

# Bylaws of HUBER+SUHNER AG

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## Bylaws of HUBER+SUHNER AG

### I. Principles and Scope

These Bylaws are issued on the basis of Art. 716 and Art. 716b of the Swiss Code of Obligations and Art. 16 and Art. 17 of the company's Articles of Association. They apply across the entire HUBER+SUHNER Group, i.e. including all Group companies based in Switzerland and abroad in which HUBER+SUHNER AG directly or indirectly holds a majority interest.

These Bylaws define the duties, powers and responsibilities of the following corporate bodies:

- Board of Directors
- Chairman of the Board of Directors
- Chief Executive Officer
- Executive Group Management

For lower management levels the relevant regulations are issued by the Executive Group Management.

### II. Board of Directors

#### 1. Constitution

The Board of Directors shall constitute itself. Each year it shall elect from its ranks:

- the Chairman and the Deputy Chairman of the Board of Directors.

It shall also appoint a Secretary, who need not be a member of the Board of Directors. Further, the execution of the duties of the Secretary can be delegated to a recording clerk.

#### 2. Meetings, convocation and setting the agenda

The Board of Directors shall meet as business dictates but no fewer than five times a year.

The meeting shall be convened by the Chairman or, if the Chairman is indisposed, by the Deputy Chairman or another member of the Board of Directors. Each member of

the Board of Directors is entitled to request to the Chairman the convocation of a meeting, stating the purpose of such meeting and the agenda.

The meeting shall be convened at least ten days in advance in writing (by letter or e-mail) setting forth the agenda. Meetings may also be convened within a shorter time frame in urgent cases. Unless a member objects and provided that at least two-thirds of the Board of Directors members are present, business that is not on the agenda may also be dealt with.

The Chairman or, if the Chairman is indisposed, the Deputy Chairman or another member from its ranks elected Board member chairs the Board meeting. The Chief Executive Officer as well as the Chief Financial Officer generally take part in the meetings of the Board of Directors. Other members of staff with a particular involvement in the matters being dealt with may be asked to join the meeting, subject to the consent of the Chairman of the Board of Directors. The Chief Executive Officer, the Chief Financial Officer as well as involved staff members have no voting rights.

### **3. Quorum, passing of resolutions and taking of minutes**

The Board of Directors shall constitute a quorum when the majority of its members are present or attend by means of a communication medium. All decisions require a majority voting. In the event of a tie, the Chairman shall have casting vote. Substitution is not possible.

Resolutions may also be passed through circular resolutions unless a member asks within 3 days upon receipt of the request by e-mail for consultation at a meeting. A circular resolution shall be deemed valid as soon as consent has been received in writing (by letter or e-mail) from a majority of the members. The original document shall be subsequently filed, if the vote has been casted by electronical copy.

All resolutions and negotiations shall be minuted. The minutes must be signed by the Chairman and the secretary. The minutes must be approved by the Board of Directors at the next board meeting. Circular resolutions and resolutions passed by telephone or video conference must be included in the minutes of the next board meeting.

### **4. Duties and powers**

The Board of Directors is responsible for the ultimate direction, supervision and control of the Group's senior management. The Board of Directors shall issue guidelines on the business policy and pass resolutions governing all matters not reserved for or assigned to the General Meeting or another corporate body by law, by the Articles of Association or by these Bylaws. The Board of Directors shall have in particular the following duties, whereby the Board of Directors decides for

HUBER+SUHNER AG (hereinafter referred to as the company) including all Group companies unless the corporate bodies of the Group companies are responsible under statutory provisions:

- a) The duties designated by law or by the Articles of Association as non-transferable and inalienable (Art. 716a CO and Art. 14 Para. 2 of the Articles of Association):
1. The ultimate direction of the company and the issuing of the necessary directives as well as the approval of the business strategy put forward by the Executive Group Management;
  2. The establishment of the organization and the issuing of the Bylaws and its appendices;
  3. The structuring of the accounting function, financial controlling and financial planning, the supervision and review of the risk management and the internal audit;
  4. The appointment and dismissal of the persons entrusted with the management and representation according to the rules set forth in Appendix 1 as well as ruling the signatory powers for HUBER+SUHNER AG;
  5. The approval of salaries, incentives and benefits for the members of the Executive Group Management;
  6. The supervision of persons entrusted with the management namely in view of compliance with the law, the Articles of Association, regulations and directives;
  7. The preparation of the annual and the half-year reports as well as the preparation of the company's General Meeting and the implementation of its resolutions;
  8. The passing of resolutions regarding the payment of additional contributions on shares which are not fully paid up;
  9. The passing of resolutions regarding capital increases as long as these are within the competence of the Board of Directors (Art. 651 para. 4 CO), as well as the ascertainment of capital increases and the respective amendments in the Articles of Association;
  10. Monitoring the professional qualifications and the independence of the registered and state-supervised auditors for cases in which the law determines that such auditors must be appointed;
  11. Notification of the courts in the case of overindebtedness.

- b) The following other duties pertinent to comprehensively fulfillment of the direction, supervision and control functions:
1. Approval of the company's annual budget and medium-term planning;
  2. Stipulation of credit limits on account of the company in accordance with Appendix 1;
  3. Basic directives to the Chief Executive Officer regarding the exercise of voting rights in the General Meetings of Group companies, especially regarding the election of the Board members and auditors, or profit sharing;
  6. Acquisition and disposal of interest holding that are significant due to their nature or financial dimension, as well as opening and closing branch offices;
  7. Acquisition and disposal of real estate;
  8. Approval of capital increases and decreases of the value of more than €100,000 as well as of merger and joint-venture agreements signed by Group companies.

## **5. Delegation**

The Board of Directors delegates the management of the company entirely to the Chief Executive Officer unless stipulated otherwise in the Articles of Association or in these Bylaws.

The Board of Directors may entrust individual Board members permanently (as a committee) or on an ad-hoc basis with the supervision and control of certain specific areas.

## **6. Reporting and right to information**

The Chief Executive Officer informs the Board of Directors at each meeting on major business transactions involving the company and the Group companies. Extraordinary events shall be immediately reported by the Chairman or, if the Chairman is indisposed, by Deputy Chairman to the Board members in writing (by letter or e-mail or if necessary previously by phone).

Each Board member may demand information about any company matter during the meetings. If a Board member requires information or wishes to inspect company documents outside the meetings, said member shall address his request in writing to the Chairman of the Board of Directors. The Board of Directors shall finally pass a resolution upon the request (by letter or e-mail) if the Chairman has defeated it.

## **7. Compensation**

The Board of Directors shall determine the level of fixed compensation awarded to its members in accordance with their workload and responsibilities and determines the reimbursement of expenses. The Board of Directors shall further determine the nature and timing of the payment.

Extraordinary efforts above and beyond the normal work associated with the Board of Directors mandate may also be compensated.

## **8. Age limit**

The Board of Directors members resign from their appointment at the General Meeting held in the year when they reach their 70th birthday.

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

## **1. General**

The Board of Directors constitutes from its ranks the following permanent committees:

- Audit Committee (AC)
- Nomination and Compensation Committee (NCC)

The Board of Directors may appoint further permanent and ad-hoc committees.

## **2. Election of the Members**

The Board of Directors elects from its ranks the Chairman and the members of the “Audit Committee” and of the “Nomination and Compensation Committee”.

## **3. Issuance of Regulations**

The constitution, the duties, the working practice and the reporting of the committees shall be governed by respective regulations, which are attached as appendix to these Bylaws.

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

### **1. Function**

The Chairman of the Board of Directors shall be assigned both management and procedural management functions, as well as organizational duties. As such, the Chairman of the Board of Directors shall ensure on the one hand efficient working practices within the Board of Directors and sensible usage of the expertise and network within the Board. On the other hand, the Chairman represents the Board of Directors internally and ensures in particular the implementation of the Board resolutions and of guidelines. Externally, the Chairman of the Board of Directors represents the company vis-à-vis shareholders.

