



Terms of Reference of the Audit Committee of Zur Rose Group AG (“Company”), Steckborn

(Appendix to the Organizational Regulations)



1. Objectives and Purpose of the Audit Committee (AC)

¹ The AC shall be appointed by the Board of Directors to assist it 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 (including dividend policy) within the framework of corporate governance, by forming its own judgement of the organization and operation of the internal and external control systems, as well as the financial report of the Group (comprising the Company and all other companies directly or indirectly controlled by it, either contractually or by holding the majority of the voting rights).

² The AC shall be established as a standing committee. Its role shall be exclusively advisory and supervisory, and shall include the preparation of resolutions. The decision-making authority of the full Board of Directors shall remain unaffected. The AC shall not appoint any subcommittees.

³ The main duties and responsibilities of the AC in relation to the Group as a whole shall be to independently and objectively:

- monitor the integrity of financial reporting, in particular with respect to finance and accounting;
- review the processes and guidelines relating to the risk and control environment with respect to finance, accounting and compliance;
- monitor the independence and performance of the Auditors;
- review the financing and treasury strategy;
- ensure efficient communication between the Auditors and the Group Management.

⁴ The AC shall be entitled to conduct, or have conducted, any investigation appropriate to perform its duties. It shall have direct access to the external Auditors and to all employees and corporate bodies within the Group, and shall have unlimited rights of access to information and records. Upon a resolution by the full Board of Directors, the AC may engage the services of finance and accounting professionals or other advisers or specialists at the Company's expense in order to perform its duties.



2. Composition, Meetings and Resolutions of the Audit Committee (AC)

The AC shall comprise three non-executive members of the Board of Directors. All members of the AC must have business management skills. The members and chairman of the AC shall be appointed by a resolution of the full Board of Directors for a term of one year, or until the next Annual General Meeting of Shareholders, whichever is shorter.

² The AC shall meet at least twice a year (for preliminary discussion of the annual and half-yearly financial statements) and at such other times as required and may be requested by any member of the AC.

³ The AC shall involve the Executive Director and CEO, and the CFO regularly and in a timely manner in its discussions and considerations. In addition to the members of the AC, the Executive Director and CEO, the CFO and, at the request of the AC, the Head of Internal Auditing shall regularly attend the meetings of the AC.

⁴ The AC shall only constitute a quorum if all members are present. Resolutions shall require a simple majority of the votes cast. In the event of a tie, the chairman of the AC shall have the casting vote.

3. Responsibilities and Duties of the Audit Committee (AC)

3.1 Review of Financial Reporting

¹ Company and consolidated financial statements and any interim financial statements intended for publication shall be critically reviewed by the AC before publication. This review shall include discussion of the financial statements with the Group Management and the external Auditors, in particular in respect of significant issues of accounting policies (in particular their compliance with the applicable reporting standards), estimates and other judgements.

² After consultation with the Group Management and external Auditors, the integrity of the Group's financial reporting shall be reviewed. This shall include discussion and assessment of any significant operational or financial risks and the steps the Group Management has taken to monitor, control and report on them. This shall also include a review of any significant findings by the external Auditors.



³ The information to be provided to the AC shall be coordinated through the chairman of the AC in consultation with the CFO.

⁴ The duty of the Executive Director and CEO, and the CFO to provide information shall in particular also include any significant financial measures and transactions that are not covered by the regular reporting, as well as any justified suspicion of a breach of trust, embezzlement or fraud, including actions initiated by the management.

⁵ The members of the AC shall be aware of the special significance of the duty of confidentiality in the course of their activity.

⁶ The chairman of the AC shall report regularly on the activity of the AC to the full Board of Directors at the next meeting of the Board of Directors. Unless he is a member of the AC, the Chairman of the Board of Directors shall always receive a copy of the minutes of each meeting immediately after they are completed.

3.2 Review of the Financing and Treasury Strategy, and Borrowing Agreements

The AC shall periodically review the financing and treasury strategy, borrowing agreements and compliance with covenants.

3.3 External Auditors

¹ The external Auditors shall report to the AC, Board of Directors and General Meeting of Shareholders.

² In this context, the AC shall in particular have the following duties:

- a) to review the professional qualifications of the state-supervised audit firm;
- b) to approve the fees and review the performance of the Auditors and on that basis make annual recommendations to the Board of Directors to propose the reappointment or change in appointment of Auditors to the General Meeting of Shareholders;
- c) to review the independence of the Auditors and, at least annually, assess all relationships between the Group and the Auditors that could potentially impair the Auditors' independence;
- d) to review the Auditors' audit plan and discuss, in particular, the scope and nature of the audits, staffing, reliance upon management, and the general audit approach.
- e) to discuss the quality and appropriateness of the accounting policies adopted (in particular whether they are more conservative or aggressive) with the Auditors.



3.4 Internal Auditing

¹ The AC shall discuss with the Executive Director and CEO, the CFO and the Head of Internal Auditing, the effectiveness, functioning and appropriateness of the internal audit system, including any changes necessary. The Executive Director and CEO, and the CFO shall report to the AC on the actions taken to remedy any failings or weaknesses that have been identified in the system and to implement appropriate changes.

² Furthermore, the AC shall receive the annual audit plan from 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.

3.5 Additional Duties

The AC shall perform the following additional duties:

- a) reviewing the effectiveness and adequacy of the risk management and compliance procedures;
- b) reviewing the measures taken to prevent insider trading and the principles relating to the release of potentially price-sensitive information (ad hoc publicity);
- c) reviewing the measures taken to comply with stock exchange reporting requirements (regular reporting obligations) and the rules on disclosure of management transactions and disclosure of shareholdings;
- d) periodically assessing its own activities;
- e) regularly reviewing and revising these Terms of Reference (subject to the Board of Directors' approval of any amendments);
- f) periodically reviewing the Group's financial management and succession planning.

These Terms of Reference 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, superseding the Terms of Reference dated 10 March 2005.