

Organizational Regulations of  
**Medartis Holding AG**

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**I. Basis. Purpose. Scope**

**Article 1**

**Basis** These organizational regulations (the “Organizational Regulations”) are based upon article 716b of the Swiss Code of obligations (“CO”) and article 25 of the Articles of Association of Medartis Holding AG, in Basel (the “Company”).

**Article 2**

**Purpose** The purpose hereof is to regulate the governance of the Company. These Organizational Regulations (i) define the governance functions, (ii) describe the duties and competences of the corporate bodies in the context of the governance of the Company, and (iii) set out the principles regarding the manner in which the various corporate bodies carry out their tasks and cooperate for the governance of the Company.

**Article 3**

**Scope** These Organizational Regulations apply to the organization, duties and competences of the following corporate bodies of the Company:

- (a) Board of Directors;
- (b) Chairman of the Board of Directors;
- (c) Committees of the Board of Directors;
- (d) Chief Executive Officer and Executive Management Board (*Geschäftsleitung*).

**II. Board of Directors**

**Article 4**

**Organization** <sup>1</sup> Subject to article 19 of the Articles of Association, the Board of Directors organizes itself.

<sup>2</sup> It may designate one or several Vice-Chairmen among its members.

<sup>3</sup> It appoints a secretary, who shall not necessarily be a member of the Board of Directors.

**Article 5**

Meetings <sup>1</sup> The Board of Directors meets upon calling by the Chairman of the Board of Directors, as often as required by the business of the Company, but at least four (4) times a year.

<sup>2</sup> Meetings may be held by means of communication that allow direct discussion (e. g. telephone or audio-visual conference).

<sup>3</sup> Every member of the Board of Directors is entitled to request that a meeting of the Board of the Directors be called by the Chairman of the Board of Directors. Such request shall be presented in writing, and shall indicate the reasons for the calling of the meeting. If the Chairman of the Board of Directors does not proceed with the calling of the meeting within fourteen (14) calendar days from the request, the requesting member of the Board of Directors is entitled to call the meeting.

<sup>4</sup> Every member of the Board of Directors is entitled to request that a determined subject of discussion be included in the order of business at least fourteen (14) calendar days prior to the next ordinary meeting of the Board of Directors. The Chairman of the Board of Directors shall inform the other directors of the new item on the order of business.

#### **Article 6**

Calling <sup>1</sup> The meetings shall be called by letter or email, indicating the date, time and place of the meeting, as well as the order of business. Calling shall be deemed to be timely delivered if received by each member of the Board of Directors at least ten (10) calendar days in advance of the meeting; in case of urgency or with the consent of all members of the Board of Directors, the deadline may be shorter and/or calling may be made by other convenient means of communication.

<sup>2</sup> A yearly meeting calendar indicating the meeting dates shall be fixed prior to the beginning of the calendar year.

<sup>3</sup> If all members of the Board of Directors attend the meeting and unanimously agree, exceptions to the above formalities may be made. In particular, matters may be decided even if they have not been included in the order of business.

<sup>4</sup> If the order of business exclusively consists of the implementation of a capital increase (including the decision regarding the capital increase report) and the amendment of the Articles of Association associated therewith, the calling of the meeting can be made without the formalities and deadline set out in para. 1 above.

#### **Article 7**

Chairman <sup>1</sup> The Chairman of the Board of Directors chairs the meetings of the Board of Directors.

<sup>2</sup> In the absence of the Chairman of the Board of Directors (or in case he abstains from participating in the discussion on a specific item on the order of business), meetings (or, as the case may be, the discussion regarding a specific item on the order of business) are chaired by the first of the following persons attending and not abstaining from participating in the discussion:

- (a) the Vice-Chairman with most seniority in the function (or, in case of equal seniority in the function, the Vice-Chairman with most seniority in age);

- (b) the Vice-Chairman with least seniority in the function (or, in case of equal seniority in the function, the Vice-Chairman with least seniority in age);
- (c) another member of the Board of Directors, designated by the Board of Directors for the occasion.

### **Article 8**

Non-voting participants<sup>1</sup> The Chief Executive Officer is usually invited to attend the meetings of the Board of Directors in an advisory capacity. However, the Board of Directors regularly holds meetings without the participation of the Chief Executive Officer.

