

# **Mikron Group Organizational Rules**

effective from October 22, 2014



Mikron Holding AG  
Mühlebrücke 2  
CH-2502 Biel

Tel. +41 32 321 72 00  
Fax +41 32 321 72 01

[www.mikron.com](http://www.mikron.com)

Available in English only.

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## 1 Basic Principles

Based on Art. 716 CO, Art. 716b CO and Art. 17 of the Articles of Association the Board of Directors of Mikron Holding AG, Biel ("Company") issued these organizational rules (the "Rules").

The Rules intend to summarize the management organization of the Mikron Group including all its subsidiaries. The Rules govern the constitution, duties and responsibilities of the following bodies, as well as the adoption of resolutions by such bodies:

## 2 Executive bodies of the Company

The executive bodies of the Company are:

- Board of Directors
- Group Management (the Group's executive management)
- Chairman of the Group Management (CEO)
- Head of Divisions (COO)
- Senior managers reporting directly to the Group Management

## 3 Board of Directors

### 3.1 Constitution

The members of the Board of Directors, the Chairman and the members of the Remuneration Committee are annually elected by the General Meeting of Shareholders. The Board of Directors appoints the Vice-Chairman and members of other Committees.

It also appoints a Secretary, who is not required to be a member of the Board of Directors.

### 3.2 Meetings, convocation and agenda

The Board of Directors will convene at the invitation of the Chairman or, in his absence, the Vice-Chairman, as often as business requires but at least four times each year.

By submitting a written request to the Chairman, each member is entitled to call a meeting without delay. The reasons for the request must be stated. In the event that the Chairman does not act within 10 days after submitting the request, each member is entitled to call the meeting.

Each member may request from the Chairman to put a specific topic on the agenda of the next meeting.

The Board of Directors must be convened at least five working days prior to the date of the meeting. This notice period may be shortened should urgent matters so require. The date, time and venue of the meeting, together with the items for discussion (agenda), must be stated in or included with the invitation to the meeting. Important documentation required for the meeting must be provided at the same time. Resolutions concerning items not mentioned on the agenda may be adopted only where all members of the Board of Directors are present and are in agreement therewith.

The Board of Directors is presided over by the Chairman or, in his absence, by the Vice-Chairman or, in the absence of both the Chairman and the Vice-Chairman, by a member of the Board of Directors elected from among their number.

Members of the Group Management and other persons may be invited to attend meetings of the Board of Directors.

### **3.3 Quorum requirements, adoption of resolutions and minutes**

#### **3.3.1 Quorum requirements**

The Board of Directors is deemed quorate when an absolute majority of its members is present. Participation via tele/videoconference is regarded as being present.

For resolutions concerning confirmation of the successful completion of a capital increase and any ensuing amendment to the Articles of Association, the Board of Directors is deemed quorate when only one member is present.

#### **3.3.2 Adoption of resolutions**

The Board of Directors adopts resolutions and conducts elections based upon a majority of the votes cast, irrespective of abstentions. In the event of a tie, the Chairman has the casting vote.

At the Chairman's request or, in his absence, that of the Vice-Chairman, resolutions of the Board of Directors may also be adopted by circular in the form of a letter, fax or e-mail, unless any member requests that the matter be discussed at a meeting.

#### **3.3.3 Minutes**

Minutes shall be kept of the deliberations and resolutions, and they shall be signed by the Chairman and by the Secretary. Resolutions adopted by circular shall be included in the next minutes of the Board of Directors.

The minutes shall be approved by the Board of Directors at its next meeting.

### **3.4 Duties and responsibilities**

The Board of Directors delegates the task of business management of the Company and its subsidiaries in its entirety to the Group Management, unless stipulated otherwise by the law, the Articles of Association or the present Rules.

The Board of Directors bears ultimate responsibility for the direction, supervision and control of business management. It establishes guidelines for business policy, and keeps itself regularly informed of the course of business.

In particular, the Board of Directors has the following inalienable and non-transferable duties:

1. Ultimate direction of the Group and issuing the necessary directives; therefore developing the Group's strategic objectives and determining the means of achieving these objectives, setting out the business policy, establishment, acquisition, disposal and liquidation of subsidiaries, mergers and de-mergers
2. Determining the Group organizational structure and approval of the Code of Business Conduct

3. Shaping accounting, internal controls, financial controlling and financial planning and performing risk assessments. Oversight of the financial stability (security, liquidity, profitability) of the Group
4. Appointing and recalling persons entrusted with the management and representation of the Group and to grant signatory powers
5. Ultimate supervision of the persons entrusted with the management of the Group in particular with respect to compliance with the law, the Articles of Association and other regulations and directives
6. Preparing the annual report and the General Meeting of Shareholders, as well as executing resolutions passed by the latter
7. Preparation of the compensation report
8. Notifying the judge in the event of over-indebtedness
9. Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares
10. Passing of resolutions confirming increases in share capital and the regarding amendments to the Articles of Association entailed thereby
11. Examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors
12. Execute the agreements pursuant to Art. 12, 36 and 70 of the Merger Act.

