



# **Organizational Regulations of Zur Rose Group AG, based in Steckborn**

**Approved by the Board of Directors  
on 16 May 2017**



## 1. Basic Principles

<sup>1</sup> These Regulations are issued pursuant to Art. 716a and Art. 716b of the Swiss Code of Obligations (CO) and to Art. 16, 19 and 22 et seq. of the Articles of Association of Zur Rose Group AG (“the Company”) dated 29 May 2017.

<sup>2</sup> They govern the duties and powers of the following corporate bodies, committees and officers of the Company:

- the Board of Directors
- the Chairman of the Board of Directors
- the Vice Chairman of the Board of Directors
- Committees of the Board of Directors
- the Executive Director / Chief Executive Officer (CEO)
- the Group CFO
- the Group Management as a body
- any member of the Group Management
- Internal Auditing

## 2. Management Principles

### 2.1 Group Management

If the Company directly or indirectly controls other companies, either contractually or by holding the majority of the voting rights (“Group companies” – the Company and a Group company together forming “the Group”), the executive officers of the Company shall concurrently exercise the function of the Group Management.

### 2.2 Principle of Authority

<sup>1</sup> Every business unit and corporate body covered by these Regulations shall have all the powers necessary to make appropriate decisions within the areas of responsibility assigned to them as set out in the Organizational Regulations and function chart.

<sup>2</sup> Insofar as business units and functional areas work together within a matrix, they shall coordinate their actions in good time and irrespective of their hierarchical positions. In the



event of any differences or disagreements, the next escalation level shall be the functional supervisor<sup>1</sup> of the head of the functional area.

### 2.3 Reservation of Powers

All corporate bodies (with the exception of the General Meeting of Shareholders), committees and officers may at any time, either on a case-by-case basis or under a general reservation of powers, intervene in the duties and powers of corporate bodies that are hierarchically subordinate to them and take charge of affairs being conducted by such bodies.

## 3. Board of Directors

### 3.1 Constitution

<sup>1</sup> The Board of Directors shall elect a Vice Chairman from among its members at its first meeting following the General Meeting of Shareholders at which elections took place.

<sup>2</sup> It shall appoint a secretary, who need not be a member of the Board of Directors.

### 3.2 Meetings and Resolutions

<sup>1</sup> The Board of Directors shall meet as often as is deemed necessary or if a member requests this in writing.

<sup>2</sup> Meetings of the Board of Directors shall be convened by the Chairman or, should he be prevented from doing so, by the Vice Chairman or by the oldest member of the Board of Directors. Meetings of the Board of Directors and its Committees may also be held by telephone conference, videoconference or Internet conference. Meetings shall be convened in writing, with details of the agenda items.

<sup>3</sup> Meetings shall be presided over by the Chairman or – should he be prevented from doing so – by the Vice Chairman. If both the Chairman and Vice Chairman are unable to attend, the oldest member of the Board of Directors shall chair a meeting.

<sup>4</sup> The Board of Directors shall constitute a quorum if the majority of its members are present. Participation by telephone, video or Internet shall equate to attendance in person.

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<sup>1</sup> Or the disciplinary supervisor if there is no functional supervisor (e.g. for members at Group Management level).



<sup>5</sup> No quorum shall be required if solely the completion of a share capital increase is to be ascertained and the subsequent amendment to the Articles of Association is to be resolved.

<sup>6</sup> The Board of Directors shall pass its resolutions by a simple majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote.

<sup>7</sup> Resolutions may be passed by circular letter unless a member requests a verbal consultation. Resolutions passed by circular letter shall be included in the next minutes.

<sup>8</sup> Minutes shall be kept of the proceedings and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the secretary.

<sup>9</sup> In order to perform its duties, the Board of Directors may engage the services of external advisers or professionals at the Company's expense and invite them to attend its meetings.

### 3.3 Duties and Powers

<sup>1</sup> The Board of Directors shall be responsible for the ultimate management of the Company and overseeing the management of business.