<sup>2</sup> The Chairman of the Board of Directors decides whether other persons should attend all or part of any meeting of the Board of Directors, and, as the case may be, who shall be invited. These persons do not vote.

### **Article 9**

Documentation At least five (5) calendar days prior to the meetings of the Board of Directors, the members shall timely receive any and all appropriate documents and reports needed for the decision-making process.

### **Article 10**

Quorum<sup>1</sup> The Board of Directors may validly pass resolutions when at least the majority of its members are attending the meeting in person or by means of communication that allow direct discussion (e. g. telephone or audio-visual conference).

<sup>2</sup> If the order of business exclusively consists of the implementation of a capital increase (including the decision regarding the capital increase report) and the amendment of the Articles of Association associated therewith, resolutions may be passed irrespective of the number of attending members of the Board of Directors.

### **Article 11**

Majorities required The Board of Directors passes its resolutions with the majority of votes cast, each director having one vote. Abstentions are not counted as votes cast. In case of equal votes, the Chairman of the meeting has the casting vote.

### **Article 12**

Circular resolutions<sup>1</sup> Decisions of the Board of Directors can also be made by way of approval of a written resolution circulated to the members of the Board of Directors, provided that:

- (a) no member of the Board of Directors has requested, within three (3) days from the receipt of the proposed resolution, that a meeting be held;
- (b) at least half of the members of the Board of Directors have answered the consultation;
- (c) the majority required under article 11 is reached.

<sup>2</sup> Approval may be given by signature of the resolution (in original or as a pdf document) or by email.

### Article 13

Minutes <sup>1</sup> Every meeting of the Board of Directors must be recorded in minutes, which shall contain:

- (a) all decisions;
- (b) a summary of the discussions;
- (c) all declarations, which a member of the Board of Directors requests to be transcribed in the minutes.

<sup>2</sup> The minutes must be signed by the Chairman of the Board of Directors and by the Secretary of the Board of Directors. If a meeting has not been chaired (entirely) by the Chairman of the Board of Directors, the minutes must be signed, in addition, by the member of the Board of Directors who has chaired (part of) the meeting. If the minutes are not taken (entirely) by the Secretary of the Board of Directors, the minutes must be signed, in addition, by the person who has taken (part of) the minutes.

<sup>3</sup> Circular resolutions must be reflected in the minutes of the next meeting of the Board of Directors.

<sup>4</sup> The minutes of each meeting of the Board of Directors must be approved at the next meeting of the Board of Directors.

### Article 14

General missions of the Board of Directors. Delegation <sup>1</sup> The Board of Directors is responsible for the overall and high-level management of the Company (which cannot be delegated) and the supervision of the Chief Executive Officer and the other members of the Executive Management Board. The Board of Directors is in charge of all matters not reserved to another corporate body by statute, by the Articles of Association or by the Organizational Regulations.

<sup>2</sup> The Board of Directors makes sure it is regularly informed about the business of the Company, and about any developments that may be relevant thereto. It deals with the reports and proposals submitted by the committees of the Board of Directors and by the Chief Executive Officer.

<sup>3</sup> Unless set out otherwise in mandatory statutory provisions, the Articles of Association and the Organizational Regulations, the Board of Directors delegates the management of the Company to the Chief Executive Officer.

### Article 15

Missions and competences in matters regarding the Company Without limitation, the following are missions and competences of the Board of Directors in matters regarding the Company, and may not be delegated:

- (a) High-level management of the Company and issuance of all necessary directives in this respect;
- (b) Determining the organization, in particular adopting and amending the present Organizational Regulations as well as deciding on the setting up and dissolution of branches and offices;