The powers and responsibilities assigned to the Chairman of the Board of Directors for the proper and timely execution of his duties are set out in the enclosed Appendix 1. To ensure the fulfilment of his duties, the Chairman of the Board of Directors is empowered with unlimited right to information and to consult company records. The Chairman of the Board of Directors must be notified at an early stage of important intentions, decisions, events and new insights as well as major plan variances, problems and difficulties.

### **2. Duties of the Chairman of the Board of Directors**

The following general duties in particular shall be incumbent upon the Chairman of the Board of Directors:

- a) Prepare the agenda for Board of Directors' meetings and the agenda items for the General Meeting of Shareholders;
- b) Chair the General Meetings of Shareholders and the Board of Directors meetings;
- c) Take over the lead management role in connection with motions involving the composition and the structure of the Board of Directors;
- d) Monitor the implementation of and compliance with resolutions of the General Meeting and of the Board of Directors as well as with regulations and guidelines;
- e) Decide on request to obtain information addresses by the Board members outside the Board meetings on individual matter and on inspection of accounts and company records;
- f) Participation in the appointment and dismissal of the company's senior management as well as in structuring their remuneration packages within the scope set forth in Appendix 1;
- g) Representation of the company vis-à-vis shareholders;
- h) Maintaining a close relation with the Chief Executive Officer;



- i) Approval of the assumption of public offices and Board of Directors mandates outside the company by the Chief Executive Officer and the members of the Executive Group Management.

### **3. Reporting**

The Chairman accepts the report of the Chief Executive Officer on a monthly basis and forwards it to the Board of Directors members.

## **V. Chief Executive Officer**

### **1. Function**

The Chief Executive Officer is responsible for the operational management of the Group subject to the exceptions set forth in these Bylaws. The Chief Executive Officer shall directly report to the Board of Directors. The powers and responsibilities assigned to the Chief Executive Officer for the proper and timely execution of his duties are set out in Appendix 1.

### **2. Duties and responsibilities**

- a) Establishing, reviewing and adjusting the company's fundamental business strategy for the attention of the Board of Directors;
- b) Implementation of the business strategy approved by the Board of Directors;
- c) Organization, management and control of the Group's daily business within the framework specified by the Board of Directors, in particular on-going adjustment of structures (costs and personnel), portfolio streamlining as well as realignment of the company's organization structure/functional organization (insofar as the latter are not determined by the Board of Directors by means of these Bylaws);
- j) Decision-making within the operational management in accordance with Appendix 1;
- k) Set-up and maintenance of a reliable accounting system and a management information system (MIS) in the Group;
- l) Financial control, business planning as well as implementation of adequate measures for the achievement of the company's targets set by the Board of Directors;
- m) Implementation of the resolutions of the Board of Directors;
- n) Provision of targeted information within the company;

- o) Appointment, development and dismissal of top management in the company as well as determination of salaries, incentives and benefits in accordance with the enclosed Appendix 1;
- p) Representation of the company vis-à-vis the public, the banks, investors and the media as well as determination of the information policy;
- q) Decision-making upon the disclosure of potentially price-sensitive facts (ad-hoc publicity) within the framework of the internal guideline as well as upon other SIX disclosure obligations;
- r) Approving the assumption of public offices and board of directors mandates outside the company by members of the management levels below the Executive Group Management;
- s) Proposing the employers' representatives for the pension funds of the company and of the Group companies in consultation with the Chairman of the Board of Directors.

### **3. Reporting**

The Chief Executive Officer shall submit a monthly written report to the Chairman of the Board of Directors for the attention of the Board of Directors. The Chief Executive Officer may submit proposals to the agenda items of the Board meeting, which are generally discussed at a preparatory meeting with the Chairman of the Board of Directors.

The Chief Executive Officer shall inform the Board of Directors during the Board meetings about current business developments, the company's financial situation as well as all developments that are important to the company. The Chief Executive Officer can call in other employees by arrangement with the Chairman of the Board of Directors.

The Chief Executive Officer shall provide the Chairman of the Board of Directors with timely information on extraordinary events and developments of which the Board of Directors should be informed.

The Chief Executive Officer shall provide Board of Directors members with data and information within the framework of the instructions of the Chairman of the Board of Management.