<sup>2</sup> In particular, the Board of Directors shall have the following duties:

- a) ultimate management of the Company, including the definition of medium- and long-term strategies and planning priorities together with the guidelines for corporate policy, and the issuance of the necessary instructions;
- b) establishment of the underlying organization, in particular the issuance of Organizational Regulations;
- c) decisions on transactions of key strategic significance;
- d) appointment and dismissal of the persons entrusted with the management and representation of the Company, in particular the Executive Director and CEO, the members of the Group Management and the Head of Internal Auditing, as well as the granting of signature powers;
- e) ultimate supervision of the corporate bodies entrusted with the management of the Company, in particular in terms of compliance with laws, the Articles or Association, regulations, terms of reference and directives;
- f) preparation of the annual report and the compensation report, as well as preparation of the General Meeting of Shareholders and implementation of its resolutions;
- g) notification of the judge if liabilities exceed assets;



- h) adoption of resolutions on the increase of the share capital, to the extent that such power is vested in the Board of Directors (CO 651 IV), as well as the ascertainment of capital increases and the respective amendments to the Articles of Association;
- i) approval of the annual budget.

<sup>3</sup> The Board of Directors shall delegate all other areas of management in full to the Executive Director and CEO and to the Group Management as set out in these Regulations, unless otherwise provided by statutory legal provisions or the Articles of Association.

### 3.4 Information and Reporting

<sup>1</sup> Each member of the Board of Directors may seek information about all affairs relating to the Company.

<sup>2</sup> At each meeting, the Board of Directors shall be briefed by the Executive Director and CEO, and by other members of the Group Management if so directed by the Chairman or the Executive Director and CEO, on current business performance and significant business events. Any extraordinary events shall be notified immediately to the members of the Board of Directors in writing by the Executive Director and CEO.

<sup>3</sup> Outside meetings, each member of the Board of Directors may, through the Chairman, seek information about business performance from the Executive Director and CEO and from other members of the Group Management.

### 3.5 Compensation

<sup>1</sup> The Board of Directors shall determine the amount of fixed compensation to be paid to its members, plus any performance-related compensation as provided in separate compensation regulations, within the bounds of the statutory legal provisions and Articles of Association and subject to approval by the General Meeting of Shareholders.

<sup>2</sup> The compensation of the Executive Director and CEO shall be laid down in a separate employment contract.

### 3.6 Additional Mandates

<sup>1</sup> The maximum permissible number of additional mandates held by the members of the Board of Directors shall be governed by Art. 29 of the Articles of Association.



<sup>2</sup> Each new member of the Board of Directors to be proposed to the General Meeting of Shareholders for election shall provide the Board of Directors with a list of additional mandates he/she holds in other companies and organizations in good time, i.e. before the agenda items and nominations for the General Meeting of Shareholders are published as required by law. The Chairman of the Board of Directors shall determine whether the additional mandates are compatible with the candidate's future services to the Company.

<sup>3</sup> The acceptance of an additional mandate in another company during a member of the Board of Directors' term of office shall be subject to prior approval by the Chairman of the Board of Directors or, in the case of additional mandates of the Chairman of the Board of Directors, to the approval of the majority of the other members of the Board of Directors. Such approval may only be withheld in justified cases. Justified cases shall in particular include:

- a) a clear conflict of the mandate with the Group's interests;
- b) any excessively high reputational risks associated with the mandate that would cause considerable damage to the Group should they arise; or
- c) the time taken up by the mandate if it compromises or prevents the proper performance of the duties as a member of the Group's Board of Directors.

#### 4. Chairman and Vice Chairman of the Board of Directors

<sup>1</sup> The Chairman of the Board of Directors shall have the following duties and powers:

- a) convening, setting the agenda, preparing and chairing meetings of the Board of Directors.
- b) preparing and monitoring the implementation of the resolutions of the Board of Directors, in consultation with the Executive Director and CEO;
- c) supervising the Group's business performance and the activities of the Group Management on an ongoing basis; and
- d) coordinating the work of the Committees of the Board of Directors and ensuring that the Board of Directors operates as an integrated, cohesive body. The Chairman of the Board of Directors shall receive all notices and minutes of Committee meetings and be entitled to attend such meetings.

<sup>2</sup> Should the Chairman be unable to attend, his functions shall be performed by the Vice Chairman of the Board of Directors.



## 5. Committees of the Board of Directors

### 5.1 In General

<sup>1</sup> The Compensation Committee and the Audit Committee shall be standing Committees of the Board of Directors.

