

## Organisational Regulations of Gurit Holding AG

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### 1. **Preamble**

Gurit Holding AG (hereinafter the "**Company**") is the parent company of a group of industrial and trading entities which it either directly or indirectly controls (hereinafter "**Group**"). The Company's predominant purpose is the management of the Group, the procurement and allocation of financial resources as well as the training and promotion of members of the management.

These regulations are based on § 18 para. 2 of the articles of association of the Company as well as on Art. 716b para. 1 of the Swiss Code of Obligations (CO) and is oriented towards the guidelines and recommendations which are set out in the "Swiss Code of Best Practice for Corporate Governance" (status July 2002) of Economiesuisse.

### 2. **Executive Bodies of the Company**

The executive bodies of the Company are:

- a) Board of Directors;
- b) Chairperson of the Board of Directors;
- c) Committees of the Board of Directors;
- d) Chief Executive Officer (hereinafter "**CEO**");
- e) Executive Committee and
- f) other management bodies.

## Section 1: General Provisions

### 3. **Conflicts of Interests**

The members of the Board of Directors and of the Executive Committee may, within the limits of the legal framework and the articles of association of the

Company, hold offices in other legal entities. Each member of the Board of Directors or of the Executive Committee must organize his or her personal and business affairs in such a way that avoids conflicts of interests with other companies and the Group, respectively.

In case of a conflict of interests, the affected member of the Board of Directors or of the Executive Committee shall inform the Chairperson of the Board of Directors (and, in case of the Chairperson, the whole Board of Directors). The Board of Directors takes appropriate measures without participation of the relevant person.

Whoever has conflicting interests with the Company or the Group or is representing such interests of third parties abstains from voting. A person who is in a permanent conflict of interest may neither be a member of the Board of Directors nor of the Executive Committee.

Business transactions between the Company and the members of corporate bodies or persons or enterprises with whom they have close relations are governed by the at arms' length principle; they are to be approved with the relevant person abstaining from vote. If necessary, a neutral assessment shall be arranged.

#### **4. Measures for the Prevention of Insider Dealings**

During critical periods, e.g. in connection with acquisition projects, prior to media conferences or prior to the announcement of financials, the Board of Directors puts in place suitable measures (e.g. blocking periods) with respect to purchases and sales of shares in the Company or of other sensitive values.

#### **5. Confidentiality**

It is the obligation of each member of the Board of Directors or of the Executive Committee not to disclose to third parties any facts regarding the Company and the Group which came to his or her attention in performance of his or her duties, insofar as such information has not been publicly disclosed by the Company or otherwise made public with the consent of the Company. The non-disclosure obligation continues even after termination of the mandate. Files which contain

information that is subject to the non-disclosure obligation are to be returned to the Company or demonstrably destroyed at the time the mandate ends.

**6. No Substitution of Members**

A member of the Board of Directors or of the Executive Committee who cannot attend a meeting of the relevant corporate body can neither be represented by another member nor by any other person.

**7. Invitation; Attendance Quorum**

Except for urgent matters, the invitations to the meetings are to be sent to the members of the Board of Directors, the Committees of the Board of Directors and the Executive Committee at least one week prior to the date of the meeting, stating the agenda items.

Each member of the Board of Directors, the Committees of the Board of Directors and the Executive Committee may request the convocation of a meeting for a specific purpose or the inclusion of a specific matter in the agenda.

The Board of Directors or the Committees of the Board of Directors constitute a quorum if at least the majority of the duly elected or appointed members are present, except as otherwise provided for in these regulations. No quorum is required to only declare the completion of a capital increase and approve the subsequent amendment of the articles of association.

**8. Resolutions**

Resolutions of the Board of Directors and of the Committees of the Board of Directors require the majority of the votes cast or the majority of the votes of all members if they are taken by way of circulation. In case of a tie vote, the member who is the chairperson of the meeting has the deciding vote.

The participation in discussions and the taking of resolutions may also take place by phone, video conference or other suitable interactive communication means.

