



# Organization and Business Rules 2016

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Approved by the Board of Directors of Georg Fischer Ltd

Version of 23 March 2016

Valid as of 1 April 2016

## Organization and Business Rules 2016

*In the event of any discrepancies, the English text of these rules shall prevail.*

The Board of Directors has issued these Organization and Business Rules based on § 20 of the Articles of Association of Georg Fischer Ltd. They govern the internal organization of the Georg Fischer Corporation as well as the duties, rights and obligations of the following bodies and persons<sup>1</sup> entrusted with its management:

- Board of Directors
- Board Committees
- Chairman of the Board
- CEO (President and Chief Executive Officer) and
- Executive Committee

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These Rules were approved by the Board of Georg Fischer Ltd on 23 March 2016 and shall take effect as of 1 April 2016. They replace all previous rules, in particular the Organization and Business Rules of 1 July 2015.

The Organization and Business Rules are periodically reviewed and adapted with the consent of the Board of Directors.

Schaffhausen, 23 March 2016

Chairman of the Board of Directors:

Corporate Secretary:

Andreas Koopmann  
Chairman

Roland Gröbli  
Corporate Secretary

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<sup>1</sup> All corporate functions mentioned in these rules are gender-neutral and refer equally to men and women (e.g. chairman).

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## 1. Corporate Organization

### 1.1. Definitions

#### *Corporation*

The Georg Fischer Corporation comprises the legally independent corporate companies and affiliated companies in which Georg Fischer Ltd, as the corporate holding company, holds equity interests, either directly or indirectly.

#### *Corporate Companies*

Corporate companies are companies in which Georg Fischer Ltd holds equity interests, directly or indirectly, and which are proportionately or fully consolidated in the consolidated accounts.

#### *Affiliated Companies*

Affiliated companies include all other companies in which Georg Fischer Ltd holds equity interests, directly or indirectly, for reasons of business policy and where the carrying amount of the investment is included in the consolidated accounts.

### 1.2. Management Structure

These rules pertain to the upper three management levels as follows:

#### *Board of Directors*

The Board level consists of the Board of Directors of Georg Fischer Ltd, the Board Committees and the Chairman of the Board.

#### *Executive Committee*

The Executive Committee level consists of the President and Chief Executive Officer (CEO), the Heads of Divisions and the CFO.

Responsibility for the management of the Corporation lies with the President and Chief Executive Officer, who is assisted in his managerial tasks by the other members of the Executive Committee. He can delegate responsibility to the Divisions or the CFO.

#### *Divisions*

The division level consists of the Heads of Divisions, which conduct the operational business of the Georg Fischer Corporation through their business units and service centers and the subordinated corporate companies.

Divisional management responsibility lies with the Heads of Division, who are assisted by the Business Unit managers and Service Center managers of each division, by means of regular management meetings.

#### *Corporate companies*

As a rule, business is conducted primarily by corporate companies that operate locally. All corporate companies must contribute proportionately to an optimal result. They are subject to management by their specific company body (i.e. in the case of public-limited companies, their board of directors), which can delegate the conduct of business to the executive bodies in accordance with local laws and regulations.

### *Corporate Center*

The management of the Corporation is vested in the Corporate Center, which consists of two Corporate Staffs and their subordinated Corporate Service Centers. They support the Executive Committee and the Board of Directors in fulfilling their duties.

### *Subordination*

Each corporate company or affiliated company is assigned to either a division or a corporate staff.

## **2. Board of Directors**

### **2.1. Composition**

The Board consists of six to nine members. They have managerial experience, relevant expertise and/or special relations.

The majority of the members must be Swiss nationals.

### **2.2. Reasons for retirements**

Each member of the Board is required to resign at the Annual Shareholders' Meeting subsequent to reaching 70 years of age.

Members who have been elected based on specific grounds will resign if such grounds cease to exist.

In principle, the maximum term of office should not exceed 12 years.