Furthermore, the Board of Directors will adopt resolutions on those matters which are its sole preserve or transferred to it under the law, the Articles of Association or the present Rules.

Detailed information can be found in the Functional Diagram attached to these Rules in the form of Appendix 1.

## **3.5 Right to information, reporting**

### **3.5.1 Right to information**

Each member of the Board of Directors is entitled to request information in each meeting about any aspect of the Company's and its subsidiaries affairs. At its meetings, all members of the Board of Directors in addition to the persons entrusted with the management of the Group have an obligation to provide the required information. Outside the meetings, each member may request persons entrusted with the management of the Group to provide information with regard to the performance of the business and, with the approval of the Chairman, with regard to individual transactions. Each member of the Board of Directors may apply to the Chairman to be given access to ledgers or files, if the fulfillment of his or her duty so requires. Where the Chairman rejects an application for information, for a hearing or for the right of inspection, the decision will be referred to the Board of Directors. The Board of Directors retains the right to adopt regulations or resolutions which extend the right to information or inspection of the members of the Board of Directors.

### **3.5.2 Reporting**

The Group Management reports regularly to the Board of Directors at its meetings on both general business performance and specific Group Management transactions and decisions. In addition, the Group Management prepares monthly written reports on business performance. The Group Management must report extraordinary matters to all members of the Board of Directors immediately in writing, electronically or by telephone.

### 3.6 Remuneration

The General Meeting of Shareholders approves the aggregate amounts of the maximum compensation of the members of the Board of Directors. The Board of Directors will determine the level of remuneration payable to each of its members in accordance with his/her responsibilities and function.

Pursuant to Art. 26 of the Articles of Association, the members of the Board of Directors shall receive a fixed basic fee and a lump sum compensation for expenses that is determined by the full Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting.

Members of the Board of Directors providing consulting services to the Group in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the General Meeting.

## 4 Committees of the Board of Directors

### 4.1 General

The Committees provide support to the Board of Directors. They exercise decision-making authority to the extent granted to them according to the Articles of Association or under these Rules and are entitled to involve independent experts.

They are convened in accordance with section 3.2, and shall prepare minutes of their meetings and recommendations for consideration at the regular meetings of the Board of Directors.

The Committees shall inform the Board of Directors of their activities at the next scheduled meeting of the Board of Directors, but shall do so immediately in the case of urgent matters.

### 4.2 Audit Committee

The Audit Committee assists the Board of Directors in its overall supervisory role, specifically with regard to the completeness of financial statements, compliance with statutory provisions, evaluating the qualifications of the external auditors and the performance of internal and external auditors.

The Audit Committee evaluates the appropriateness of financial reporting and the internal control system. It will ensure constant communication with the external and internal auditors with regard to the financial situation and business performance of the Group.

In particular, the Audit Committee shall conduct the following activities:

- maintaining a comprehensive and efficient audit concept and internal control system (ICS) for Mikron Holding AG and the Mikron Group
- rating the external and internal auditors in terms of their independence, qualifications and (mandate-related) experience of their employees; proposal to the Board of Directors regarding the election of external and internal auditors
- assessing the systems and scope of the audit approach, as well as the content, clarity and timely completion of audit reports

- approving the key audit areas, reviewing the audit results, supervising the rectification of any weaknesses identified
- approving the budget for the external and internal audit activities; approval of non-audit related services of the external auditor exceeding CHF 100'000 annually
- monitoring compliance with the accounting principles, financial control mechanisms and regular examination of the Group's risk matrix; implementing measures decided in relation to key risks
- Evaluation and proposal to the Board of Directors regarding the approval of the annual and semi-annual reports of the Company and the Group.

### 4.3 Remuneration Committee

Subject to and within the scope of the approved overall compensation by the General Meeting, the Remuneration Committee proposes to the Board of Directors the remuneration of its members and proposes respectively determines the remuneration of the members of the Group Management, both as further set out below.

The Remuneration Committee has the following duties:

- proposals to the full Board of Directors regarding the compensation scheme of the Group and issuance of respective regulations;
- proposals to the full Board of Directors regarding the determination of targets for the Group Management;
- proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO;
- Determination, subject to and within the scope of the approved overall compensation by the General Meeting, of the individual compensation (fixed and variable compensation) of the other members of the Executive Management as well as their further terms of employment and titles;
- proposals to the full Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme for members of the Executive Management;
- reviewing the appropriateness of the remuneration paid to the individual members of the Board of Directors and the Group Management based on periodic market comparisons
- further duties as provided for in the Articles of Association

## 5 The Group Management (Group executive management)

### 5.1 Constitution

The Group Management comprises the Chairman of the Group Management (CEO), the Head of Finance and Controlling (CFO) and the division heads (COO).