<sup>2</sup> The Board of Directors may resolve to establish (and dissolve) additional committees and entrust them with certain responsibilities and project-related tasks. The role of the Committees shall be restricted to the preparation of decision-making criteria for the attention of the Board of Directors.

<sup>3</sup> The composition, organization, powers and duties of the individual Committees shall be defined by the Board of Directors in appropriate Committee Terms of Reference, unless they are prescribed by the Articles of Association or a resolution of the General Meeting of Shareholders.

<sup>4</sup> The chairmen of the Committees shall keep the Board of Directors informed of their activities at the next ordinary meeting of the Board of Directors or, in urgent cases, immediately.

<sup>5</sup> In order to perform their duties, the Committees may engage the services of external advisers or professionals at the Company's expense and invite them to attend their meetings.

<sup>6</sup> The chairman of each Committee shall convene meetings, set the agenda and ensure that minutes are kept of the proceedings and resolutions.

### 5.2 Compensation Committee

The Compensation Committee shall comprise three members of the Board of Directors. It shall support the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and Group Management. It may submit proposals to the Board of Directors on other compensation issues and shall assist it in matters relating to the nomination and promotion of members of the first and second management levels.



### 5.3 Audit Committee

The Audit Committee shall comprise three members of the Board of Directors. It shall assist the Board of Directors in overseeing the management of the business, in particular in its non-delegable duties of ultimate supervision and financial control (Art. 716a CO), as well as in the preparation of the annual report and financial statements, by forming its own judgement of the organization and operation of the internal and external control systems, as well as the financial report.

## 6. Executive Director and CEO

<sup>1</sup> The Board of Directors shall appoint the Executive Director and CEO from among its members. The Board of Directors shall delegate the management of the Group in full to the Executive Director and CEO, unless otherwise provided by statutory legal provisions, the Articles of Association or these Regulations. The Executive Director and CEO shall also serve as chairman of the Group Management.

<sup>2</sup> In particular, the Executive Director and CEO shall have the following duties:

- a) initiating and implementing the Group's strategic objectives, to be determined by the Board of Directors, and allocating the necessary material and human resources;
- b) leading and supervising the executives reporting directly to him and leading, supervising and coordinating the members of the Group Management;
- c) convening, preparing and chairing Group Management meetings;
- d) taking decisions when business units or functional areas have conflicting interests;
- e) keeping the Chairman and members of the Board of Directors informed about the Group's business performance;
- f) directing the business with a view to achieving the budget approved by the Board of Directors.

<sup>3</sup> The Executive Director shall receive all notices and minutes of meetings of the Committees of the Board of Directors and be entitled to attend such meetings.

## 7. Chief Financial Officer (CFO)

<sup>1</sup> The Board of Directors shall appoint a CFO at the request of the Executive Director and CEO.





<sup>2</sup> The CFO shall be responsible for the Group's finances and administration and, in this role, be responsible for implementing and overseeing the execution of the policies and guidelines set by the Board of Directors for the Group's financial planning, accounting and financial controls, and in particular for ensuring adequate financing of the Group and establishing the necessary control mechanisms, including risk management.

<sup>3</sup> The CFO shall be authorized to issue instructions to the other members of the Group Management, with the exception of the Executive Director and CEO, concerning the implementation of the Board of Directors' resolutions and the Executive Director's instructions in respect of his area of responsibility.

<sup>4</sup> Unless otherwise specified, the CFO shall act as deputy to the CEO.

## 8. Group Management

### 8.1 Composition and Responsibilities

<sup>1</sup> The Group Management shall be comprised of the Executive Director and CEO, the CFO and the other members of the Group Management responsible for the business units and/or functional areas determined by the Board of Directors. The other members of the Group Management shall be appointed by the Board of Directors at the proposal of the Executive Director and CEO.

<sup>2</sup> The Group Management, under the leadership of the Executive Director and CEO, shall coordinate the Group's operational activities and its business units and functional areas as set out in the organizational structure and function chart, both of which shall be defined by the Board of Directors at the request of the Executive Director and CEO.

<sup>3</sup> The individual members of the Group Management shall perform their duties in the Group Management by exercising their right to have a voice and submit motions, and by exercising the right to request that an item of business be dealt with.