### **2.3. Constitution**

#### *Constitution*

The Board of Directors is self-constituting provided this authority is not reserved to the Shareholders' Meeting. Each year, it elects from its members a Vice Chairman, the members of the Board Committees and the committee chairpersons.

The members of the Compensation Committee are proposed by the Board but elected at the Annual Shareholders' Meeting.

#### *Secretary*

The Board of Directors appoints a secretary, who, as a rule, is not a member of the board.

### **2.4. Board Meetings**

#### *Number of Meetings*

Board meetings are held by invitation of the Chairman or Vice Chairman as often as required by business or at the request of a member of the board.

#### *Notice*

Written notice shall generally be given at least one week prior to any meeting. The notice must include an agenda which has been established by the Chairman of the Board, listing all items of business proposed by a board member or the President and Chief Executive Officer for transaction at the meeting.

#### *Video or telephone conference*

Board meetings may, in exceptional cases, also be conducted by means of video or telephone conferences.

### *Attendance of Executive Committee Members*

Members of the Executive Committee generally attend the Board meetings, but without voting rights. Other employees may be invited to attend with the consent of the Chairman.

### *Chairmanship*

The Chairman of the Board or, in his absence, the Vice Chairman shall preside at all board meetings. If the latter is likewise incapacitated, he may be represented in turn by another member to be determined by the board.

### *Quorum*

Valid resolutions passed at Board meetings are subject to a quorum comprising at least half the members of the Board. Voting by proxy is not permitted.

No quorum is required at board meetings if the only business to be transacted is the establishment of a capital increase and the subsequent amendment of the Articles of Association.

### *Passing of Resolutions*

Resolutions by the Board of Directors are passed by majority vote. In the event of a tie vote, the Chairman casts the deciding vote.

### *Circular Board Decisions*

Decisions can, in exceptional cases, be decided by written circular resolutions without calling a Board meeting, unless such a meeting is requested by a board member. Circular Decisions are subject to a two-thirds majority.

## **2.5. Minutes of the Meetings**

### *Minutes*

Minutes of board meetings are to be recorded and to be signed by the Chairman and the Secretary. Consent resolutions are to be recorded in the next minutes. Each member of the Board taking part in a meeting may request that his vote, and above all his dissenting opinion, be recorded in the minutes. Every member of the Board receives a copy of the minutes, normally no later than two weeks after each meeting.

## **2.6. Other Directorships of Board Members**

### *Directorships in External Companies (disclosure)*

Every member of the Board will disclose once a year (at the end of the calendar year) all directorships in accordance with § 21 of the Articles of Association and ensure that he meets the criteria defined in § 21 of the Articles of Association.

### *Directorships in External Companies (new directorships)*

Prior to accepting directorships with other companies, members must inform the Chairman of the Board. In case of doubt, the Board of Directors shall decide if there are reasons that would render acceptance of the directorship in question inopportune.

### *Directorships in corporate companies*

Members of the board do not generally hold office in bodies of corporate companies.

## 2.7. Board Documentation and Duty of Discretion

### *Safekeeping and Return of Documentation*

The board of directors files passed to the members of the board of directors, whether in paper or digital form, shall be stored in such a way that they cannot be accessed by non-authorized third parties.

Once a year, the members of the board of directors shall destroy any files and permanently delete any data that are more than three years old.

Outgoing members of the board of directors shall destroy all files and data in their possession or return them to the Secretariat General.

In the event that a member of the board of directors dies, his survivors shall destroy all files and data in the member's possession or return them to the Corporate Secretariat.

### *Business Secrecy*

Members of the Board are required, both during their term of office and subsequently, to maintain secrecy regarding all business matters, relations and information concerning Georg Fischer Ltd and the GF Corporation of which they gain knowledge in their capacity as board members.

## 2.8. Compensation

### *Compensation*

The basis for and elements of the compensation of the Board members will be stipulated by the Board of Directors in a separate set of regulations subject to § 22 of the Articles of Association.

## 2.9. Reimbursement of Expenses

### *Expenses*

Members of the Board will be reimbursed for travel expenses (flights, accommodation, catering, etc.) in connection with meetings, conferences or corporate assignments away from their place of residence according to the expense regulations and policies of Sr. Management.