The CEO is the Chairman of the Group Management and responsible for the executive management of the Mikron Group, unless stipulated otherwise in the Organizational Rules and associated Appendix.

### 5.2 Meetings, convocation and agenda

The Group Management will convene at the invitation of the CEO or, in his absence, the CFO, as often as business requires, usually once a month.



The Group Management must be convened at least three working days prior to the date of the meeting. This notice period may be shortened should urgent matters so require. The date, time and venue of the meeting, together with the items for discussion (agenda), must be stated in or included with the invitation to the meeting. Important documentation required for the meeting must be provided at the same time. Resolutions concerning items not mentioned on the agenda may be adopted only where all members of the Group Management are present and are in agreement therewith.

### **5.3 Quorum requirements, adoption of resolutions and minutes**

The Group Management is deemed quorate when the CEO and an absolute majority of its members are present. Participation via tele/videoconference is regarded as being present.

Resolutions are normally adopted following a process of opinion-forming within the Group Management. If a vote takes place, the Group Management makes its decisions and its leadership elections with a majority of the votes cast, excluding abstentions. The CEO has a veto. In this case, each member of the Group Management may require the matter to be submitted to the Board of Directors for final decision.

The members of Group Management take decisions independently in respect of the points assigned to them according to the Functional Diagram in Appendix 1.

At the CEO's request or, in his absence, that of the CFO, resolutions of the Group Management may also be adopted by circular in the form of a letter, fax or e-mail, unless any member requests that the matter be discussed at a meeting.

Minutes shall be kept of the deliberations and resolutions, and they shall be signed by the Chairman and by the Secretary. Resolutions adopted by circular shall be included in the next minutes of the Group Management. The minutes shall be approved by the Group Management at its next meeting.

### **5.4 Duties and responsibilities**

The Group Management concentrates primarily on points 1, 2 and 3; while points 4 and 5 are primarily executed by the CFO, together with the CEO. The specific details of the duties and responsibilities of the Group Management can be found in the Functional Diagram attached to these Rules in Appendix 1.

#### **1. Link to the Board of Directors**

- Reporting regularly on current business developments, anticipated opportunities and risks as well as changes at lower management levels.
- Submitting proposals to the Board of Directors on fundamental issues regarding business policy and organization, the co-development of the Group strategy, and particularly important individual business matters
- Implementing the decisions of the Board of Directors

#### **2. Group strategy and portfolio management**

- Preparing of the strategy, the long-term and mid-term targets for approval by the Board of Directors
- Engaging in portfolio management (establishment, acquisition and disposal of divisions and companies) and proposals thereon to the Board of Directors.

- Co-development and controlling of divisional policy and strategy in accordance with Group principles (collaboration in strategy development, approval of objectives and decisions with regard to important business matters).
3. Management
- Day-to-day management of the Group (planning, coordination, realization and controlling) in accordance with the agreed principles
  - Engaging, maintaining and developing staff based on common values
  - Ensuring a secure, reliable and business oriented IT function
4. Financial management
- Finance policy and centralized financial management (financing, cash management, internal and external financial reporting, strategic planning process, mid-term planning, budgeting and forecasting process, and tax planning for the Mikron Group and individual subsidiary companies)
  - Establishing and monitoring profitability targets, guidelines for structuring the settlement of accounts between Mikron Holding, the subsidiary companies and divisions, dealing with the legal formalities concerning subsidiary companies
  - Process control for M&A projects, managing corporate finance projects and the Group's risk management activities
5. Compliance and administrative activities
- Ensuring compliance with the Articles of Association, Organizational Rules, signatory powers and Swiss stock exchange regulations, and submitting proposals for amendments
  - Preparation for meetings of the Board of Directors in accordance with the instructions of the Chairman and administrative management of Group Management meetings. Responsibility for meeting minutes.
6. Communications and Notifications
- Providing information on matters concerning the Group to all stakeholders
  - Maintaining links to SIX Swiss Exchange and compliance with all notification duties in particular pursuant to article 20 SESTA.

## 6 Mikron companies (legal structure)

Wherever possible and sensible, all Mikron companies are wholly-owned subsidiaries of Mikron Holding AG. These companies are managed as an entity in accordance with the legal and statutory provisions as well as the present Organizational Rules, in addition to the specific Organizational Rules of the subsidiary companies.

The members of the Boards of Directors of the subsidiaries of Mikron Holding AG are appointed by the Board of Directors of the Mikron Group at the proposal of the CEO. As a rule, the COO and the CFO are members of the Board of Directors of the subsidiary

company. This is likewise applicable to companies in another legal form than a limited company.

The Group Management may, in accordance with its responsibilities, adopt a position on matters facing a Mikron company that, in formal terms, lie within the remit of the Board of Directors of the Mikron company concerned. Where the Group Management adopts a position this shall be deemed as a proposal and authorization of corresponding resolutions adopted by the members of the Board of Directors of the Mikron company concerned. A position may be adopted in the form of excerpts from minutes of the Board of Directors and/or decisions of the Group Management.

