



ORGANIZATIONAL REGULATIONS OF KLINGELNBERG AG

(as of 19 August 2020)

KLINGELNBERG AG

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Organizational Regulations of Klingelberg AG

Revision of 19 August 2020

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1. GENERAL

1.1 Legal Basis

- 1 The Board of Directors (**BoD**) of Klingelberg AG, Zurich (**Company**) issues these Organizational Regulations based on Article 716b of the Swiss Code of Obligations [Obligationenrecht, **OR**], the Swiss Ordinance Against Excessive Compensation in Listed Corporations [Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, **VegüV**] and Articles 16 and 18 of the Articles of Association of Klingelberg AG.

1.2 Scope

- 2 The Company is the parent company of the Klingelberg Group (**Group**). As of the date of these Organizational Regulations, the Group comprises the Group companies listed in the Schedule.
- 3 The Organizational Regulations contain a summary of the Group's top management organization and are therefore applicable to all Group companies to the extent legally permissible. We reserve the right to establish supplementary rules at subsidiary level, provided that such rules do not conflict with these Organizational Regulations or are indispensable under the relevant jurisdiction (foreign companies).

1.3 Purpose

- 4 The Organizational Regulations define the management bodies, describe their duties and responsibilities in the context of managing the company and the Group and regulate the working methods and interaction of the various bodies in the management of the Group.

2. MANAGING BODIES

- 5 The managing bodies of the Company include:
 - (a) the Board of Directors (**BoD**);
 - (b) the Chairman of the Board of Directors (**Chairman**);
 - (c) the committees of the Board of Directors, namely the Audit Committee and the Nomination and Compensation Committee; and
 - (d) the Chief Executive Officer (**CEO**), the Chief Operational Officer (**COO**), the Chief Sales Officer (**CSO**) and the Chief Financial Officer (**CFO**) (together: **Executive Management** or **EM**).

3. BOARD OF DIRECTORS

3.1 Election and Constitution

- 6 The Chairman and the members of the BoD are elected annually by the Annual General Meeting (**AGM**) for a term of office of one year, i.e. until the conclusion of the next Annual General Meeting.
- 7 Otherwise, the BoD constitutes itself. In particular, the BoD may appoint a secretary, who need not be a member.

3.2 Duties and Responsibilities

- 8 The BoD is responsible for the non-delegable overall management of the Company and for the control and supervision of the EM. It is authorized to pass resolutions on all matters that are not reserved by law or the Articles of Association for another governing body of the Company. In particular, it may at any time, irrespective of any delegation provided for in these Organizational Regulations, take over the management of certain business, either generally or in individual cases.
- 9 The BoD delegates the operational management of the Company or the entire Group to the EM under the leadership of the CEO, unless the law, the Articles of Association or these Organizational Regulations (in particular margin no. 11) provide otherwise. This includes the management of the Company and the Group in the interest of a uniform management of the Group.
- 10 The BoD may also delegate the preparation and execution of its resolutions or the supervision of certain business to some or more of its members, a committee, the CEO or the EM. These shall ensure that regular and proper reporting is made to the BoD.
- 11 In particular, the BoD has the following duties and responsibilities in relation to the Company and the Group:
- (a) overall management of the Company and the Group, including the adoption of resolutions on strategy at the request of the EM and the issue of the necessary instructions;
 - (b) determination of the organization, in particular the adoption and amendment of these Organizational Regulations and other Group-wide regulations as well as resolutions on the establishment or liquidation of Group companies and on fundamental measures relating to the Group's shareholding and capital structure, in particular mergers, spin-offs, conversions or transfers of assets;
 - (c) structuring the accounting system, financial control and financial planning, in particular the approval of the annual budget including the investment budget submitted by the EM as well as budget overruns of EUR 1 million or more (cumulative for the financial year in question);
 - (d) performing a risk assessment and designing the internal control system (ICS), including compliance, in accordance with generally accepted standards and best practice;