### **4. Relationship with the Executive Group Management**

The Chief Executive Officer shall involve the members of the Executive Group Management in all important matters and decisions in his sphere of responsibility in accordance with Appendix 1. The Chief Executive Officer may delegate any of his individual duties to the Executive Group Management, to single members of the

Executive Group Management or to third parties. The Board of Directors must be informed about any permanent delegation.

The Chief Executive Officer shall appoint permanently or on an ad-hoc basis a member of the Executive Group Management as a deputy.

## **VI. Executive Group Management**

### **1. Composition and organization**

The Executive Group Management shall comprise the Chief Executive Officer (CEO), the Chief Operation Officer (COO) Global Sales, the divisional Chief Operation Officers (COOs), the Chief Financial Officer (CFO), and the Chief Human Resources Officer (CHRO).

### **2. Duties and powers**

The Executive Group Management supports the Chief Executive Officer with the execution of his duties and shall take care of all important matters and decisions of the company. The allocation of competences between the Chief Executive Officer and the Executive Group Management are set forth in Appendix 1.

### **3. Meetings**

Executive Group Management meetings shall generally be held monthly and shall be convened and chaired by the Chief Executive Officer or, if he is indisposed, by his deputy or another member of the Executive Group Management. Each Executive Group Management member may request, stating the reason, the Chief Executive Officer to convene a meeting stating the agenda item. The Chief Executive Officer decides if persons not belonging to the Executive Group Management shall attend the Executive Group Management meetings with advisory vote.

### **4. Minutes**

The Chief Executive Officer shall appoint the Executive Group Management recording clerk. The recording clerk shall take the minutes, which must be approved at the following Executive Group Management meeting.

### **5. Reporting**

The Executive Group Management shall accept the reports of the Chief Financial Officer on the company's financial situation, generally on a monthly basis, and the reports of the Divisions and Global Sales at the Executive Group Management meetings.

Important matters must be submitted by means of a written report and motion. In the case of credit applications, upon request of the Chief Executive Officer, the applicant shall draw up a written final report.

## **VII. Bodies of the Group Companies**

### **1. Duties and responsibilities**

The legal and statutory supervisory bodies of the Group companies (board of directors and further supervisory bodies) shall ensure that the following duties, resulting from directions given by the Chief Executive Officer or from autonomous resolutions, shall be carried out in accordance with the law, the Articles of Association and these Bylaws.

The legal and statutory supervisory bodies of the Group companies shall have, in particular the following duties:

- a) Approval of the annual accounts, proposal of motions to the General Meeting and the exercise of all their statutory functions;
- b) Appointment of the General Manager of the Group company following the proposal of the Chief Executive Officer in agreement with the concerned Chief Operational Officer;
- c) Advising the General Manager of the Group company in connection with maintaining good relations with the local authorities, the local business community, associations and employer representatives.

Besides the overall management by means of local supervisory bodies, the Group companies shall be managed through direct instructions from the Executive Group Management to its General Managers. The delegations carried out by Executive Group Management for the purpose of the supervision and management of the Group Companies are set forth in the Delegation of Authority (DoA) which has been issued by the Executive Group Management in accordance with these Bylaws.

### **2. Composition and election**

The Chief Executive Officer or at least one other member of the Executive Group Management shall be represented in the legal and statutory supervisory bodies (Board of Directors, Supervisory Board and Advisory Board) of important Group companies.

During their term of office, members of the Board of Directors of HUBER+SUHNER AG shall be appointed only in exceptional cases to a supervisory body of a subsidiary.

The legal and statutory supervisory bodies of the Group companies shall be kept as lean as possible and shall be staffed as far as possible by senior executives from the Group. External supervisory bodies shall only be elected if they are of significant benefit to the company or the Group as a result of their knowledge or relations, or if this is stipulated by the statutory provisions.

The operational management of a Group company shall as a rule be carried out by a single individual.

Election or re-election as a member of a legal and statutory supervisory body shall be excluded after achievement of 65th birthday. Members who have reached their 65th birthday shall resign their position at the next General Meeting.