The basic compensation of Members of the Board includes a lump sum for minor business expenses (travelling by car or train within Switzerland), office fees and material, etc.

## 2.10. Duties and Areas of Responsibility

The Board of Directors shall in particular:

### *Preparation of Shareholders' Meetings*

- a) Prepare all business to be transacted at Shareholders' Meetings.

### *Implementation of Shareholders' Meeting Resolutions*

- b) Direct the implementation of the resolutions passed at Shareholders' Meetings.

### *Registration of Shares*

- c) Supervise the transfer of registered shares and, if necessary, deny entry in the share register.

### *Supervision of Management*

- d) Supervise the management with regard to compliance with statutory regulations, the Articles of Association and the Corporate Rules. To this end, the Board of Directors is kept informed by the President and Chief Executive Officer.

### *Supervision of Company Accounting*

- e) Supervise the orderly keeping of company accounts in compliance with the directives issued to the President and Chief Executive Officer, and likewise ensure that the Income Statement and Balance Sheet of Georg Fischer Ltd and of the Corporation are drawn up in accordance with the statutory regulations and submitted to the auditors for examination.

### *Right of Information*

- f) Ensure entitlement to information on all matters concerning Georg Fischer Ltd or a corporate company. Any member of the Board desiring information or access to business documents at times other than during Board meetings shall make request to this end to the Chairman of the Board.
- g) If the Board Chairman refuses a request for information or access to business documents, the Board member in question may address the request to the full Board of Directors, as a rule, at the next scheduled meeting of the full Board.

### *Acknowledgement of Audit Reports*

- h) Take note of internal and external audit reports concerning Georg Fischer Ltd and the corporate accounts.

### *Issue of Regulations*

- i) Issue regulations governing the Board of Directors and the Executive Committee.

### *Appointments and Dismissals*

- j) Appoint and dismiss the President and Chief Executive Officer and the members of the Executive Committee at the proposal of the Chairman of the Board; approve significant changes in their terms of employment.

### *Signatory Regulations*

- k) Designate those members of the Board who are entitled to represent the company and who have signatory powers. The joint signature of two Board members having signatory powers is required.

### *Corporate Strategy*

- l) Approve the Corporate Strategy based on Executive Committee's proposal.

### *Financial Policy and Policy on the Appropriation of Net Profit*

- m) Define the principles of Group financial policy and Group policy on the appropriation of net profit.

### *Loans, Issue of Shares, Bonds and Participation Certificates*

- n) Pass resolutions on issuing corporate loans; approve the conditions for issuing shares, bonds and participation certificates in the Corporation.

#### *Annual Budget*

- o) Approve the annual budget of the Corporation, the divisions and Georg Fischer Ltd., including major investment projects.

#### *Annual Accounts*

- p) Approve the annual accounts of the Corporation, the divisions and Georg Fischer Ltd.

#### *Bank loans*

- q) Approve bank loans, which exceed CHF 100 million per case for Georg Fischer Ltd or its corporate companies.

#### *Approval of Transactions*

- r) Approve business transactions exceeding CHF 100 million, exception being made for blanket orders extending over several years.

#### *Guarantees, Sureties, Letters of Comfort*

- s) Approve guarantees, sureties and letters of comfort exceeding CHF 100 million per case.

#### *Projects, investments and disposals*

- t) Approve projects, investments and disposals of fixed assets exceeding CHF 10 million in the aggregate.

#### *Equity capital of corporate companies*

- u) Approve any increase or reduction in the equity capital of corporate companies exceeding CHF 10 million per individual case.

#### *Litigation and Settlement Powers*

- v) Assign litigation and settlement powers in disputes involving sums exceeding CHF 10 million.

#### *Founding of Corporate Companies, Mergers, Liquidation and Sale of Companies*

- w) Pass resolutions on the establishment of corporate companies, mergers, financial investment in other companies, and the liquidation or sale – in part or in whole – of such companies.