- (c) Organizing the accounting, financial planning and financial control, supervising and assessing the risks;
- (d) Organizing the risk control and the risk assessment;
- (e) Appointing and dismissing the persons entrusted with the management and the representation of the Company and regulating the signature powers;
- (f) Ultimately supervising the persons entrusted with the management of the Company and being overall responsible for their compliance with the law, the Articles of Association, the regulations and instructions;
- (g) Adopting and amending guidelines namely on disclosure of shareholdings, management transactions, trading in own shares, insider information and market manipulation, ad hoc publicity, general stock exchange disclosure and reporting duties, as well as code of ethics and business conduct;
- (h) Taking note of the Chief Executive Officer's and the external auditors' reports;
- (i) Issuing the annual reports, as well as preparing the general meetings of the shareholders and implementing the resolutions of the general meetings of the shareholders;
- (j) Notifying the court in the event of over-indebtedness;
- (k) Adopting the remuneration report and deciding on the proposals to be submitted to the general meeting of the shareholders as regards the aggregate amount of remuneration of the members of the Board of Directors and the members of the Executive Management Board;
- (l) Setting the conditions for the granting, the assignment, the blocking, the exercise and the expiry of the remuneration of the members of the Board of Directors and of the Executive Management Board in the form of equity securities, conversion rights and option rights in accordance with article 30 and article 31 of the Articles of Association, as well as reviewing and approving the general compensation and benefit policies including any long-term incentive compensation or equity plans and the allocation of benefits under such plans;
- (m) Passing resolutions on subsequent payment of capital in relation with non-fully paid-in shares;
- (n) Passing resolutions on the increase of the share capital, to the extent it lies within the competence of the Board of Directors (article 651 para. 4 CO), as well as ascertaining the capital increases and the corresponding amendments of the Articles of Association;
- (o) Examining the independence of the external auditors and the qualifications of the compliance officer (if any) based on the preliminary work made in this respect by the Audit Committee;
- (p) Passing resolutions on contracts regarding mergers, spin-offs, conversions or transfers of assets according to the Swiss Mergers Act;
- (q) Passing resolutions on contracts providing for annual costs or remuneration due by or to the Company of more than CHF 500'000;

- (r) Granting and taking out loans and credits to fund the Company's activities, taking on exchange liabilities as well as providing collaterals, as long as CHF 1'000'000 in a particular case or CHF 10'000'000 in the financial year are exceeded;
- (s) Passing resolutions on unbudgeted expenditures in an amount exceeding CHF 250'000;
- (t) Deciding on the setting up, acquisition or disposal of subsidiaries, as well as the purchase or sale of shares and/or assets in other companies;
- (u) Deciding on the acquisition, mortgage and disposal of land or real estate property, provided that the value of the concerned transaction exceeds the amount of CHF 1'000'000;
- (v) Passing resolutions on the initiation and renunciation of legal actions and administrative proceedings and on the conclusion of settlements, except in respect of proceedings arising from the normal course of business and involving amounts not exceeding CHF 500'000;
- (w) Appointing and removing as well as regulating the conditions of employment of the compliance officer (if any); and
- (x) Assessing the performance of the Board of Directors, its committees and members
- (y) Passing resolutions on budgeted and unbudgeted capital expenditures ("CAPEX") exceeding CHF 500'000;.

## Article 16

Information <sup>1</sup> Every member of the Board of Directors can, on the occasion of any meeting, request information regarding all business of the Company.

<sup>2</sup> On the occasion of every meeting, the Board of Directors may request information, updates and reports from the Chief Executive Officer regarding the business of the Company.

<sup>3</sup> In case of a specific occurrence (in the course of business or of an extraordinary nature) with significant business or financial relevance, all members of the Board of Directors must be informed immediately and directly, as the case may be, by telephone or email.

<sup>4</sup> Between meetings of the Board of Directors, every member of the Board of Directors may, to the extent needed for the fulfilment of his duties, request information or access to corporate documents and records. Such requests must be made in writing or by email and directed to the Chairman of the Board of Directors. In case the request is denied or left unanswered, the Board of Directors shall decide on the matter.

<sup>5</sup> Members of the Board of Directors may request information on the general course of business from the Chief Executive Officer and other members (if any) of the Executive Management Board. Information on specific transactions and matters may only be requested by chairmen of committees in their area of competence or, with the prior consent of the Chairman of the Board of Directors, by other members of the Board of Directors.

### **Article 17**

Compensation Compensation of the members of the Board of Directors is governed by statute, the Ordinance Against Abusive Compensation in Corporations Limited by Shares Listed on a Stock Exchange (VegüV), the Articles of Association and by the Compensation Regulations, which the Board of Directors shall issue for the Company.

## **III. Chairman of the Board of Directors**

### **Article 18**

<sup>1</sup> The Chairman of the Board of Directors is responsible for the preparation, calling, organization and chairing of the meetings of the Board of Directors. He makes sure that the meetings of the Board of Directors are efficient and productive.