Resolutions may also be taken by written consent to a written proposal (circular resolutions) if no member of the respective corporate body requests oral consultation.

**9. Secretary; Minutes**

The Board of Directors and the Committees of the Board of Directors appoint a secretary, who need not be a member of the respective corporate body. The secretary keeps the minutes recording all proposals and resolutions. The minutes shall further include summary statements of relevant discussions.

**10. Participation of Non-Members**

Persons who are not members of the Board of Directors may attend the meetings upon invitation by the chairperson. These persons may not participate in the decision making.

**11. Age Limit for Members of the Board of Directors**

The term of office of a member of the Board of Directors usually ends at the latest on the day of the annual general meeting which follows the completion of the age of 72.

**12. Group**

In order to secure the operation of the Group's business as well as to comply with various legal and regulatory provisions in the interest of the shareholders, the Board of Directors of the Company supervises the Group's business; if necessary and appropriate, the Board of Directors coordinates the Group's business by means of general regulations as well as with other support.

The Board of Directors of the individual Group companies (hereinafter "**Group Companies**") are usually composed of the members of the Executive Committee and the employees who are entrusted with the management of the respective Group Company.

## Section 2: Board of Directors and Chairperson

### 13. Duties of the Board of Directors

The Board of Directors resolves on all business matters which are not reserved or delegated to the general meeting of the shareholders or other executive bodies of the Company by operation of law, based on the articles of association or due to these regulations. The duties and competences relate to the Company and, within the meaning of clause 11 of these regulations, also to the Group.

In particular, the Board of Directors has the following duties and competences:

- a) Overall management of the Company, namely
  - The determination and specification of the corporate strategy;
  - The acquisition and sale of shares, the incorporation and liquidation of Group Companies; and
  - The approval of real estate businesses with a value of more than CHF 500,000.--.
- b) Organisation, namely
  - The determination of the organisation to the business unit level; and
  - The determination and the enactment of the organisational regulations.
- c) Accounting system, financial control, finance planning, namely
  - The determination of the financing strategy of the Group as well as the collective procurement of funds and the borrowing of money which exceeds the framework of the operational business;
  - The structuring of the accounting system, the financial control and the finance planning as well as the decision on the long-term planning, the annual budgets and the financial statements of the consolidated accounts as well as the annual accounts of the Company;
  - The acceptance of regular reports by the CEO with respect to the course of business and the approval of the half-year accounts of the consolidated financials; and
  - The taking note of the report of the auditors.
- d) Appointment and dismissal of the persons entrusted with the management and the representation, namely
  - The appointment and dismissal of the CEO;

- The approval of the compensation policy regarding the CEO and the other members of the Executive Committee; and
  - The appointment of the authorized representatives by exclusively granting joint signing authority by two.
- e) Supervision of the persons engaged in the management, namely with respect to compliance with the laws, articles of association, regulations and instructions.
- f) Approval of the annual report as well as preparation of the general meeting and execution of its resolutions.
- g) Notification of the judge in case of over-indebtedness.

#### **14. Organisation**

The Board of Directors meets when convened by the Chairperson of the Board of Directors, generally at least four times a year. The meetings of the Board of Directors are chaired by the Chairperson and, in case of his or her prevention, by any other member appointed by the Board of Directors.

#### **15. Information**

The Board of Directors is to be informed at each meeting about the ongoing business and the more important business transactions of the Company and the Group Companies. Extraordinary events are to be immediately brought to the Board of Directors' attention.

For the fulfilment of their duties, the members of the Board of Directors have unlimited access to the books and files as well as, for information purposes, to the Executive Committee and, after consultation with the CEO, to the other employees of the Group.

#### **16. Chairperson of the Board of Directors**

The Chairperson of the Board of Directors organises and leads the administrative work. In case of need, he or she may request the assistance of the vice-chairperson (if such person has been appointed) and/or of one or two other members of the Board of Directors, who are to be determined by the Board of Directors.