#### *Acquisition of and investment in third-party businesses*

- x) Pass resolutions on the acquisition of and financial investment in third-party businesses.

#### *Compensation Policy and Report and Motions to the Shareholders' Meeting*

- y) Define the compensation policy at the highest echelon of the Corporation, adopt the Compensation Report and motions to the Shareholders' Meeting pursuant to § 22, 23c and 23d and issue the individual rules and regulations necessary for their implementation.

#### *Compensation of the Executive Committee*

- z) Decide on the amount of remuneration paid to the Chief Executive Officer and the total remuneration for the Executive Committee based on a proposal by the Compensation Committee and within the framework of the total amount approved by the Shareholders' Meeting.



#### *Retirement Plans for Senior Management*

- aa) Approve the basic principles of the retirement plans for the Senior Management of the Corporation.

#### *Risk Management*

- bb) Regular evaluation and acknowledgement of the activities of the internal monitoring and risk management system with regard to strategic, financial and operational risks and dangers.

#### *Signatory Rights*

- cc) Grant and withdraw signatory rights on behalf of Georg Fischer Ltd at the request of the Chief Executive Officer.

#### *Foundations and Trusts*

- dd) Establish corporate foundations and trusts.

### **3. Chairman of the Board**

#### **3.1. Duties and Areas of Responsibility**

The Chairman of the Board shall acquire his information regarding all important business of primary significance or with far-reaching consequences through regular consultation with the President and Chief Executive Officer.

In particular, the Chairman of the Board shall:

#### *Direction*

- a) Direct the members of the Board and the President and Chief Executive Officer.

#### *Preparation and Convocation of the Shareholders' Meeting and Board Meetings*

- b) Establish agendas for the Shareholders' Meeting of Georg Fischer Ltd and for Board meetings; convene Board meetings.

#### *Chairmanship of Shareholders' Meeting and Board Meetings*

- c) Preside over Shareholders' Meetings and Board meetings.

#### *Implementation of Shareholders' Meeting Resolutions*

- d) Order and supervise the implementation of the resolutions passed at Shareholders' Meetings.

#### *Implementation of Board Resolutions*

- e) Supervise the implementation of Board resolutions as well as the business policy guidelines and regulations approved by the Board.

#### *Representation*

- f) Represent the company externally when this is appropriate to function.

#### *Elections, Dismissals*

- g) Make proposals to the Board regarding the appointment and dismissal of the President and Chief Executive Officer and of the members of the Executive Committee.
- h) Select and dismiss trustees of the Corporation's foundations at the request of the Chief Executive Officer.

### 3.2. Substitution

#### *Substitution*

Should the Chairman of the Board be prevented from carrying out his duties due to illness or long periods of absence, these shall be taken over for the duration of his absence by the Vice Chairman or, if he is incapacitated, by a member to be determined by the Board.

## 4. Board Committees

### 4.1. Basics

#### *Regulations*

The regulations applying to the Board of Directors regarding the convocation, agenda, chair and organization of meetings, the passing of resolutions and keeping of minutes shall also apply *mutatis mutandis* to the meetings of Board Committees.

#### *Recording and Reporting*

All persons attending the meeting, as well as all Board members, shall receive a copy of the minutes. In addition, the Committee Chairman shall report personally at the next meeting of the Board of Directors on the business transacted and make corresponding proposals, where necessary, to the entire Board.

### 4.2. Audit Committee<sup>2</sup>

#### *Composition*

The Audit Committee shall be composed of a minimum of three non-executive, preferably independent, Board members with suitable experience of finance and accounting.

Independent is understood to mean Board members who have no executive function and have never held a management position in Georg Fischer or have not done so for the past three years. In addition, they may have no business relations whatsoever or only negligible business relations with the Georg Fischer Corporation.

The Audit Committee shall convene as often as business matters demand and no less than three times a year.

#### *Additional Participants in meetings*

As a rule, the President and Chief Executive Officer, the Head of Corporate Finance and Accounting, the Head of Corporate Auditing and a representative of external auditing also participate in the meetings of the Audit Committee.