- (e) appointment and dismissal of the CEO and the other members of the EM;
- (f) where appropriate, appoint an internal auditor and regulate his/her duties and responsibilities;
- (g) if applicable, appoint the persons responsible for compliance with the Company's disclosure requirements (IR) and the Directive on Insider Trading and Market Manipulation (*Trading Policy*), each at the request of the CEO and CFO;
- (h) overall supervision of the individuals entrusted with the management of the company, in particular with regard to compliance with the law, the Articles of Association, regulations and directives;
- (i) granting of authorities to sign for the Company;
- (j) reviewing and discussing the reports of the CEO and the EM, and also of the external auditors;
- (k) approve the annual report and financial statements of the Company and the Group as prepared by the EM and submit them to the AGM, prepare the AGM and implement its resolutions;
- (l) preparation of the compensation report based on the preparatory work and the request of the NCC;
- (m) determination of the total amount of compensation to be paid to the members of the BoD and the EM based on the proposal of the NCC and the submission of the compensation amounts to the AGM in accordance with Art. 13 of the Articles of Association;
- (n) notification of the judge in case of over-indebtedness;
- (o) adoption of resolutions on the subsequent payment of contributions for shares not fully paid up and the resulting amendments to the Articles of Association;
- (p) adoption of resolutions on the determination of capital increases of the Company, the preparation of the capital increase report and the resulting amendments to the Articles of Association as well as resolutions on all capital increases or reductions in the other Group companies;
- (q) adoption of resolutions on individual investments and disinvestments outside the budget of the Group and Group companies where the amount of EUR 1 million (individually or cumulatively for the financial year in question) is exceeded;
- (r) adoption of resolutions on acquisitions and sales of shareholdings or companies (whether as *share deal* or *asset deal*), if (i) the purchase price or proceeds of the sale exceed EUR 200.000, or (ii) the transaction is outside the strategic framework defined by the BoD;

- (s) approval of new or increased lines of credit and loans from third parties to a Group company, the provision of collateral, sureties and guarantees by Group companies to third parties (except for the assumption of contingent liabilities to secure obligations of a Group company towards customers or suppliers), and the granting of loans and credits, unless exclusively between Group companies and only to the extent that an amount of EUR 10 million is exceeded in each individual case;
- (t) adoption of resolutions on the institution and settlement of legal proceedings and the conclusion of settlements as well as the granting of settlement powers, in each case if the amount in dispute is more than EUR 250.000;
- (u) approval of the conclusion of contracts with executive bodies and related parties and to encumbrances on real property; and
- (v) adoption of resolutions on the conclusion of agreements in accordance with Articles 12, 36, 70 of the Swiss Federal Act on Mergers, Demergers, Conversions and Transfer of Assets and Liabilities (Merger Act) [Bundesgesetz über Fusion, Spaltung, Umwandlung und Vermögensübertragung (Fusionsgesetz)].

3.3 Meetings, Convening and Agenda

- 12 The BoD meets at the invitation of the Chairman as often as business requires, but at least four times a year. In addition, each member as well as the CEO is entitled to request the Chairman to convene a meeting, stating the reason.
- 13 Meetings shall be convened in writing (including by e-mail) at least ten calendar days in advance. The invitation shall include the date, time and place as well as the agenda items and shall be followed by the relevant meeting documents at least five calendar days in advance. In cases of urgency, shorter time limits shall be permitted; the Chairman shall be entitled to define urgency. Meetings may be convened without formality if the sole purpose of the meeting is to resolve on the implementation of a capital increase, including the adoption of a resolution on the capital increase report, and to resolve on the corresponding amendments to the Articles of Association.
- 14 Meetings of the BoD are generally held at the registered office of the Company; other venues are permissible, subject to the consent of the members of the BoD. Meetings may also be held by conference call, video conference or other electronic means of transmission.
- 15 Meetings of the BoD shall be chaired by the Chairman or, in his absence, by another member to be determined by the BoD. The meetings of the BoD are generally also attended by the CEO and, if necessary, the other members of the EM. The Chairman decides whether and which persons who are not members of the BoD may attend BoD meetings.