#### The Chairperson of the Board of Directors

- a) takes care, in collaboration with the CEO, of the timely information of the members of the Board of Directors about all aspects which are relevant for the decision-making and the supervision of the Group;
- b) takes care that the members of the Board of Directors, to the extent possible, receive the concisely elaborated decision criteria prior to the meeting or otherwise have sufficient time during the meeting to study them carefully;
- c) represents the Board of Directors and the Group in all aspects which, due to their nature, cannot be taken care of by the Executive Committee and their subordinated management;
- d) takes care of all business which falls within the competency of the Board of Directors, which arise between the meetings of the Board of Directors, and organizes, in urgent cases, preliminary necessary measures in the name of the Board of Directors;
- e) keeps himself or herself informed in detail about the status and the future prospects of the separate business units; and
- f) takes note of the annual reports of the Group Companies and of their financial statements.

### Section 3: Committees of the Board of Directors

#### 17. Principle

The Board of Directors may form the following permanent committees:

- a) Compensation Committee; and
- b) Audit and Corporate Governance Committee.

In addition, the Board of Directors may create among its members further committees, which shall be equipped with specific tasks and competences.

## **18. Compensation Committee**

### **18.1 Composition**

The Compensation Committee is composed of at least two members of the Board of Directors, who are appointed by the general meeting from the members of the Board of Directors. Except for the appointment of the chairperson of the Compensation Committee by the Board of Directors, the Compensation Committee constitutes itself.

### **18.2 Duties**

The Compensation Committee has, inter alia, the duty to prepare the resolution of the Board of Directors regarding the compensation of the members of the Board of Directors and of the Executive Committee and to make a respective proposal with recommendations to the Board of Directors. The Board of Directors takes its resolutions based on the proposal of the Compensation Committee regarding the compensation of the members of the Board of Directors and the Executive Committee and submits these to the general meeting for approval in accordance with § 24 of the articles of association.

In addition, the Compensation Committee has the following duties:

- b) elaboration and periodical review of the compensation principles of the Gurit Group for the attention of the Board of Directors;
- c) determination of the principles for the selection of candidates for appointment to the Board of Directors or their re-appointment, respectively, and preparation of the selection in accordance with these principles;
- d) preparation of the selection of assessments of candidates for the role of the CEO;
- e) approval of the appointments to the Executive Committee;
- f) approval of the compensation system for the upper management of the Group; and

- g) approval of the general regulations for the personnel policy within the Group.

### **18.3 Principles of the Compensation Policy**

Within the framework of the total compensation of the Board of Directors and the Executive Committee approved by the general meeting, the Compensation Committee works towards the offering of total compensations by the Company which are in line with the market and the performance in order to attract and keep persons with the necessary skills and characteristics.

The compensation shall include an incentive component which is oriented towards the long-term and sustainable corporate success as well as the personal contribution thereto by the affected person.

The employment agreements of the top management shall include termination provisions which are in line with the market and protect the interests of the Company, whereby the maximal duration of the notice period for the members of the Board of Directors and the Executive Committee may not exceed twelve months. Severance payments of the members of the Board of Directors and of the Executive Committee are prohibited.

## **19. Audit and Corporate Governance Committee**

### **19.1 Composition**

The Audit and Corporate Governance Committee shall be composed of non-executive, preferably independent members of the Board of Directors who are appointed by the Board of Directors. Clause 17.1 applies for the term independent.

The members of the Audit and Corporate Governance Committee shall have experience in finance and accounting.

### **19.2 Duties**

The Audit and Corporate Governance Committee

- a) assesses the efficiency of the external audit (auditors and Group auditors) and the internal audit as well as their collaboration;
- b) assesses the functionality of the internal control system including the risk management and evaluates the status of the compliance of the rules of the Company (compliance);
- c) critically reviews the individual and the Group financials as well as the interim financials which are to be published and discusses them with the CEO, the CFO and the head of internal audit as well as, if necessary separately from them, with the head of the external audit;
- d) decides if the individual and the Group financials can be proposed to the Board of Directors for submission to the general meeting;
- e) assesses the performance and compensation of the external audit, ensures the independency and examines in particular the compatibility of the audit work with any possible advisory mandates;
- f) supervises the financial reporting within the Group;
- g) regularly examines the principles set by the Board of Director regarding Corporate Governance in order to make sure that they are still compliant with the actual situation, appropriate and adhered to; and
- h) suggests amendments of the articles of association, the organisational regulations and other internal regulations to the Board of Directors.