## 7 Signatory powers

All members of the Board of Directors have joint signatory powers (two signatures required).

Furthermore, the Board of Directors regulates and assigns signatory powers for Mikron Holding AG, whereby joint signatory powers (two signatures) are envisaged.

For the other companies, signatory powers shall be decided upon by the Board of Directors of the Company. In all cases, joint signatory powers (two signatures) are envisaged. Exemptions may be granted by the Group Management on a case-by-case basis, along with informing the Board of Directors of Mikron Group.

## 8 Abstention

The members of the Board of Directors and Group Management must refrain from anything that could lead to a conflict of their own interests with those of the company. They are obliged to withdraw whenever matters are being discussed that conflict with their own interests or those of persons or legal entities with whom they are closely associated.

Should a potential conflict of interests arise, the relevant person must report it to the Chairman of the Board of Directors immediately. The relevant person and the Chairman will determine how to proceed with regard to the potential conflict of interests under discussion. The Chairman may absolve a member of their obligation to withdraw. If the Chairman himself is affected by a potential conflict of interests, he must report this to the other members of the Board of Directors, who will confer with each other and decide on how to proceed and whether to absolve the Chairman of his obligation to withdraw.

If the existence of a potential conflict of interests is in dispute, the full Board of Directors shall decide upon the nature and scope of withdrawal.

The Chairman may refuse any persons access to information and can, in particular, deny their right to information and data if he considers the grounds for withdrawal in these Organizational Rules to have been met. If the Chairman himself fulfills the criteria for the denial of information and data, the remaining members of the Board of Directors shall together decide upon the data and information restrictions to be imposed. The denial of information should generally be limited to those areas for which there are grounds for withdrawal.

## 9 Confidentiality, return of documents

All corporate bodies and functions are obliged to maintain strict confidentiality vis-a-vis third parties in respect of any facts of which they become aware while performing their office and which are not publicly available. This obligation will continue to apply even after their term of office has ended.

They may be asked to return any business-related documents at the end of their term of office.

## 10 Age limit

Regardless of the current term of office or periods of election, an age limit of 70 years applies to members of the Board of Directors (Art. 16 para. 1 of the Articles of Association).

For members of the Group Management, a retirement age of 65 years shall apply in the absence of any other individual agreement.

## 11 Concluding provisions

### 11.1 Entry into force, implementing provisions

These Rules will enter into force with effect from October 22, 2014.

The Board of Directors, the Group Management and Chief Operating Officers of the divisions shall issue the necessary directives relating to the implementation of these Rules.

### 11.2 Revisions and amendments

These Rules, including the Functional Diagram, shall be reviewed and, if necessary, amended each year at the first meeting following the General Meeting of Shareholders.

Resolutions concerning amendments to these Rules may be adopted only where a two-thirds majority of members of the Board of Directors is present and a majority of all members of the Board of Directors approves the amendment.

Chairman of the Board of Directors:

  
Heinrich Spoerry

## 12 Appendix

forming part of the Mikron Group Organizational Rules (effective October 22, 2014)

### Functional Diagram

#### *Abbreviations*

|             |   |  |  |
|-------------|---|--|--|
| <b>GMS</b>  | = | General Meeting of Shareholders  |  |
| <b>BoD</b>  | = | Board of Directors   |  |
| <b>CBoD</b> | = | Chairman of the Board of Directors   |  |
| <b>GM</b>   | = | Group Management (the Group's executive management)                            |  |
| <b>CEO</b>  | = | Chief Executive Officer (Chairman of the Group Management)                     |  |
| <b>CFO</b>  | = | Chief Financial Officer  |  |
| <b>COO</b>  | = | Chief Operating Officers (division heads)                                      |  |
| <b>R</b>    | = | Ratification   | <i>(formal approval, with right of veto)</i>     |
| <b>D</b>    | = | Decision   |  |
| <b>A</b>    | = | Application  | <i>(responsible for preliminary review)</i>      |
| <b>P</b>    | = | Preparation  | <i>(preparation of proposal in written form)</i> |
| <b>C</b>    | = | Consulting duty  |  |
| <b>I</b>    | = | Body to be informed in due time by owner of decision-making responsibility (D) |  |