### **3. Remuneration**

Group staff members at all levels who hold an office as member of legal and statutory supervisory bodies shall not be separately remunerated.

Mandates of third parties shall be remunerated in accordance with their workload and responsibility in agreement with the Chief Financial Officer.

## **VIII. General provisions**

### **1. Financial year**

The calendar year shall be the financial year for all the Group companies, except if local statutory provisions state otherwise.

### **2. Annual accounts**

HUBER+SUHNER AG, each Group company as well as the Group as a whole shall draw up half year and annual accounts within the framework of the applicable statutory regulations and as per the Group's accounting practices (IFRS) in accordance with the Chief Financial Officer's directions.

### **3. External information**

The Chief Executive Officer shall be responsible for publications in the media and the company's and Group's public relations work, with the exception of information

relating to shareholders. The Chief Executive Officer shall issue directives regarding the contact with the media and ensures its compliance.

#### **4. Confidentiality**

All corporate bodies mentioned in these Bylaws shall keep confidential vis-à-vis third parties, any information which is not in the public domain and which they obtain as a result of exercising their office. The duty of confidentiality shall supersede the term of the office. All documents and data media proprietary of the Group shall be returned upon resignation of the respective office.

Price sensitive facts are subject to the relevant insider regulations in accordance with Art. 161 of the Swiss Penal Code (StGB) as well as well as the Guideline relating to the ban on insider trading.

#### **5. Signature authorization**

The Chairman of the Board of Directors, the Deputy Chairman of the Board of Directors as well as the members of the Executive Group Management sign with joint signature. Any further person authorized by the Board of Directors to represent the company and the Group companies shall also sign with joint signature.

If joint signature is not permitted or customary under the legal system of a Group company, alternative arrangements may be made.

### **IX. Final provisions**

#### **1. Validity**

The revised version of these Bylaws including Appendices 1 to 3 have been approved at the Board of Directors meeting held on December 5, 2011 and have entered immediately into force. They replace those of December 3, 2008.

#### **2. Revision and Amendment**

These Bylaws and their Appendices will be reviewed when necessary, however at least every three years.

The Chairman of the Board of Directors

The Chief Executive Officer

.....  
Dr. David W. Syz

.....  
Urs Kaufmann

December 5, 2011

Encl.: Appendix 1 (Function chart)  
Appendix 2 (Regulations of the 'Audit Committee')  
Appendix 3 (Regulations of the 'Nomination and Compensation Committee')

**This is a translation of the German original and the German version is binding.**

## **Regulations of the 'Audit Committee' (AC) of HUBER+SUHNER AG**

### **1. Organization and remit**

The Committee consists of at least two members. The Board of Directors appoints the members annually and designates the Chairman.

The Committee supports the Board of Directors in its function as the uppermost supervisory body and in its financial management tasks, in particular with regard to the completeness of the annual financial statements, compliance with the statutory provisions for financial reporting, checking of the professional qualifications and independence of the registered and state-supervised audit company as well as the work of the internal auditor and the statutory external auditor. In addition, the committee assesses the effectiveness of the internal controlling system and of risk management. It decides urgent technical matters. The areas of authority and responsibility allocated to the Board of Directors by law and through the Bylaws remain entirely within the Board.

The Committee may gather information necessary for its work at all times directly from the persons responsible. The internal auditor reports to it for this purpose.

### **2. Tasks**

The Committee is responsible in particular for the following tasks:

- a) Checking of the organization of the accounting system (applicable accounting provisions, valuation provisions, internal and external financial reporting, liquidity and financing management, assessment of evaluation and financing principles) in terms of suitability, reliability and effectiveness and, if necessary, the tabling of amendments for the attention of the Board of Directors;
- b) Checking of the annual report and the half-year results and of the other financial information published;
- c) Supervision of the assessment of corporate risks and checking of the practices of risk management;
- d) Checking of the financial controlling system;
- e) Supervision of the business activities with regard to compliance with resolutions of the Board of Directors, internal regulations and guidelines, principles of corporate policy and instructions as well as with regard to the relevant statutory provisions, especially in terms of stock market legislation (compliance);