3.4 Quorum, Passing of Resolutions and Recording of Minutes

- 16 The BoD is quorate if the majority of its members are present at the meeting (presence quorum), including by conference call or video conference or by other electronic means of transmission. The presence quorum requirement does not have to be observed if the sole purpose of the meeting is to resolve on the implementation of a capital increase, including the adoption of a resolution on the

capital increase report, and to resolve on the corresponding amendments to the Articles of Association.

- 17 In principle, resolutions can only be validly passed at the meeting on the items listed in the invitation, unless all members agree to also pass resolutions on other items.
- 18 The BoD passes its resolutions by a majority of the votes cast (simple majority). Abstentions shall be considered as votes not cast. In case of a tie, the Chairman (but not another chairperson) has the casting vote.
- 19 Meetings shall be recorded in the minutes, which shall provide information on the main considerations and all resolutions adopted. In addition, each member is entitled to demand that his/her vote and/or the fact that his/her opinion deviates from a decision taken be recorded in the minutes. The minutes shall generally be kept by the secretary, signed by the Chairman and the secretary and approved by the BoD at the following meeting. If the secretary is not present, the BoD shall appoint a secretary for the meeting in question who need not be a member of the BoD.
- 20 Decisions of the BoD may also be made by circular letter, fax or PDF file (e-mail), unless a member requests by telephone or in writing (including by e-mail) that the matter be discussed at a meeting within three working days of receipt of the relevant request. Resolutions by circular letter require the approval of the majority of all members (but not the vote of all members). Resolutions taken by circular letter shall be recorded in the minutes of the next meeting.

3.5 Information and Reporting

- 21 Each member of the BoD has the right to be informed and request reports on all matters concerning the Group and the individual Group companies and to inspect business documents. If necessary, the Chairman shall issue the appropriate instructions.
- 22 At each meeting, the Board of Directors must be informed by a member of the Executive Management about the current course of business and significant business transactions. Extraordinary events must be brought to the attention of the members of the Board of Directors immediately by circular letter, if necessary in advance by telephone, e-mail or fax.

3.6 Compensation

The type of compensation paid to the Board of Directors and its amount are determined by the Articles of Association of the Company and the applicable legal provisions.

4. CHAIRMAN OF THE BOARD OF DIRECTORS

- 23 Each year, the AGM elects a Chairman from among the members of the BoD for a term of office ending at the conclusion of the following AGM. Re-election is possible. If the position of Chairman is vacant, the BoD shall appoint a Chairman for the remainder of the term of office.
- 24 The Chairman is responsible for the formal and organizational management of the BoD. He/she ensures close coordination between the BoD and its committees. In addition, he/she regularly informs himself/herself and consults with the CEO in the course of meetings and, where necessary,

with the other members of the Executive Management on all important individual transactions and projects, as well as on issues of fundamental importance or far-reaching implications.

25 The Chairman has in particular the following duties and responsibilities:

- (a) convening of meetings of the BoD and setting of the agenda;
- (b) convening of AGMs and preparation of the agenda for the attention of the BoD;
- (c) chairing the meetings of the BoD and the AGM;
- (d) ordering and monitoring the execution of the resolutions of the BoD and the AGM;
- (e) representing the BoD to the public, the authorities and the shareholders and, if necessary, representing the Group in consultation with the CEO;
- (f) ensuring that, in urgent matters, the measures indicated to safeguard the interests of the Group are ordered if no decision of the BoD can be obtained within a reasonable period of time; and
- (g) all other duties and responsibilities assigned to the Chairman by law, the Articles of Association, these Organizational Regulations or other internal regulations.

26 Exceptionally and only in urgent cases, the Chairman is entitled, after consultation with the CEO, to take measures before they have been approved by the BoD. Such measures must be immediately brought to the attention of the other members of the BoD and subsequently approved at the next meeting of the BoD.

5. COMMITTEES OF THE BOARD OF DIRECTORS

5.1 General Provisions

27 The BoD may assign the preparation and execution of its resolutions and the monitoring of business activities to committees.

28 The Committees shall have the power to conduct or commission investigations in all matters within their remit. If necessary, they may call in independent experts. In addition, the committees inform the BoD about their activities at the following ordinary meeting of the BoD, or directly and immediately in urgent cases.