### 8.2 Additional Mandates

<sup>1</sup> The maximum number of additional mandates permitted shall be governed by Art. 29 of the Articles of Association.

<sup>2</sup> The members of the Group Management shall only be permitted to accept additional mandates and public functions or conduct other business on their own account or for the



account of a third party with the approval of the Board of Directors. Approval shall be at the discretion of the Board of Directors, which shall in particular consider whether the acceptance of additional mandates by the Group Management member concerned may be in the Group's interest or be of direct or indirect benefit to it.

## 9. Individual Members of the Group Management

<sup>1</sup> The areas of responsibility of the individual members of the Group Management shall be determined by the organizational structure and function chart defined by the Board of Directors, and those of the Delegate and CEO and the CFO also by these Organizational Regulations.

<sup>2</sup> The members of the Group Management shall be individually responsible for the areas of responsibility assigned to them.

<sup>3</sup> In particular, the individual members of the Group Management shall have the following duties:

- a) achieving the targets set within their business units and/or functional areas;
- b) preparing and assuming responsibility for the budget for their business units and/or functional areas;
- c) reporting to the Executive Director and CEO on business performance and all significant business events in their business units and/or functional areas.

## 10. Internal Auditing

### 10.1 Appointment, Reporting

<sup>1</sup> The Head of Internal Auditing shall be appointed by the Board of Directors at the proposal of the Executive Director and CEO. The members of the Internal Auditing team or any external resources regularly used shall be approved by the Executive Director and CEO.

<sup>2</sup> The Head of Internal Auditing shall report to the Executive Director and CEO in disciplinary matters.



<sup>3</sup> Any serious findings during internal audits shall be reported immediately to the CEO and Executive Director, the Chairman of the Board of Directors and the chairman of the Audit Committee by the Head of Internal Auditing.

## 10.2 Duties and Rights of Inspection

<sup>1</sup> Internal Auditing shall conduct operational and system reviews and assist the Group's organizational units in regulating, improving and assuring the effectiveness of their risk management and internal control processes. Internal Auditing shall coordinate its work as far as possible with the external Auditors.

<sup>2</sup> The Audit Committee shall discuss the annual audit plan with Internal Auditing once a year in advance and receive reports on the key findings and actions taken. The decision about the annual audit plan shall rest with the Board of Directors.

<sup>3</sup> The Board of Directors may entrust Internal Auditing with special audits, internal investigations or other tasks extending beyond the regular activities of Internal Auditing.

<sup>4</sup> Internal Auditing and any third parties engaged by it shall have unlimited rights of access to information and records in performing their duties.

## 11. Final Provisions

### 11.1 Signature Powers

Any two members of the Board of Directors shall be authorized to sign jointly. All other authorized representatives of the Company and its Group companies shall also sign jointly with one other authorized signatory. The Board of Directors may issue regulations on the signature powers of the members of the Group Management. The Board of Directors shall authorize the Group Management to specify the signature powers of the other employees.

### 11.2 Abstention

Members of the Board of Directors and Group Management shall be obliged to abstain from voting on any matters relating to them or in which they have a personal interest and on any that involve or affect persons closely associated with them.



### 11.3 Confidentiality

<sup>1</sup> The members of the Board of Directors and Group Management shall be obliged to treat confidentially all information and documents that they have received or had access to in their capacity as members of corporate bodies of the Company or its Group companies and neither to disclose them to any third parties nor to enable their use for any purpose outside the Company or its Group companies.

<sup>2</sup> Upon termination of their service as members of corporate bodies of the Company, they shall be obliged to return all documents relating to the Company or its Group companies to such companies.

### 11.4 Amendments

These Regulations may be amended by the Board of Directors at any time upon a simple majority vote.

### 11.5 Effective Date, Implementing Provisions

These Organizational Regulations were approved by the Board of Directors on 16 May 2017. They shall take effect on the first trading day of the Company's shares on the SIX Swiss Exchange, and shall on that date supersede the previous regulations dated 26 November 2013.

On behalf of the Board of Directors of Zur Rose Group AG

Prof. Stefan Feuerstein  
Chairman of the Board of Directors

Walter Oberhänsli  
Executive Director and CEO



## Appendices to the Organizational Regulations

- Function chart
- Terms of Reference of the Compensation Committee
- Terms of Reference of the Audit Committee