#### *Duties*

The Audit Committee assists the Board in the supervision of accounting and financial reporting. The Committee monitors the internal and external auditing; appraises the working order of the internal monitoring systems as regards risk management and adherence to legal regulations; acknowledges Board Committee reports as well as notes concerning the accounts and reports by the auditors of the pension trust funds for personnel of Georg Fischer Ltd; and provides comments on equity and fixed-interest capital transactions of Georg Fischer Ltd.

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<sup>2</sup> For further information see BoD Directive 007: Charter for the Audit Committee.

#### 4.3. Compensation Committee<sup>3</sup>

##### *Composition*

The Compensation Committee consists of three independent Board members, which have been elected individually by the Annual Shareholders' Meeting.

The Compensation Committee shall convene as often as business matters demand and no less than once a year.

##### *Additional Participants in meetings*

As a rule, the President and Chief Executive Officer and the Head of Corporate Human Resources also participate in meetings of the Compensation Committee.

##### *Duties*

The Compensation Committee assists the Board in establishing the compensation policy for the uppermost corporate level.

It proposes to the Board of Directors the amount of the total compensation to be paid to the Executive Committee and the Chief Executive Officer.

It shall decide on the compensation of the other members of the Executive Committee based on a proposal by the President and CEO.

The CEO and the Chairman of the Board shall withdraw from the meeting when his/her own compensation is being discussed.

All compensations to the Executive Committee and the Chief Executive Officer are limited to the total amount approved by the Shareholders' Meeting.

It regularly reviews the guidelines governing compensation applicable to the Board of Directors and requests amendments if appropriate.

#### 4.4. Nomination Committee<sup>4</sup>

The Nomination Committee shall be composed of a minimum of three Board members.

The Nomination Committee shall convene as often as business matters demand.

##### *Duties*

The Nomination Committee assists the Board in planning successors to the Board and the Executive Committee as well as in selecting eligible candidates for appointment to the Board of Directors and for the Executive Committee positions.

#### 4.5. Other Committees

##### *Committees*

The Board may set up Committees to deal with specific issues.

##### *Composition*

As a rule, the Committees shall be composed of three members of the Board. The Board shall appoint the Chairman of the Committee and determine the duties and responsibilities of the Committees.

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<sup>3</sup> For further information see BoD Directive 008 Charter for the Compensation Committee.

<sup>4</sup> For further information see BoD Directive 009 Charter for the Nomination Committee.

### *Additional Participants*

The President and Chief Executive Officer participates in meetings of Board Committees without voting rights. As far as specific business requires, Heads of Divisions, the CFO and other employees may, with the Committee Chairman's consent, also participate in Board Committee meetings.

## **5. President and Chief Executive Officer**

### **5.1. Duties and Areas of Responsibility**

#### *Corporate Management*

Subject to the powers of the Board of Directors and Board Committees, the President and Chief Executive Officer (CEO) is responsible for the management of the Corporation and thus for taking all measures required to achieve corporate goals.

#### *Separation of powers*

As a matter of principle, the President and CEO may not concomitantly assume the role of Chairman of the Board of Georg Fischer Ltd. The President and CEO shall be supported by the other members of the Executive Committee in the management of the Corporation.

#### *Briefing of the Board Chairman*

The President and CEO consults with the Chairman of the Board and briefs him regularly on all important business matters of fundamental significance or with far-reaching consequences and on divergent opinions within the Executive Committee regarding important issues and problems.

#### *Presidential decisions*

In cases of urgency, the President and CEO and the Chairman of the Board may, by way of exception, decide jointly on matters which fall under the jurisdiction of the Board of Directors or the Board Committees, who shall be informed thereof as soon as possible, but no later than at their next meeting.

In particular, the President and CEO shall:

#### *Preparation of Board and Board Committee Meetings*

- a) Prepare the Board meetings and meetings of Board Committees; prepare proposals concerning the business to be transacted by the Board of Directors and meetings of Board Committees.