29 Committees consist of a chairman and, unless otherwise provided in these Organizational Regulations, at least one other member, who, with the exception of the members of the Nomination and Compensation Committee, are elected by the BoD from among its members. The members of the Nomination and Compensation Committee are elected individually each year by the AGM at the proposal of the BoD. The term of office of the committee members coincides with the term of office of the members of the BoD and ends after one year or at the conclusion of the next AGM. Re-election is possible. The committees constitute themselves, and in particular may appoint their own secretaries.

30 The following two standing committees currently exist:

- (a) the Audit Committee; and
- (b) the Nomination and Compensation Committee.

31 The BoD is authorized to establish additional committees.

5.2 Audit Committee

32 The Audit Committee (**AC**) supports the BoD in its overall financial supervision function, in particular with regard to the completeness and adequacy of financial reporting and the internal control system (ICS), compliance with legal requirements, the qualification of the external auditors and the performance of the external auditors.

33 In appointing the members of the AC, the BoD is guided by the provisions of the Swiss Code of Best Practice for Corporate Governance, which provides that the AC shall be composed of independent, non-executive members of the BoD.

34 The duties and responsibilities of the AC and its internal organization are defined in separate regulations, which are approved by the BoD.

5.3 Nomination and Compensation Committee

35 The Nomination and Compensation Committee (**NCC**) assists the BoD in fulfilling its responsibilities under the law, the Articles of Association, and the Organizational Regulations in the area of the Group's personnel and compensation policy.

36 The basic duties and responsibilities are described in the company's Articles of Association.

37 In nominating the members of the NCC for election by the AGM, the BoD follows the provisions of the Swiss Code of Best Practice for Corporate Governance. In particular, the NCC shall be composed of a majority of independent, non-executive members of the BoD, although the BoD may also nominate members who are significant shareholders of the Company or represent the latter.

38 The duties and responsibilities of the NCC and its internal organization are defined in separate regulations, which are approved by the BoD. Otherwise, the NCC constitutes itself.

6. EXECUTIVE MANAGEMENT

6.1 Constitution

39 The Executive Management (**EM**) consists of the CEO, the COO, the CSO and the CFO.

40 The BoD appoints the CEO at the request of the NCC. The other members of the EM are appointed or dismissed by the BoD at the request of the CEO and the NCC.

6.2 Meetings, Quorum, and Adoption of Resolutions

- 41 The EM meets as often as business requires, but at least once a month. Meetings of the EM may be held by telephone.
- 42 The CEO or, if he/she is prevented from doing so, another member of the EM convenes and chairs the meetings of the EM. The CEO decides whether and which persons who are no members of the EM participate in meetings of the EM in an advisory capacity.
- 43 The EM constitutes a quorum if the majority of its members are present at the meeting.
- 44 The EM shall, as far as possible, seek a consensual solution to the issues it deals with, which shall be submitted for resolution. Resolutions are passed by majority vote of the entire EM, with the CEO having the right to overrule the other members of the EM.
- 45 All motions and resolutions must be recorded in minutes. Resolutions may also be passed by circular letter (including by e-mail).

6.3 Duties and Responsibilities

- 46 The EM, chaired by the CEO, is responsible for the management of the company and the Group in terms of overall economic responsibility, unless otherwise provided by law, the Articles of Association, these Organizational Regulations, and other internal regulations. It is responsible for the development and achievement of corporate objectives and also for the management and supervision of all Group companies.
- 47 The EM is authorized to pass resolutions on all matters that are not reserved or assigned to the BoD or another governing body of the Company by law, the Articles of Association or these Regulations. It has in particular the following duties and responsibilities:
- (a) preparation and formulation of the Group strategy for approval by the BoD;
 - (b) operational management of the Company and the Group and implementation of the strategy approved by the BoD by coordinating the appropriate use of personnel and capital to achieve the objectives set;
 - (c) preparation of budgets and business plans for discussion and approval by the BoD and submission of proposals to the Company's BoD in the event of budget overruns (costs, investments) during a financial year of more than EUR 1 million (whereas this limit applies cumulatively);
 - (d) release of projects and transactions approved by the BoD within the scope of the budget, and decisions on projects and transactions outside the budget, with an investment or divestment volume of up to EUR 1 million (whereas this limit applies cumulatively);
 - (e) adoption of resolutions on acquisitions and sales of shareholdings or companies (whether as *share deal* or *asset deal*), if (i) the purchase price or proceeds of the sale exceed EUR 200.000, or (ii) the transaction is within the strategic framework de-

fined by the BoD, in which case the BoD must be kept appropriately informed on an ongoing basis of such plans;