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10. Risk management / quality / safety / environment
11. Legal matters
12. Miscellaneous

| Bodies   | GMS        | BoD                  | CEO   | GM | CFO            | COO   |
|--|------------|----------------------|-------|----|----------------|-------|
| <b>1. Corporate bodies and functions/<br/>Articles of Association</b>  |            |                      |       |    |                |       |
| 1.1 Election of the Board of Directors<br>- Mikron Holding<br>- Mikron subsidiary companies  | D          | A / P<br>D           | A     |    | C<br>P / C     | P     |
| 1.2 Election of external auditors<br>- Mikron Holding<br>- Mikron subsidiary companies   | D<br>(D)   | A                    | D     |    | P / C<br>A / C |       |
| 1.3 Amending the Articles of Association<br>- Mikron Holding<br>- Mikron subsidiary companies  | D<br>(D)   | A                    | D     | C  | P / C<br>C     | A / P |
| 1.4 Constitution of the Board of Directors<br>- Election of the Chairman<br>- Election of the Vice-Chairman and<br>the Secretary<br>- Election of Remuneration Committee<br>- Election of other office-holders | D<br><br>D | A/P<br>D<br>A/P<br>D |       |    |                |       |
| 1.5 Election of members of the Group<br>Management   |            | D<br>A (CBoD)        | P     |    |                |       |
| 1.6 Election of senior managers reporting<br>directly to the Group Management  |            | I                    | R     |    | D              | D     |
| 1.7 Preparing of GMS   |            | D<br>A (CBoD)        | P     |    | P              | P     |
| 1.8 Advising on and approving annual<br>financial statements for submission to the<br>GMS  |            | D                    | C     | C  | A / P          | C     |
| 1.9 Preparing the Annual Report  |            | D                    | A / P | P  | P              | P     |
| 1.10 Holding the GMS   |            | D                    | C     |    | A / P          |       |
| 1.11 Implementing the resolutions of the GMS   |            | D                    | A / P |    | A / P          |       |
| 1.12 Managing the share ledger   |            | D                    |       |    | A / P          |       |

| <b>Bodies</b> |   | <b>GMS</b> | <b>BoD</b>         | <b>CEO</b>     | <b>GM</b> | <b>CFO</b>         | <b>COO</b>     |
|---------------|---|------------|--------------------|----------------|-----------|--------------------|----------------|
| <b>2.</b>     | <b>Business policy/strategy/corporate planning/corporate identity</b>                           |            |                    |                |           |                    |                |
| 2.1           | Determining corporate mission, strategy and and business policy                                 |            | D                  | A              | C         | P                  | P              |
| 2.2           | Mid-term planning   |            | D                  | A              | C         | P                  | P              |
| 2.3           | Acquisitions/disposals/liquidations/mergers/spin-offs/establishing new companies                |            | D                  | A              | C         | C / P              | P              |
| 2.4           | Entering into alliances, partnerships of strategic importance                                   |            | D                  | C              | A / P     | C / P              | C / P          |
| 2.5           | Participations, subject to business policy if not of strategic importance                       |            |                    |                |           |                    |                |
|               | - participation in other businesses   |            | D / I<br>> 1 mill* | D<br>≤ 1 mill* | A / P     | C                  | A / P          |
|               | - representation in participation companies   |            | I                  | D              | I         | C                  | A / P          |
|               | - organizing the monitoring of subsidiary companies   |            |                    | I              | D         | A / P              | A / P          |
| 2.6           | Land, real estate   |            |                    |                |           |                    |                |
|               | - buying & selling of land and real estate  |            | D<br>> 3 mill*     | D<br>≤ 3 mill* | A / P     | P                  | P              |
|               | - concluding rental agreements (obligation until first opportunity to terminate)                |            | D<br>> 3 mill*     | D<br>≤ 3 mill* | A / P     | D / C<br>≤ 1 mill* | D<br>≤ 1 mill* |
| 2.7           | Setting out principles and guidelines with regard to the corporate identity (CI) of the Company |            | D                  |                | A/P/C     | P                  | C              |

\* amount in [CHF]

|   | <b>Bodies</b> | <b>GMS</b> | <b>BoD</b> | <b>CEO</b> | <b>GM</b> | <b>CFO</b> | <b>COO</b> |
|---|---------------|------------|------------|------------|-----------|------------|------------|
| <b>3. Organization/coordination</b>   |               |            |            |            |           |            |            |
| 3.1 Organizational Rules and major organizational amendments                        |               |            |            |            |           |            |            |
| - Group   |               |            | D          | A / P      | I         | P          |            |
| - Mikron subsidiary companies*  |               |            | I (CBoD)   | D          | C         | C          | A / P      |
| - Divisions   |               |            | I (CBoD)   | D          | C         | C          | A / P      |
| 3.2 Preparing and convening   |               |            |            |            |           |            |            |
| - General Meeting of Shareholders Mikron Holding                                    |               |            | D          | P          |           | P          | P          |
| - Meetings of the Board of Directors Mikron Holding                                 |               |            | D          | P          |           | P          | P          |
| - Meeting of the Group Management   |               |            |            | D          |           | A / P      | A / P      |
| <b>4. Finances</b>  |               |            |            |            |           |            |            |
| 4.1 Formulating financial policy  |               |            | D          | A          | C         | P          |            |
| 4.2 Financial planning (budget, mid-term-plan)                                      |               |            |            |            |           |            |            |
| - Group   |               |            | D          | A          | C         | P          |            |
| - Divisions   |               |            | D          | A          | C         | C          | A / P      |
| 4.3 Annual financial statements and distribution of profits                         |               |            |            |            |           |            |            |
| - Mikron Holding  |               | D          | A          | P          | I         | P          |            |
| - Mikron subsidiary companies   |               |            | I          | D          | I         | A / P      | A / P      |
| - Divisions   |               |            | I          | D          | I         | C          | A / P      |
| 4.4 Organization of financial controlling and monitoring thereof                    |               |            | D          | C          | C         | A / P      | C          |
| 4.5 Organization of accounting systems  |               |            | D          | C          | C         | A / P      | C          |
| 4.6 External financing  |               |            |            |            |           |            |            |
| - share capital of Holding Company  |               | D          | A          | C          |           | P          |            |
| - bond issues   |               |            | D          | C          |           | A / P      |            |
| 4.7 Annually establishing the maximum permissible net debt (bank debt/bank credits) |               |            | D          | C          |           | A / P      |            |