#### *Reports to the Board*

- b) Report to the Board of Directors on the course of business and on the financial and personnel situation of the Corporation, the Divisions, Georg Fischer Ltd and the larger corporate companies.

#### *Annual Budget, Annual Accounts*

- c) Present the annual budget and the annual accounts of the Corporation, the divisions and of Georg Fischer Ltd to the Board of Directors.

#### *Annual Report*

- d) Present the Annual Report drafts and the draft accounts of the Corporation and of Georg Fischer Ltd to the Board of Directors.

#### *Implementation of Board Resolutions*

- e) Implement Board resolutions and directives.

#### *Public Relations, Information Policy*

- f) Represent the Corporation in public; establish corporate information and public relations policies; define the corporate identity.

#### *Management of Georg Fischer Ltd*

- g) Assume responsibility for the operational management of Georg Fischer Ltd.

#### *Direction and Supervision of divisions and Corporate Staffs*

- h) Direct the Heads of Divisions and Heads of Corporate Staffs, and supervise their activities.

#### *Appointments, Dismissals*

- i) Make proposals to the Chairman of the Board for the appointment and dismissal of Heads of Divisions and the CFO.
- j) Grant and withdraw signatory rights on behalf of Georg Fischer Ltd for submission to the Chairman of the Board of Directors.
- k) Select and dismiss trustees of the Corporation's foundations for submission to the Board of Directors.

#### *Appointment and Dismissal of Heads of Business Units and Service Centers and Managing Directors*

- l) Approve the appointment and dismissal of Heads of Business Units, Service Centers and managers of corporate companies.

#### *Supervisory Boards of Large Corporate Companies*

- m) Approve the election of supervisory boards for larger corporate companies.

#### *External Auditors*

- n) Approve the election of external auditors for all corporate companies.

#### *Internal Corporate Auditing*

- o) Issue assignments and directives to Internal Corporate Auditing.

#### *Management Development*

- p) Develop the Senior Management of the Corporation.

#### *Salary and Bonus Systems*

- q) Approve salary and bonus systems and pension plans within the Corporation.

#### *Corporate Strategy*

- r) Prepare and formulate the corporate strategy for approval by the Board of Directors; allocate medium to long-term financial resources.

#### *Division Targets and Plans*

- s) Approve Division and Business Unit targets and long-term plans, and report to the Board of Directors.

#### *Corporate Organization Structure*

- t) Define the corporate organization structure to be approved by the Board.

#### *Delineation of Activities*

- u) Delineate Divisional and Corporate Center activities, direct joint corporate activities and the utilization of joint corporate services.

#### *Divisional and Corporate Center Structures*

- v) Approve the organization structures of the divisions and the Corporate Center.

#### *Annual Budget, Annual Accounts of Divisions*

- w) Approve the annual budget and annual accounts of divisions and corporate staffs, business units and service centers, country holdings and large corporate companies.

#### *Financing of Corporate Companies*

- x) Define the principles governing the financing of corporate companies.

#### *Projects, investments and disposals*

- y) Approve projects, investments and disposals of fixed assets between CHF 4 and 10 million in the aggregate, if non-budgeted CHF 2 million.

#### *Equity of corporate companies*

- z) Approve any increase or reduction in the equity capital of corporate companies up to CHF 10 million.

#### *Litigation and Settlement Powers*

- aa) Assign litigation and settlement powers in disputes involving sums between CHF 2 and 10 million.

#### *Changes in Shareholding*

- bb) Monitor the changes reported in the shareholding structure and compliance with the conditions stipulated in the Articles of Association for entering registered shares in the share register; reject, as a preliminary measure, entry applications not complying with the Articles of Association.

#### *Insider information*

- cc) Issue and supervise internal policies concerning insider information and the prevention of insider operations.

#### *Risk management, Compliance*

- dd) Define and implement internal monitoring systems, risk management and compliance; report to the Board of Directors.

#### *Disclosure Obligations*

- ee) Issue and monitor internal guidelines for compliance with all SWX disclosure requirements.