- f) Checking of the performance, independence and honouring of the statutory external auditor as well as voting recommendations to the Board of Directors and/or the General Meeting;
- g) Handling of audit reports; consultation regarding all significant findings and recommendations of the external statutory auditor with the CEO and the CFO as well as with the external statutory auditor;
- h) Monitoring of the implementation of recommendations made by the statutory external auditor;
- i) Establishment of the audit plan of the internal auditor;
- j) Handling of audit reports; consultation regarding all significant findings and recommendations of the internal auditor with the CEO and the CFO as well as with the internal auditor;
- k) Informing the Board of Directors regarding all AC-related events which are not directly within the responsibility of the Board of Directors;
- l) Execution of further tasks assigned to it by the Board of Directors.

### **3. Mode of operation**

The Committee meets as business dictates, but not less than twice a year.

As a rule, the CEO, the CFO, the head of internal auditing and the statutory external auditor take part in the meetings of the Committee. Other members of the Board of Directors and of the Group Executive Management or other subject specialists may be asked to join the meetings.

The Committee may delegate special tasks to the internal auditor and to the statutory external auditor as well as to external specialist advisers in the event that the Committee requires additional information or knowledge for the fulfilment of its tasks.

The Chairman directs the meetings and is responsible in particular for the organization of work, the convening of meetings and reporting to the Board of Directors. Minutes are taken of each meeting, and the minutes are distributed to all members of the Board of Directors and to the participants.

### **4. Effectiveness**

The present regulations were approved by the Board of Directors on 5 December 2011 and became effective immediately.

**Regulations  
of the 'Nomination and Compensation Committee' (NCC)  
of HUBER+SUHNER AG**

**1. Organization and remit**

The Committee consists of the Chairman and the Vice-Chairman of the Board of Directors. The Chairman of the Board of Directors chairs the Committee.

The Committee prepares all relevant decisions in the areas of Nomination and Compensation with regard to the members of the Board of Directors and the Group Executive Management. It decides the general annual wage adjustment (salaries and bonuses below the Group Executive Management) or individual items of business which can not be postponed until the next Meeting of the Board of Directors. The Chairman of the 'Nomination and Compensation Committee' informs the Board of Directors regarding these decisions at the latest on the subsequent Meeting of the Board. The Committee supports the Board of Directors in its supervisory and financial controlling tasks and supervises the implementation of resolutions passed by the Board of Directors in this area.

The Committee may gather information necessary for its work at all times directly from the persons responsible.

**2. Tasks**

The Committee has the following tasks:

- a) Management of the selection process and applications regarding new members of the Board of Directors;
- b) Checking of the selection process of the CEO and of the members of the Group Executive Management (including interviews during the final selection process) and of the essential conditions of their contracts of employment;
- c) Application for the remuneration of the Board of Directors and its committees;
- d) Checking, negotiation and application for the remuneration of the CEO and of the members of the Group Executive Management;
- e) Approval of the annual salary adjustment (without Group Executive Management);
- f) Checking of and application for the annual salary policy proposed by the CEO;
- g) Informing the Board of Directors regarding all NCC-relevant events which are not directly within the responsibility of the Board of Directors;
- h) Performing further tasks assigned to it by the Board of Directors.

### **3. Mode of operation**

The Committee meets as business dictates, but not less than twice a year.

The CEO generally attends the meetings, except when his performance is being assessed or his remuneration determined, and the Director of Human Resources attends as required. Other members of the Board of Directors, individual members of the Group Executive Management or other subject specialists may be asked to join the meetings.

The Committee discusses in good time with the CEO all important planned personnel changes within the organization and determines with him the appropriate-level selection procedure and the essential parameters of the remuneration.

The Committee discusses the organizational diagram, the deputy arrangements and the recruitment and training of young employees with the CEO once a year.

The Chairman directs the meetings and is responsible in particular for the organization of work, the convening of meetings and the reporting to the Board of Directors. Minutes are taken of each meeting, and the minutes are distributed to all members of the Board of Directors.

### **4. Effectiveness**

The present regulations were approved by the Board of Directors on 5 December 2011 and became effective immediately.