- (f) utilization of the Group's existing lines of credit, including borrowings in the form of loans, advances, overdrafts, bank guarantees (including advance payment, repayment and performance bonds), letters of credit, and bank guarantees; entering into contingent liabilities to secure obligations to customers or suppliers; and granting loans and credits between Group companies;
- (g) adoption of resolutions on the institution and settlement of legal proceedings and the conclusion of settlements as well as the granting of settlement powers, in each case if the amount in dispute is less than EUR 250.000;
- (h) conduct and supervision of all current business of the Company and its subsidiaries within the framework of these Organizational Regulations; whereas decisions of fundamental importance, for which the approval of the Company's BoD must be obtained in advance, are reserved;
- (i) implementation of the decisions taken by the BoD;
- (j) preparation and implementation of accounting, financial control and financial planning;
- (k) preparation of the annual report, the annual financial statements and the annual budget of the Group and the Company for submission to the BoD;
- (l) defining the guidelines for risk monitoring and setting up an efficient and structured procedural organization and an efficient internal control system (ICS) to limit or avoid all types of risk;
- (m) preparation and implementation of the organization chart;
- (n) prepare and implement the general personnel policy and general employee matters and the employment plan;
- (o) determination of the salaries of employees (except for the compensation of the EM);
- (p) supervision of the employees, in particular with regard to compliance with the law, the Articles of Association, regulations and directives;
- (q) passing resolutions on essential contracts that do not concern day-to-day business;
- (r) immediate reporting by telephone and in writing to the Company's BoD in the event of increased risks in connection with current business transactions and in the event of extraordinary events; and
- (s) notification to the Chairman of the Company's BoD and of its subsidiaries in the event of capital loss and overindebtedness (Art. 725 of the Swiss Code of Obligations) or other risks to a company of the Group.

7. CEO (CHIEF EXECUTIVE OFFICER)

- 48 The CEO is appointed or dismissed by the BoD at the request of the NCC.
- 49 The CEO heads the EM and has, in particular, the following duties and responsibilities:
- (a) operational management of the Group as Chairman of the EM;
 - (b) convening and chairing meetings of the EM;
 - (c) determination of the distribution of tasks among the members of the EM and ensuring an appropriate organization for their work, issuing general or specific instructions (right of direction) and monitoring the fulfilment of objectives by the members of the EM;
 - (d) ensuring close coordination of the work of the EM with that of the BoD and ensuring regular reporting to the BoD on the course of business and on important projects, as well as providing all information and documents required by the BoD;
 - (e) preparation – with the support of the COO, CSO and CFO – of proposals to the BoD and the committees for transactions to be discussed and decided by the BoD;
 - (f) preparation of proposals on the Group's strategy in cooperation with the COO, CSO and CFO for submission to the BoD;
 - (g) controlling business development and monitoring the achievement of the objectives set at the Group companies and, if necessary, ordering and implementing corrective measures;
 - (h) monthly reporting to the BoD on order intake, sales and order backlog for the Group, quarterly preparation of a balance sheet and periodic reporting on key figures and important business transactions at BoD meetings;
 - (i) development of an appropriate organizational structure for the Group for approval by the BoD;
 - (j) management of the Group-wide executive/staff organizations;
 - (k) management of the executive heads of the Group companies;
 - (l) appointment or dismissal of all individuals entrusted with the business activities and representation of the Company and the regulation of signatory powers up to one level below the EM;
 - (m) exercise of the Company's membership/partnership rights in Group companies in Switzerland and abroad (and their participations), unless the BoD has issued guidelines and instructions; and

- (n) representation of the Group to the public, shareholders, investors and authorities (in consultation with and subject to the appropriate responsibility of the Chairman of the BoD); issuance of guidelines in this regard and monitoring of compliance with them.