<sup>2</sup> The Chairman of the Board of Directors chairs the general meetings of the shareholders of the Company. Article 7 para. 2 hereof applies by analogy in this context.

<sup>3</sup> The Chairman of the Board of Directors is entitled to request the presence of third parties, in an advisory capacity, at meetings of the Board of Directors.

<sup>4</sup> In cooperation with the Chief Executive Officer, the Chairman of the Board of Directors makes sure that the members of the Board of Directors (and of committees thereof) receive all information necessary for the optimal performance of their duties in a timely and appropriate manner. He is in charge of the immediate information referred to in article 16 para. 3 hereof.

<sup>5</sup> Subject to article 16 hereof, the Chairman of the Board of Directors is the person connecting the Board of Directors with the Chief Executive Officer.

<sup>6</sup> In cooperation with the Chief Executive Officer, the Chairman of the Board of Directors is in charge of the outside representation of the Company.

<sup>7</sup> The Chairman of the Board of Directors further has all duties and competences bestowed upon him by statute, the Articles of Association and the Organizational Regulations.

## **IV. Committees of the Board of Directors**

### **Article 19**

A. In general <sup>1</sup> The Board of Directors may entrust committees with the preparation and implementation of all or some of its decisions, as well as with the supervision of certain matters.

<sup>2</sup> The committees are entitled to conduct investigations (or have investigations conducted on their behalf) in all matters of their competence. They may request the services of independent advisors and experts.

### **Article 20**

- Composition <sup>1</sup> The committees of the Board of Directors consist of a chairman and of at least one (1) other member.
- <sup>2</sup> Committee members are designated by the Board of Directors from within the latter's own members. Remuneration Committee members however, are elected by the general meeting of the shareholders (see article 27 of the Articles of Association).
- <sup>3</sup> Members of committees are designated for a period of up to one (1) year ending at the end of the next ordinary general meeting of the shareholders following their designation.

### **Article 21**

- Meetings and their calling <sup>1</sup> The committees of the Board of Directors meet upon calling by their respective chairmen or upon request of one of the respective committee members as often as required for the fulfilment of their duties, but at least three (3) times a year.
- <sup>2</sup> Article 6 para. 1 and 2 and article 9 hereof apply by analogy.
- <sup>3</sup> Persons other than Committee Members may attend the meetings of a committee upon invitation from the chairman of such committee.

### **Article 22**

- Quorum. Resolutions <sup>1</sup> The committees may validly pass resolutions and vote proposals to the Board of Directors when the majority of their respective members are attending the meeting in person or by means of communication that allow direct discussion (e. g. telephone or audio-visual conference).
- <sup>2</sup> The committees pass their resolutions and vote proposals to the Board of Directors at the majority of votes cast. Abstentions are not counted as votes cast. In case of equal votes, the chairmen of the committees do not have a casting vote and the matter must be submitted to the Board of Directors.
- <sup>3</sup> Decisions of the committees and proposals to the Board of Directors can also be made by way of approval of a written resolution circulated to the members of the concerned committee. Article 12 applies by analogy.

### **Article 23**

- Minutes. Information <sup>1</sup> The discussions of the committees must be summarized and their decisions recorded in minutes signed by the chairman (or chairing member) thereof and by the person taking such minutes. Article 13 shall apply by analogy. Every member of the Board of Directors shall receive a copy of the minutes of every meeting of each committee.
- <sup>2</sup> On the occasion of every meeting of the Board of Directors, the committees shall inform the Board of Directors of their activities.
- <sup>3</sup> Circular resolutions must be reflected in the minutes of the next meeting of the Board of Directors. In case of urgency, information shall be given immediately to



the members of the Board of Directors, through the Chairman of the Board of Directors.

#### **Article 24**

B. Finance and Audit Committee <sup>1</sup> The members of the Finance and Audit Committee shall be non-executive and independent members of the Board of Directors.

<sup>2</sup> The Board of Directors remits a Finance and Audit Committee Charter which governs the organisation of the Finance and Audit Committee.

<sup>3</sup> The Finance and Audit Committee supports the Board of Directors in its supervisory function, in particular with respect to the completeness of the annual closing of accounts and financial statements, the compliance with statutory provisions, the analysis of the qualification of the external auditors, as well as the performance of the external auditors.