#### *Long-term purchase and service contracts*

- ff) Approve long-term purchasing and service contracts with a life-time value exceeding CHF 100 million.

## 5.2. Divisional Meetings

### *Purpose of Divisional Meetings*

Divisional meetings serve to facilitate the opinion-forming and decision-making process of the President and CEO and of the superior bodies of the Corporation in business and personnel matters. They are also held to provide information regarding important divisional business. The meetings shall be attended by the members of the management of the division in question. The time, place and agenda of the meetings shall be determined by the Head of Division concerned after consulting with the President and CEO.

## 5.3. Corporate Staff Meetings

### *Purpose of Corporate Staff Meetings*

Corporate staff meetings serve to deal with matters, which have been prepared by the Corporate Center, or to prepare matters for the Executive Committee.

They shall be attended by the President and CEO, the CFO and the heads of Corporate Service Centers and – ad hoc – by specialists of corporate staffs. As a rule, they shall take place on a monthly basis. The time, place and agenda shall be determined by the President and CEO in consultation with the CFO.

## 6. Executive Committee

### 6.1. Meetings of the Executive Committee

#### *Notice*

The Executive Committee meets at least eight times annually by invitation of the President and CEO. Extraordinary meetings of the Executive Committee may be called at the request of any member. Written notice shall generally be given at least one week prior to any meeting and include an agenda established by the President and CEO. The agenda shall list all items of business proposed by members of the Executive Committee for transaction at the meeting.

#### *Attendance by other Employees*

Should the situation require it, and with the consent of the President and CEO, other employees may be invited to attend Executive Committee meetings in order to deal with specific business.

### 6.2. Minutes of Meetings

#### *Minutes*

Minutes of all proceedings and business transacted are to be recorded. They shall be signed by the Secretary. Copies of the minutes shall be distributed to all members of the Executive Committee no later than two weeks after the meeting.

### 6.3. Duties

#### *Corporate Information*

Under the chair of the President and CEO, the Executive Committee deals with all important matters relevant to corporate business. It ensures the exchange of information among all its members and plays an active role in opinion- and decision-making by the President and CEO, in particular by:

#### *Corporate Strategy*

- a) Formulating the corporate strategy and allocating mid-range and long-term finances.

*Objectives, Plans and Projects of Divisions, Corporate Staffs, Business Units and Service Centers*

- b) Assessing the objectives, long-term plans and important projects of divisions, corporate staffs, business units and service centers.

*Organizational Structure of Divisions and Corporate Center*

- c) Defining the organizational structures of the Corporation, the divisions and the corporate center.

*Delineation of Activities*

- d) Delineating the activities of the divisions and the corporate center, implementing joint corporate activities and utilizing joint corporate services.

*Corporate Identity*

- e) Defining the corporate identity.

*Development of Senior and Junior Management*

- f) Selecting and developing senior and junior corporate management.

*Compensation and Incentive Systems/Schemes*

- g) Establishing compensation and benefits systems / schemes within the Corporation.

*Preparation of Board Transactions*

- h) Preparing business for transaction by the Board of Directors or Board Committees.

*Directives to Internal Auditing and External Auditors*

- i) Making proposals for the issuing of directives and assignments to Internal Corporate Auditing and external auditors.

*Acknowledgement of Audit Reports*

- j) Taking note of the reports of Internal Corporate Auditing and external auditors.

*Mutual Information*

The Executive Committee furthermore ensures that its members receive mutual information on matters within their areas of responsibility.

*Dissenting Opinions: Procedure*

Should the Executive Committee fail to reach a consensus on important decisions, or in the event of basic differences of opinion between the President and CEO and a majority of the members of the Executive Committee, the Chairman of the Board shall be informed by the President and CEO of any decision planned or already taken by him.

## **7. Heads of Divisions and Heads of Corporate Staffs**

### **7.1. Management Responsibility for Divisions and Corporate Staffs**

*Delegation of Management Responsibility*

The President and CEO delegates management responsibility for divisions and the corporate staffs to the Heads of Divisions and the CFO.