\* subject to the approval of the organs of subsidiaries .....



|           | <b>Bodies</b>  | <b>GMS</b> | <b>BoD</b>    | <b>CEO</b> | <b>GM</b> | <b>CFO</b>          | <b>COO</b>     |
|-----------|--|------------|---------------|------------|-----------|---------------------|----------------|
| 4.8       | Negotiations regarding credit limits<br>- Group<br>- local   |            | D<br>I (CBoD) | C<br>R     | I<br>I    | A / P<br>D          | P              |
| 4.9       | Banking relationships (primary relationship)<br>(termination/new relationship)   |            | R             | D          | I         | A / P               | P              |
| 4.10      | Cash<br>- balancing across Mikron companies<br>- financial investments   |            |               |            | I<br>I    | D<br>D              | A / P          |
| 4.11      | Insurance policies   |            |               |            | I         | D                   | A / P          |
| 4.12      | Sureties / pledges<br>- where not customary<br>- other<br>- over CHF 5,000,000.--<br>- up to CHF 5,000,000.--  |            | D<br>D        | I          |           | A / C<br>A / P<br>D | P<br>A / P     |
| 4.13      | Granting of loans to employees and third parties on case-by-case basis<br>- over CHF 250,000.--<br>- up to CHF 250,000.--  |            | D             |            |           | A / P<br>D          | A / P<br>A / P |
| 4.14      | Instigating extraordinary audits<br>(Internal Audit / External Audit)  | D          | D / A         | D / A      |           | A                   | A              |
| 4.15      | Restructuring of subsidiary companies related to expected costs / write-offs / subordinations are<br>- over CHF 1,000,000.--<br>- up to CHF 1,000,000.--                       |            | D<br>R        | A<br>D     |           | A / P<br>A / P      | A / P<br>A / P |
| 4.16      | Purchase / sale of treasury shares<br>- over 100'000 shares (0.6%) and stock of shares > CHF 1,000,000.--<br>- up to 100'000 shares (0.6%) to max. holding of CHF 1'000'000.-- |            | D(CBoD)<br>I  |            |           | A / P<br>D          |                |
| <b>5.</b> | <b>Human resources</b>   |            |               |            |           |                     |                |
| 5.1       | Human resources policy in accordance with corporate objectives   |            | R             | D          | C         | C                   | A / P          |

|      | <b>Bodies</b>   | <b>GMS</b> | <b>BoD</b>    | <b>CEO</b>  | <b>GM</b> | <b>CFO</b>  | <b>COO</b> |
|------|---|------------|---------------|-------------|-----------|-------------|------------|
| 5.2  | Appointing/dismissing members of<br>- the Group Management<br>- senior managers reporting directly to the Group Management<br>- Divisional controllers  |            | D<br>I<br>R   | A<br>R<br>R | I<br>D    | D<br>A / P  | D<br>A / P |
| 5.3  | Remuneration to the members of the<br>- Group Management<br>- senior managers reporting directly to the Group Management  |            | D**           | A<br>R      |           | P<br>D      | D          |
| 5.4  | Approving the acceptance of paid and unpaid secondary posts involving substantial time demands and/or related to the business by members of the<br>- Group Management<br>- senior managers reporting directly to the Group Management |            | D(CBoD)       | A<br>I      |           | A<br>D      | A<br>D     |
| 5.5  | Approving the acceptance of external BoD mandates involving substantial time demands by<br>- members of the Group Management<br>- senior managers reporting directly to the Group Management  |            | D(CBoD)       | AR          |           | A<br>D      | A<br>D     |
| 5.6  | Successor planning<br>- Group Management<br>- senior managers reporting directly to the Group Management  |            | D<br>A (CBoD) | A / P<br>R  |           | D           | D          |
| 5.7  | Principles of wage and salary issues<br>- salary policy/bonus systems for the Group Management<br>- salary policy/bonus systems for senior managers reporting directly to the Group Management  | D          | A/D**         | A<br>R      | C         | P / C<br>D  | P / C<br>D |
| 5.8  | New recruitment, replacing employees in accordance with the budget  |            |               | I           | I         | D           | D          |
| 5.9  | Dismissals of more than 10% of the employees of a company/unit  |            | D             | C           |           | A / C       | A / P      |
| 5.10 | Issuing statutory signatory powers<br>- Mikron Holding<br>- subsidiary companies<br>- banking   |            | D             | A<br>R<br>R | D         | P<br>C<br>D | A<br>A     |