<sup>4</sup> The Finance and Audit Committee assesses the usefulness and suitability of the financial reporting, the internal control system and the general supervision of business risks. It makes sure that a continued, efficient and productive communication exists between the Company and the external auditors regarding financial matters and course of business of the Company.

#### **Article 25**

Competences The Finance and Audit Committee is in particular in charge of (without limitation):

- (a) Select, evaluate and propose to the Board of Directors the external auditors to be nominated for approval by the general meeting of the shareholders thereby ensuring appropriate rotation of the auditors and the auditing partner.
- (b) Review the terms of engagement of the external auditors including their compensation.
- (c) Review the audit process, the result of the audit and make an independent assessment of the quality of the external auditors.
- (d) Promote interaction and cooperation between external auditors and the controlling department of the Company.
- (e) Monitor the periodic preparation of a risk management report and assess the proposed risk mitigating measures.
- (f) Consider the effectiveness of the Company's internal control systems, including information technology security and control.
- (g) Making proposals to the Board of Directors regarding the appointment of a compliance officer (examination of the candidate's qualifications) and assessing the work done by the said compliance officer.
- (h) questioning the CEO, the compliance officer and external auditors as to significant risks, contingent liabilities and the compliance with the

applicable laws, regulations and ethical business standard adopted by the Company and supervising the procedures ensuring the proper handling of such risks.

- (i) Review material litigation and legal risks.
- (j) Review the statutory and consolidated financial statements, in particular significant financial reporting issues and judgments made in connection with the preparation of the statements.
- (k) Submit the full year financial statements as well as the half-year financial statements to the Board of Directors for approval and publication respectively presentation to the general meeting of the shareholders.
- (l) Review periodic interim financial statements and discuss earnings- and financial reports to be published.
- (m) Evaluate the adequacy of internal financial reporting and cost accounting principles.
- (n) Review process and assumptions of the annual budget/planning process and periodic forecasts. Form an opinion on the soundness of the assumptions and projections.
- (o) Review financial analysis (due diligence) and assumptions of financial projections for major investments, restructurings and M&A projects.
- (p) Review treasury positions in regards to foreign exchange, interest rate and other exposures.
- (q) Monitor the corporate tax rate development, and potential tax exposures and litigations.
- (r) Assess the dividend policy and submit to the Board of Directors a recommendation for the annual profit distribution.
- (s) Review and submit to the Board a recommendation for approval of budgeted and unbudgeted capital expenditures (“CAPEX”) exceeding CHF 500'000.
- (t) Review and support the Board of Directors in the event of capital loss and over-indebtedness or other existential danger for the Company.

## Article 26

- C. Remuneration Committee
- <sup>1</sup> The members of the Remuneration Committee shall be non-executive and independent members of the Board of Directors.
  - <sup>2</sup> The Board of Directors remits a Remuneration Committee Charter which governs the organisation of the Remuneration Committee.

<sup>3</sup>The duties and responsibilities of the Remuneration Committee are set out in article 27 of the Articles of Association.

<sup>4</sup> The Remuneration Committee is in particular in charge of (without limitation):

- (a) Presenting motions to the Board of Directors in view of the next ordinary general meeting of the shareholders with respect to the aggregate amount of remuneration of the members of the Board of Directors and of the members of the Executive Management Board;
- (b) Assisting the Board of Directors in the preparation of the remuneration report, to be adopted by the Board of Directors and then disclosed to the shareholders of the Company in view of the next ordinary general meeting;
- (c) Implementing the resolutions passed by the general meeting of the shareholders with respect to the aggregate amount of remuneration of the members of the Board of Directors and the members of the Executive Management Board;
- (d) Preparing and assessing the principles of remuneration of the Company and presenting corresponding motions to the Board of Directors in this respect for approval;
- (e) Presenting motions for approval to the Board of Directors regarding the issuance of compensation rules;
- (f) Advising the Board of Directors in the setting-up, monitoring and regularly reviewing of the remuneration policy and guidelines at the highest level of the Company;
- (g) Assisting the Board of Directors in the setting up of the conditions for the granting, the assignment, the blocking, the exercise and the expiry of the remuneration of the members of the Board of Directors and of the executive management in the form of equity securities, conversion rights and option rights in accordance with article 30 and article 31 of the Articles of Association, as well as assisting and advising the Board of Directors in the review and approval of general compensation and benefit policies including any long-term incentive compensation or equity plans;
- (h) Submitting recommendations or presenting motions to the Board of Directors on other remuneration-related matters.