8. COO (CHIEF OPERATING OFFICER)

- 50 The COO is appointed or dismissed by proposal of the CEO and the NCC. He/she is a member of the EM.
- 51 The COO is responsible for Production and Technology on a Group level. In consultation with the CEO, he/she is the line manager of the heads of divisions (Bereichsleiter); he/she agrees the specific objectives with the heads of divisions and assesses the achievement of these objectives.
- 52 The COO has in particular the following duties and responsibilities:
 - (a) strategy development together with the CEO, CSO and CFO;
 - (b) development of business plans and budgets together with the CEO, CSO and CFO;
 - (c) determination of the organizational structure and staffing of the managerial positions within his/her area of responsibility;
 - (d) responsibility for operational tasks and responsibilities in the areas of production, purchasing, logistics, quality management, technology and innovation;
 - (e) implementation of adopted measures; and
 - (f) direct management of the BUs.

9. CSO (CHIEF SALES OFFICER)

- 53 The CSO is appointed or dismissed by proposal of the CEO and the NCC. He/she is a member of the EM.
- 54 The CSO is responsible for Sales on a Group level. In consultation with the CEO, he/she is the line manager of the heads of divisions (Bereichsleiter); he/she agrees the specific objectives with the heads of divisions and assesses the achievement of these objectives.
- 55 The CSO has in particular the following duties and responsibilities:
 - (g) strategy development together with the CEO, CFO and COO;
 - (h) development of business plans and budgets together with the CEO, CFO and COO;
 - (i) determination of the organizational structure and staffing of the managerial positions within his/her area of responsibility;

- (j) responsibility for determining the basic key data of the sales policy as well as the long-term goals of the sales activities and the controlling of the same;
- (k) implementation of adopted measures; and
- (l) direct management of the assigned areas.

10. CFO (CHIEF FINANCIAL OFFICER)

- 56 The CFO is appointed or dismissed by proposal of the CEO and the NCC. He/she is a member of the EM.
- 57 The CFO is responsible for Finance and Human Resources (HR) on Group level. In consultation with the CEO, he/she is the line manager of the heads of divisions (Bereichsleiter); he/she agrees the specific objectives with the heads of divisions and assesses the achievement of these objectives.
- 58 The CFO has in particular the following duties and responsibilities:
- (a) strategy development together with the CEO, COO and CSO;
 - (b) development of business plans and budgets together with the CEO, COO and CSO;
 - (c) determination of the organizational structure and staffing of the managerial positions within his/her area of responsibility and implementation of adopted measures; and
 - (d) timely reporting on behalf of the Board of Directors on the use of the Group's lines of credit and cash and cash equivalents to the CEO and the Audit Committee regarding the current use of the Group's lines of credit.
- 59 The CFO has group-wide responsibility for the definition, coordination and implementation of common standards and processes relating to:
- (a) Corporate Financing and Treasury;
 - (b) Corporate Controlling (Group Consolidation and Reporting, Internal Control System (ICS));
 - (c) Corporate HR Management;
 - (d) Communication (Corporate Communication, Investor Relations and Public Relationships), in important cases in close consultation with the CEO and the BoD;
 - (e) Compliance, Taxes and Legal Affairs (corporate law);
 - (f) IT;
 - (g) coordination of risk management and insurance for the whole Group;
 - (h) coordination of the external audit in accordance with the instructions of the BoD; and

- (i) ensuring compliance with all stock exchange regulations.

60 In addition to his/her other duties as a member of the EM, the CFO is, in particular, responsible for creating transparency with regard to financial developments, events, prospects and risks. He/she ensures efficient planning and monitoring of business activities on the basis of a transparent information system and is responsible for identifying deviations from targets at an early stage, providing timely information to the EM and the BoD and initiating corrective measures.