\*\* Remuneration Committee

|   | <b>Bodies</b> | <b>GMS</b> | <b>BoD</b> | <b>CEO</b> | <b>GM</b> | <b>CFO</b> | <b>COO</b> |
|---|---------------|------------|------------|------------|-----------|------------|------------|
| <b>6. Sales and marketing</b>   |               |            |            |            |           |            |            |
| 6.1 Determining marketing, advertising and sales policy in accordance with corporate objectives                         |               |            |            | R          | C         | C          | D          |
| 6.2 Setting selling prices and conditions in accordance with the marketing, advertising and sales policy                |               |            |            |            |           | I          | D          |
| 6.3 Cluster risk of major orders  |               |            |            |            |           |            |            |
| - at normal prices/conditions over one month of the division's sales  |               |            |            | D          |           | C          | A / P      |
| - with special price concessions/ conditions and/or risk  |               |            | R(CBoD)    | D          |           | C          | A / P      |
| 6.4 Concluding/terminating sole-distribution contracts and sales cooperation agreements                                 |               |            |            |            | I         | C / R      | D          |
| 6.5 Deliveries with credit terms of over 90 days or special country risks (export risk guarantee cover)                 |               |            |            |            |           |            |            |
| - over CHF 2,000,000.--   |               |            |            |            |           | D          | A / P      |
| - up to CHF 2,000,000.--  |               |            |            |            |           |            | D          |
| <b>7. Production resources/IT</b>   |               |            |            |            |           |            |            |
| 7.1 Establishing procurement policy for production resources in accordance with corporate objectives                    |               |            |            | R          | C         | C          | D          |
| 7.2 Investments/disposals (incl. leasing, excl. development projects) in accordance with budget on a case-by-case basis |               |            |            |            |           |            |            |
| - over CHF 2,000,000.--   |               | D          |            | A          |           | C          | P          |
| - over CHF 250,000.--   |               |            |            | R          | I         | C          | D          |
| - up to CHF 250,000.--  |               |            |            |            |           | R          | D          |
| - up to CHF 100,000.--  |               |            |            |            |           |            | D          |
| 7.3 Individual investments (incl. leasing, excl. development projects) extending beyond the budgetary framework         |               |            |            |            |           |            |            |
| - over CHF 1,000,000.--   |               | D          |            | A          |           | A / C      | P          |
| - up to CHF 1,000,000.--  |               |            |            | D          |           | C          | A / P      |
| - up to CHF 100,000.--  |               |            |            |            |           | R          | E          |

|           | <b>Bodies</b>  | <b>GMS</b> | <b>BoD</b> | <b>CEO</b> | <b>GM</b> | <b>CFO</b> | <b>COO</b> |
|-----------|--|------------|------------|------------|-----------|------------|------------|
| 7.4       | Information technology   |            |            |            |           |            |            |
|           | - Determining the structuring guidelines for the strategic focus of information technology (infrastructure, framework conditions, requirements for e-business, security, worldwide partners) |            | R          | D          | C         | C          | A / P      |
|           | - Defining business processes and their support using IT tools (applications)  |            |            | R          |           | R / C      | D          |
| <b>8.</b> | <b>Product range</b>   |            |            |            |           |            |            |
| 8.1       | Search for and evaluation of diversification opportunities, carrying out major market studies and analytical work  |            |            |            | I         |            | D          |
| 8.2       | Determining research and development policy in accordance with corporate objectives  |            |            | D          | C         | C          | A / P      |
| 8.3       | Development program  |            | I          |            | I         | R          | D          |
| 8.4       | Internal development and similar loans with probable total costs per project on a case-by-case basis within budget   |            |            |            |           |            |            |
|           | - over CHF 2,000,000.--  |            | D          |            |           | A / C      | P          |
|           | - over CHF 1,000,000.--  |            |            | D          |           | C          | A / P      |
|           | - over CHF 500,000.--  |            |            | R          | I         | I          | D          |
|           | - up to CHF 500,000.--   |            |            |            | I         | I          | D          |
|           | [also applies to pre-investments in customer projects]   |            |            |            |           |            |            |
| 8.5       | Brands/patents/licenses  |            |            |            |           |            |            |
|           | - establishing, altering and suspending brands, purchase and sale of patents, concluding active and passive licensing agreements   |            |            |            |           |            |            |
|           | - of strategic importance  |            | D          | A          | I         | C          | P          |
|           | - normal cases   |            |            | R          | I         | D          | P          |
|           | - inventor compensation (linked to payments)   |            |            |            |           |            |            |
|           | - over CHF 100,000.--  |            |            |            |           | D          | A          |
|           | - up to CHF 100,000.--   |            |            | I          |           |            | D          |
|           | - patent policy  |            |            | D          | C         | A / P      | A / P      |