#### **Article 27**

F. *Ad hoc* Committees The Board of Directors may designate *ad hoc* committees for specific matters and entrust them with preparation, supervision and/or, subject to articles 15, 25 and 26(3) hereof, decision powers in a determined area of competence.

### **V. Chief Executive Officer and Executive Management Board (Geschäftsleitung)**

#### **Article 28**

Constitution The Board of Directors delegates the management of the Company to the Chief Executive Officer (CEO), subject to, and within the framework of, the mandatory legal provisions and the provisions contained in these Organizational Regulations.

### Article 29

Competences <sup>1</sup> The CEO, to whom the management of the Company is delegated pursuant to article 14 para. 3 hereof, has in particular (without limitation) the following non-transferable competences and duties:

- (a) The operational management of the Company, the implementation of the Company's strategy, the implementation of the present Organizational Regulations in accordance with the guidelines provided by the Board of Directors;
- (b) Setting the Company's targets, short-, medium- and long-term plans, strategy and budgets for the attention of the Board of Directors;
- (c) Representing the Company externally in cooperation with the Chairman of the Board of Directors;
- (d) Preparing and supervising the compliance with the principles of the general business policy, the Company's targets, the annual targets and the budget as well as the general policies regarding the staff and the salaries;
- (e) Setting guidelines regarding risk monitoring;
- (f) Creating an efficient and structured procedural organization and an efficient internal control system;
- (g) Supervising the compliance with the internal guidelines;
- (h) Preparing and implementing organigrams;
- (i) Preparing and implementing organizational guidelines;
- (j) Preparing the Company's business plan for the attention of the Board of Directors;
- (k) Preparing and implementing the general policy regarding the staff as well as general employment matters and the staff appointment scheme;
- (l) Supervising the employees, in particular regarding their compliance with the law, Articles of Association, regulations and instructions;
- (m) Passing resolutions on (i) important contracts, which do not fall within the daily business of the Company – subject however to the non-delegable competences of the Board of Directors – including namely contracts that provide for an unbudgeted annual aggregate fee or remuneration of up to CHF 500'000, (ii) the initiation of legal proceedings and pending legal disputes, provided, in any event, that the amount at stake is not in excess of CHF 250'000 and that the said legal proceedings or disputes have arisen in the normal course of business, (iii) unbudgeted expenditures in an amount not exceeding CHF 250'000, (iv) the granting and taking out of loans and credits to fund the Company's activities, taking on exchange liabilities as well as the providing of collaterals, as long as CHF 1'000'000 in a particular case or CHF 10'000'000 in the financial year are not exceeded,

- (v) the acquisition, mortgage and disposal of land or real estate property, provided that the value of the concerned transaction does not exceed the amount of CHF 1'000'000;
- (n) Ensuring the financing of the Company's business activities (including possible extraordinary needs, for instance in the event of an acquisition) as well as its liquidities, and investing the currently not required liquid assets;
- (o) Preparing and implementing the accountancy, the financial control and the financial planning;
- (p) Setting the financial planning and financial control processes;
- (q) Establishing the financial results and financial reporting;
- (r) Preparing the annual financial statements (including the cash flow statements), the quarterly interim results and the annual accounts for the attention of the Board of Directors;
- (s) Being in charge of all tax matters regarding the Company; and
- (t) Acting as the respondent with respect to investor relations and the stock exchange authorities.
- (u) Supervising the compliance of the Company and its employees with capital market regulations and requirements (e.g. reporting, disclosure, notifications, management transactions, trading in own securities);
- (v) Reporting periodically to the Board of Directors, and immediately by telephone or in writing in the event of increased risks in the course of business as well as in case of extraordinary events;
- (w) Reporting immediately to the Chairman of the Board of Directors of the Company in the event of capital loss and over-indebtedness (article 725 CO) or other existential danger for the Company;
- (x) Supporting the Chairman in preparing the meetings of the Board of Directors and ensuring the implementation of the Board of Directors' resolutions;
- (y) Submitting a proposal for the regulation of the signature powers to the Board of Director's resolution; and
- (z) Submitting proposals on the setting up, acquisition or disposal of subsidiaries, as well as the purchase or sale of shares and/or assets in other companies.

