted as set forth in clause 1.2(b) of the organizational regulations of the board of directors of Medacta Group SA (the "**Organizational Regulations**"). Unless defined otherwise herein, capitalized terms have the same meaning as in the Organizational Regulations.

## 2. MISSION

- (a) The purpose of the Audit and Risk Committee is to support the Board in fulfilling its responsibilities defined by applicable law, the Articles of Association, this Charter and other applicable laws and regulations with respect to matters involving the financial and risk management aspects of governance of the Company and the Group.
- (b) In particular, the ARC shall support the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the Investment community and other relating to (i) the integrity of the Company's and Group's financial statements, (ii) the effectiveness of the internal control over financial reporting of the Company and the Group, (iii) the compliance by the Company and the Group with legal and regulatory requirements, (iv) the independent auditor's qualification and independence, (v) the performance of the Company's and Group's external auditors, and (vi) the effectiveness of the Company's and Group's risk management, compliance and quality assurance systems and processes.
- (c) The ARC shall consist of at least two members appointed by the Board. The Chairman of the ARC shall be independent. The members of the ARC shall have the necessary qualifications and skills and shall possess financial literacy and keep themselves up to date regarding risk management best practices.

## 3. DUTIES, RESPONSIBILITIES AND AUTHORITY

The ARC has the following roles and responsibilities:

- (a) assessment of 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 other 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;

- (b) 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;
- (c) assessing the work performed by the external auditors and approving the budget for auditing fees;
- (d) reviewing the external audit reports with the external auditors, and issuing the necessary applications and recommendations to the Board;
- (e) pre-approving any necessary non-audit specific services provided by the external auditors;
- (f) examining, reviewing and approving the Company's accounting policies and changes thereto, as well as monitoring compliance with such accounting policies;
- (g) 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 Committee shall review (including the review from the external auditors): (i) the Company's selection or application of accounting principles and the adequacy and effectiveness of internal control over financial reporting, (ii) significant financial reporting issues and judgments applied by management, (iii) effects of significant regulatory and accounting initiatives, and (iv) the completeness and clarity of the disclosures in the financial statements;
- (h) reviewing and approving all related-party transactions required to be disclosed;
- (i) reviewing and discussing earnings press releases, as well as financial information and earnings guidance provided to analysts, the investment community and rating agencies;
- (j) 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;
- (k) 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;
- (l) reviewing the Company's tax planning and tax compliance processes, including the design and implementation of transfer pricing guidelines;

- (m) 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;
- (n) reviewing the Company's insurance programs;
- (o) 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;
- (p) review of the Group's short-term incentive and long-term incentive targets, calculations and adjustments; and
- (q) generally assessing the yearly business expenses of the members of the Group Executive Management.

The ARC may retain the services of independent counsel and other advisers as deemed appropriate, to request full and detailed information for any party within the Group or from the external auditor, and to conduct or authorize investigations (including inspection of any relevant documents) into any matters within the scope of its duties.

#### **4. MEETINGS AND REPORTING**

- (a) The ARC shall meet 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 or any ARC member. The ARC shall further meet upon request of the Compliance Officer.
- (b) ARC meetings shall be convened by the chairman of the ARC. Meetings of the ARC will be chaired by the chairman or in his absence by another member elected as chairman of the day by the present members.
- (c) The ARC may invite to meetings and shall communicate periodically with the CEO, the CFO, the Compliance Officer, and the external auditor as well as such other persons as the ARC deems appropriate.
- (d) Unless specifically stated otherwise in this Charter, the organizational rules applicable to Board meetings as set out in clause 2.1.2 (Meetings, Calling of Meetings and Agenda), 2.1.3 (Quorum, Passing of Resolutions and Minutes), and 2.1.4 (Information and Reporting) of the Organizational Regulations apply by analogy to meetings of the ARC.

#### **4.2 MISCELLANEOUS**

- (a) The ARC shall annually:



- (i) review its own performance and assess whether it is functioning effectively and efficiently;
  - (ii) review and reassess the adequacy of the provisions applicable to it; and
  - (iii) take or propose the Board to take, the appropriate measures to cure any deficiencies detected and to implement possible improvements.
- (b) The ARC shall ensure that it has appropriate timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
- (c) Unless provided specifically otherwise in this Charter, Clauses 9.2 (Confidentiality, Return of Documents, 9.3 (Conflicts of Interest), and 9.4 (Other Offices or investments) of the Organization Regulations shall apply by analogy.
- (d) In case of any conflict between this Charter on the one hand and the Articles of Association, the Organizational Regulations or any applicable laws or regulations on the other hand, the latter prevail.

Approved upon recommendation of the ARC by the Board on the set forth on the cover page with immediate effect.