#### **Section 4: Executive Committee; CEO; other Management Bodies**

##### **20. Chairperson of the Executive Committee (CEO)**

The management of the Group, excluding the duties mentioned in Clause 12 and other matters which are by law, based on the articles of association or due to

these regulations within the competency of the Board of Directors, is with the CEO who is solely responsible towards the Board of Directors. In particular, the CEO has the following duties

- a) the implementation of the strategic goals and the determination of the operative focus and priorities as well as the provision of the necessary substantive and personal resources;
- b) the leadership, supervision and coordination of the other members of the Executive Committee;
- c) the convocation of meetings of the Executive Committee, their preparation as well as serving as their chair;
- d) the orientation of the Chairperson of the Board of Directors and of the Board of Directors, respectively, about the business; and
- e) the decision in case of overlapping interests of different business units and/or Group Companies.

## **21. Executive Committee**

The Executive Committee is composed of the CEO, the CFO and other members appointed by the CEO.

The Executive Committee is an advisory board; in accordance with the principle of undivided responsibility the CEO takes all decisions independently and is responsible for them.

## **22. Other Management Bodies**

The delegation of executive functions and competences to hierarchically lower bodies shall comply with the instructions which are issued by the relevant bodies.

If a Group Company has no organisational regulations, the provisions of these regulations shall apply by analogy.

## Section 5: Internal Audit

### 23. Subordination

The internal Group audit is subordinated to the chairperson of the Audit and Corporate Governance Committee with respect to control and to the CFO with respect to technical and administrative aspects.

The Chairperson of the Board of Directors may, after consultation with the chairperson of the Audit and Corporate Governance Committee, request the implementation of special examinations. Each member of the Board of Directors may apply to the Chairperson for such examinations.

### 24. Responsibilities and Competences

The Group audit verifies the compliance of the business units and the Group Companies with the legal, statutory and regulatory provisions as well as with the internal directives and guidelines. As part of this, it examines and assesses in particular if the internal audit is adequate for the risks and functional, if the operations within the Group are duly, accurately and completely made and recorded and if the business organization, including the information technology, is appropriately structured and the information is reliable.

The Group audit disposes of an unlimited examination right within the Company and the Group Companies; all business records are to be made available to it for examination at all times. The Group audit shall be given all information and evidence which are necessary for the completion of its examination obligations.

### 25. Reporting

The Group audit addresses its reports with the significant findings principally to the Chairperson of the Audit and Corporate Governance Committee.

In case of findings of a subordinate relevancy, the information is reported at the appropriate level.

The Chairperson of the Audit and Corporate Governance Committee informs the Chairperson and the entire Board of Directors in an adequate way about the findings of the Group audit which give rise to questions of a fundamental importance or reveal serious mistakes.

The members of the Board of Directors and the Executive Committee receive the annual activity report of the Group audit for review, the content of which is discussed at a meeting of the Board of Directors.

## Section 6: Final Provisions

### 26. **Entry into Force**

These Regulations enter into force on July 1, 2014 and replace the organisational regulations of May 1, 2012.

### 27. **Amendment of the Organisation Regulations**

These regulations and the annexes hereto are to be reviewed in case of need, but at least every two years at the first meeting of the Board of Directors which takes place after the general meeting. In case of need, they are to be amended.

These regulations were approved by the Board of Directors at its meeting of June 19, 2014.

Signed by the Chairperson of the Board of Directors

This document is an unofficial translation of the original document published in German. In case of discrepancies the original German version ("Organisationsreglement") prevails.