<sup>2</sup> The CEO is competent to pass resolutions on any matter which does not fall within the competence of, nor has been reserved by the Board of Directors or assigned to any other body of the Company by virtue of the law, the Articles of Association or these Organizational Regulations.

### Article 30

Executive Management Board <sup>1</sup> The Executive Management Board consists of the CEO, as its chairman, the chief financial officer (the "CFO"), and any other C-level executive officers. Minutes of agreed action items shall be kept by the Executive Management Board, and shall

also be forwarded to the Chairman of the Board of Directors and, if requested, to the members of the Board of Directors.

<sup>2</sup> The members of the Executive Management Board are appointed or dismissed by the Board of Directors on the basis of the CEO's proposals. The employment terms of the members of the Executive Management Board are determined by the Board of Directors within the limits set by the Shareholders' Meeting.

<sup>3</sup> The CEO is responsible for the organization and mode of operation of the Executive Management Board. Accordingly, duties and responsibilities within the Executive Management Board are determined by the CEO. Within the scope of these Organizational Rules, the members of the Executive Management Board (other than the CEO) take over individual tasks and are individually responsible to the CEO for the performance of the tasks allocated to them. The CFO shall be responsible for implementation and monitoring of the Investment Policy enacted by the Board. Each member of the Executive Management Board has the right to have his/her views heard directly by the Board.

<sup>4</sup> For the avoidance of doubt, the CEO shall remain solely competent to pass resolutions on any and all matters falling within his competence in accordance with article 29 hereof, irrespective of whether other individuals are appointed to serve as members of the Executive Management Board as per para. 1 hereof, and/or of whether the CEO sub-delegates certain of his duties as per para. 3 hereof. The CEO may however, if he deems necessary or useful, consult with such executive managers to form his opinion on any such matters.

<sup>5</sup> If, and so long as, the CEO is incapacitated, the Chairman of the Board of Directors shall assume the function of the CEO until the Board of Directors designates another of its members or a member of the Executive Management Board to assume the duties of the CEO.

## **VI. Miscellaneous**

### **Article 31**

Signatory powers <sup>1</sup> All members of the Board of Directors and the CEO have joint signatory power, which are registered in the commercial registry.

<sup>2</sup> Other powers to act on behalf of the Company are granted by the Board of Directors.

### **Article 32**

Conflicts of interest <sup>1</sup> The members of the Board of Directors, the CEO and the other members of the Executive Management Board shall avoid all actions that would be or would appear to be contrary to the interests of the Company.

<sup>2</sup> The members of the Board of Directors, the CEO and the other members of the Executive Management Board shall disclose to the Chairman of the Board of Directors (or, in the case of other members of management, to the CEO) any conflict of interest generally arising or relating to any matter to be discussed or decided upon, as soon as the respective person becomes aware of the potential conflict. The Chairman of the Board of Directors or the CEO, respectively, shall take appropriate

measures to avoid any interference of such conflicts of interest with the actions or business of the Company.

<sup>3</sup> In cases of severe conflicts, the Chairman of the Board of Directors or the CEO, respectively, shall limit the information flow to the conflicted person or keep the matter entirely secret from such person. The Chairman of the Board of Directors or the CEO, respectively, shall advise the Board of Directors of such conflict of interest and the measures taken.

<sup>4</sup> The members of the Board of Directors shall abstain from exercising their voting rights in matters involving a conflict of interest (including with respect to interests of persons or legal entities with whom they are closely related). In such circumstances, any such member being in a position of conflict of interest (as previously defined) is not allowed to take part in the deliberations on these matters, except to provide an opinion.

<sup>5</sup> In the event the CEO is conflicted with regard to a matter which falls within his competence, he will abstain from passing any resolution or taking any material action in respect thereto. He will moreover refer the concerned matter as soon as possible to the Board of Directors.

### **Article 33**

Confidentiality The members of the Board of Directors, the CEO and the other members of the Executive Management Board shall keep confidential all information and documents obtained in connection with the exercise of their functions for the Company, including, but not limited to, all transactions or other business activities or facts that concern the Company, which are not known to the public. The obligation to maintain secrecy remains in effect even after the concerned individuals have left the Company or resigned as a member of the Board of Directors. Upon termination of their function, all documents and data storage media related to the Company shall be returned.