|            | <b>Bodies</b>  | <b>GMS</b> | <b>BoD</b> | <b>CEO</b> | <b>GM</b> | <b>CFO</b> | <b>COO</b>      |
|------------|--|------------|------------|------------|-----------|------------|-----------------|
| 8.6        | Alliances to expand the product range, insofar as not of strategic importance and sales expected in medium term<br>- over CHF 20 mill./year<br>- over CHF 10 mill./year<br>- up to CHF 10 mill./year |            | D          | A<br>D     | I         | C<br>C     | P<br>A<br>D     |
| <b>9.</b>  | <b>Purchasing/procurement</b>  |            |            |            |           |            |                 |
| 9.1        | Determining purchasing policy in accordance with corporate objectives  |            |            | R          | C         | R / C      | D               |
| 9.2        | Issuing principles for external and in-house production  |            |            |            | C         | C          | D               |
| 9.3        | Issuing purchasing guidelines  |            |            |            |           | R / C      | D               |
| 9.4        | Ongoing monitoring of procurement markets in terms of suppliers, quality of materials, prices and delivery times   |            |            |            |           |            | D               |
| 9.5        | Handling orders and purchasing; contracts with a purchase volume<br>- over CHF 10 mill.<br>- over CHF 3 mill.<br>- up to CHF 3 mill.   |            |            | D          | I         | C<br>C     | A / P<br>D<br>D |
| 9.6        | Determining inventory and materials policy   |            |            | R          |           | R / C      | D               |
| <b>10.</b> | <b>Risk/quality/safety/environment</b>   |            |            |            |           |            |                 |
| 10.1       | Establishing and directing risk management   |            | D          | A          | C         | P          | P               |
| 10.2       | Establishing and monitoring quality assurance  |            |            | R          |           | R          | D               |
| 10.3       | Establishing internal control system   |            | D          | I          |           | A / P      |                 |
| 10.4       | Ensuring statutory requirements regarding environment and safety are met   |            |            | I          |           | I          | D               |

| Bodies  | GMS | BoD          | CEO        | GM | CFO        | COO             |
|---|-----|--------------|------------|----|------------|-----------------|
| <b>11. Legal and regulatory matters</b>   |     |              |            |    |            |                 |
| 11.1 Initiating legal action or concluding settlements of* <ul style="list-style-type: none"> <li>- outside of legal business activity</li> <li>- in line with ordinary business activity with a disputed value <ul style="list-style-type: none"> <li>-over CHF 1,000,000.--</li> <li>-up to CHF 1,000,000.--</li> </ul> </li> </ul> |     | D<br>I       | A / C<br>D |    | A / C<br>C | P<br>A<br><br>D |
| 11.2 Tax policy <ul style="list-style-type: none"> <li>- basic issues</li> <li>- other matters</li> </ul>   |     | I            | C          |    | D / P<br>D | P<br>A / P      |
| 11.3 Notification Duties <ul style="list-style-type: none"> <li>- Mandatory notifications to SIX Swiss Exchange</li> <li>- Ad hoc releases</li> </ul>   |     | I<br>D(CBoD) |            |    | D<br>A / P |                 |
| 11.4 Notifying the courts in the event of insolvency of Mikron Holding  |     | D            | A          |    | A / P      |                 |
| <b>12. Miscellaneous</b>  |     |              |            |    |            |                 |
| 12.1 Establishing, altering and dissolving staff welfare institutions (Switzerland)**   |     | D            | C          |    | A / P      |                 |
| 12.2 Election of employer representatives to board of trustees of staff welfare institutions (Switzerland)  |     | D            | A / P      |    | C / P      |                 |
| 12.3 Exceeding the statutory required interest rate on retirement assets by more than 1%  |     | I            |            |    |            |                 |
| 12.4 Associations/industry organizations (joining/leaving/agreements) <ul style="list-style-type: none"> <li>- of strategic importance</li> <li>- normal cases</li> </ul>   |     | R            | D<br>I     |    | C / A<br>D | A<br>D          |
| 12.5 Concluding important agreements outside normal business operations   |     |              | R          |    | D / R      | D               |

\* competencies related to MMA/MHO for the CFO in analogy to those of the COO

\*\* subject to the approval of the organs of subsidiaries

| Bodies   | GMS | BoD         | CEO         | GM | CFO         | COO    |
|--|-----|-------------|-------------|----|-------------|--------|
| 12.6 Other important business matters within the group and of strategic relevance <ul style="list-style-type: none"> <li>- Mikron Holding</li> <li>- Mikron subsidiary companies</li> <li>- Divisions</li> </ul> |     | I<br>I<br>I | D<br>D<br>R |    | C<br>C<br>C | A<br>D |