61 He/she proposes measures to improve performance and processes and ensures that legal requirements, professional standards (*best practice*), Group regulations and the instructions of the BoD are complied with. In doing so, he/she has a direct responsibility and reporting obligation to the BoD and the internal and external audit bodies, while at the same time informing the CEO. He/she supports the BoD with the aim of ensuring timely and forward-looking decisions of high quality and an effective control system and risk management adapted to the size of the Group.

62 The CFO ensures through appropriate processes that the Company fulfills its obligations regarding the ad hoc disclosure of facts relevant to the share price and its other obligations under the Swiss Financial Market Infrastructure Act [Finanzmarktinfrastukturgesetz, FinfraG] (including the pertaining implementing ordinances) and the regulations of SIX Swiss Exchange. For further details, the regulations issued by the BoD apply.

11. MANDATES OUTSIDE THE KLINGELNBERG GROUP

63 The acceptance of mandates in legal entities outside the Klingelberg Group by the members of the BoD or the EM is subject to the regulation in the Articles of Association. In addition, any acceptance of such mandates by members of the BoD is subject to prior approval by the BoD if such acceptance leads or could lead to a conflict of interest.

12. MANAGING BODIES OF THE SUBSIDIARIES

64 The powers of the subsidiaries' governing bodies are limited to the non-transferable statutory obligations which they must exercise in the interests of the Group to the extent permitted by law.

65 The supervisory bodies (board of directors, supervisory board, etc.) of the subsidiaries are generally made up of members of the EM. As far as possible and reasonable as well as legally permissible the principle of separation of the supervisory and execution functions must be observed.

66 The supervisory bodies of the subsidiaries should be kept as small as legally permissible and operationally reasonable.

67 The EM is responsible for issuing the necessary general directives and guidelines for the management of the subsidiaries.

13. PERIODIC REPORTING

68 The EM provides the BoD with the following documents on the dates listed below:

- Consolidated budget of the Group: March
- Consolidated financial statements of the Group / individual financial statements of the Company and Klingelberg GmbH: June
- Consolidated semi-annual financial statements of the Group: November
- Timely reporting on behalf of the Board of Directors on the use of the Group's lines of credit and cash and cash equivalents to the CEO and the Audit Committee.

14. OTHER PROVISIONS

14.1 Compensation

⁶⁹ The amount and type of compensation paid to the members of the BoD and the EM are based on the Company's Articles of Association, the applicable legal provisions and the guidelines set by the BoD at the request of the NCC.

14.2 Signatory Powers

⁷⁰ The members of the BoD and the EM have joint signatory power by two. Further signatory powers for the Company are granted by the BoD.

⁷¹ For the signatory powers of subsidiaries, joint signatory power by two shall be provided for in every case.

14.3 Conflicts of Interest

⁷² The members of all the bodies of the Company and the Group are obliged to abstain from taking part in transactions that affect their own interests or the interests of natural or legal persons close to them.

⁷³ If a conflict of interest arises, the member of the BoD or the EM concerned shall notify the Chairman or the CEO thereof. Resolutions on such transactions must be adopted to the exclusion of the person concerned. The persons concerned may not take part in the negotiations on such transactions; however, the chairman of the corresponding body may invite them to submit their comments.

⁷⁴ The members of the Company's governing bodies and of the Group shall avoid anything that might be, or appear to be, contrary to the interests of the Company.

14.4 Secrecy

- 75 The members of the BoD and the EM and all other bodies and employees of the Group are obliged to maintain secrecy vis-à-vis third parties about transactions and other business activities or facts of the Group and its shareholders which come to their knowledge in the performance of their professional activities. This obligation of secrecy shall remain in force even after the departure of the above-mentioned persons.
- 76 On leaving the company, all business records must be returned.

14.5 Financial Year

- 77 The financial year of the Company and the Group begins on 1 April and ends on 31 March of every year.

15. FINAL PROVISIONS

- 78 These Organizational Regulations shall enter into force upon adoption by the Board of Directors. On their entry into force, they replace all previous organizational regulations of the Company or the Group. They are subject to an annual review and reassessment of their adequacy.

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Zurich, this 19th day of August 2020

For the Board of Directors of Klingelberg AG

The **Chairman**



Dr. Jörg Wolle

The **Secretary**



Robert Stiefelhagen