## **VII. Financial Year**

### **Article 34**

The Board of Directors sets the financial year of the Company.

## **VIII. Final Provision**

### **Article 35**

Entry into force These Organizational Regulations were first adopted by the Board of Directors on February 19, 2018 and entered into force on the first day of trading of the Company's shares on SIX Swiss Exchange, replacing the Organizational Regulations dated February 11, 2015, which are abrogated. The Organizational Regulations dated February 19, 2018 have subsequently been amended by the Board of Directors on August 16, 2018.

Basel, 16<sup>th</sup> August 2018

The Chairman of the Board of Directors

The Secretary of the Board of Directors

Dr. Thomas Straumann

Dr. Jürg Greuter

- Annex: Diagram to the Organizational Regulations Medartis Holding AG dated February 19, 2018, as amended (Version dated August 16, 2018)



## Annex

Diagram to the Organizational Regulations Medartis Holding AG dated February 19, 2018, as amended (Version dated August 16, 2018)

	CEO	FAC	RC	BoD	General Assembly
<b>Management of the Company</b>					
» high level				RE	
» operational; organigram	P			D	
» targets, strategy and budget; business plan	RE			I	
» represent the company	RE			RE	
» communication with investor and stock exchange authorities	RE			I	
» compliance	RW	RW		RE	
» risk management; risk assessment and risk control	RE	P		D	
» accounting, financial planning and control	RE	RW		D	
» tax rate, tax exposure and tax litigations; treasury positions regarding fx, interest rate and other exposures	RE	RW		I	
» supervise executive management; performance of FAC, RemC and BoD				RE	
» notify court of overindebtedness	P	RW		RE	
<b>Adoption/amendment of</b>					
» Org Regulations	P			D	
» guidelines	P			D	
» AOA				P	D
» dividend policy		RW		P	D
» signature authority	P			D	
<b>Appointment/dismissal/supervision of</b>					
» members of BoD				P	D
» external auditors		P		RW	D
» CEO/members of executive management			RW	RE	
» compliance officer	RW	P		RE	
<b>Remuneration, benefits,</b>					
» remuneration of BoD and executive management			P	RE	D
» compensation/benefits policy			P	D	
<b>Others</b>					
» set up, acquisition or disposal of subsidiaries, purchase/sale of shares/assets in other companies	P	RW		D	
» preparation of General Meeting	RW	RW	RW	RE	
» implementation of resolutions	RW	RW		RE	
<b>Contracts</b>					
» merger, spin-offs, conversions or transfers of assets	P	RW		D	
» annual costs or remuneration > CHF 500'000	P	RW	RW	D	
» annual costs or remuneration CHF 250'000 - CHF 500'000	D	RW	RW	I	
» Loans/credits, taking on exchange liabilities, providing collaterals > CHF 1'000'000/case; or > CHF 10'000'000/financial year	P	RW		D	
» Loans/credits, taking on exchange liabilities, providing collaterals ≤ CHF 1'000'000/case; or ≤ CHF 10'000'000/financial year	D	RW		I	
<b>Other</b>					
» subsequent payment of capital in relation with non-fully paid-in shares; increase of share capital	(P)	RW		D	
» budgeted and unbudgeted capital expenditures (CAPEX) of > CHF 500'000	RE	P		D	
» unbudgeted expenditures of > CHF 250'000	P	RW		D	
» unbudgeted expenditures of ≤ CHF 250'000	D	RW		I	
» acquisition, mortgage and disposal of land/real estate property > CHF 1'000'000	P	RW		D	
» acquisition, mortgage and disposal of land/real estate property ≤ CHF 1'000'000	D	RW		I	
» legal actions/administrative proceedings, conclusion of settlements > CHF 250'000	P	RW		D	
» legal actions/administrative proceedings, conclusion of settlements ≤ 250'000	D	RW		I	
<b>Financial</b>					
» periodic interim financial statements; statutory and consolidated financial statements	RE	RW		I	
» full year financial statement	P	RW		P	D
» remuneration report			RW	P	D
» external auditor's report		RE	RW	RW	I
<b>Others</b>					
» annual reports				RE	D
» CEO's report	RE			RW	

D	Decision
P	Proposal
I	Info
RE	Responsible
RW	Review/Support