## 7.2. General Duties and Areas of Responsibility

Subject to the powers of the Board of Directors, the Board Committees and the President and CEO, the Heads of Divisions and the CFO are responsible for undertaking all measures required to achieve their respective targets and for the management and supervision of their own Division or Corporate Staff.

### *Duties and Areas of Responsibility in detail*

In particular, the duties and responsibilities of the Heads of Divisions and Heads of Corporate Staffs include the following:

#### *Preparation of Business*

- a) Preparation of business matters and proposals for decision-making falling under the jurisdiction of the President and CEO, the Board Committees and the Board of Directors.

#### *Reporting*

- b) Periodic reporting to the President and CEO on the course of business and the financial situation of their own division or corporate staff, as well as the business units, service centers and corporate companies.

#### *Annual Budget, Annual Accounts*

- c) Presentation of the annual budget and annual accounts of the divisions or corporate staffs, the business units and larger corporate companies to the President and CEO.

#### *External Representation; Public Relations and Information Policy*

- d) External representation of the divisions or corporate staffs and corporate companies; establishment of information policies and public relations policies in accordance with corporate guidelines.

#### *Implementation of Corporate Directives, etc.*

- e) Implementation and enforcement of corporate principles and regulations; execution of resolutions and directives issued by the President and CEO.

#### *Supervision of Business Unit and Service Center Managers*

- f) Supervision of the managers of business units, service centers and corporate subsidiaries.

#### *Proposals for Appointments and Dismissals*

- g) Proposals to appoint and dismiss the managers of business units, service centers and corporate companies for decision by the President and CEO.

#### *Approval of Appointment and Dismissal*

- h) Approval of the appointment and dismissal of other management personnel according to the two-level principle (approval of direct superior).

#### *Development of Senior and Junior Management*

- i) Selection and development of senior and junior division or corporate staff management.

#### *Divisional and Corporate Staff Strategies*

- j) Preparation and formulation of divisional and corporate staff strategies for approval by the President and CEO.

#### *Objectives and Plans of Business Units and Service Centers*

- k) Approval of objectives and long-term plans of business units and service centers; reporting of the same to the President and CEO.

#### *Organizational Structure*

- l) Definition of divisional or corporate staff structures for approval by the President and CEO.

#### *Projects, investments and disposals*

- m) Approve projects, investments and disposal of fixed assets up to CHF 4 million in the aggregate per project; if non-budgeted CHF 2 million.

#### *Litigation and Settlement Powers*

- n) Assignment of litigation and settlement powers within divisions or corporate staffs in disputes involving sums of up to CHF 2 million.

#### *Long-term purchase and service contracts*

- o) Approve long-term purchasing and service contracts with a life-time value of up to CHF 100 million.

### **7.3. Duties and Areas of Responsibility of the Head of Finance and Controlling**

The duties of the Head of Corporate Finance and Controlling, the CFO, include in particular:

#### *Accounting, Controlling*

- a) Overall responsibility for corporate accounting and controlling.

#### *External Auditors*

- b) Proposal to appoint external auditors.

#### *Internal Corporate Auditing*

- c) Supervision of Internal Corporate Auditing.

#### *Budgeting and Taxation*

- d) Responsibility for corporate budgeting and taxation matters.

#### *Acquisitions, Divestments*

- e) Assistance in corporate acquisition and divestiture projects.

#### *High-Risk Protection*

- f) Establishment and implementation of directives for the protection of the Corporation against risks jeopardizing its existence.

#### *Treasury*

- g) Overall responsibility for the Corporate Treasury.

#### *Borrowed Capital*

- h) Provision of borrowed capital for corporate companies.

#### *Capital Market Transactions*

- i) Responsibility for capital market transactions.

- j) Any planned capital market transaction subject to publication rules must be submitted to the Board of Directors for a decision.

*Directives for Financial Investments*

- k) Definition and implementation of directives for financial investments.

*Investors, Financial Experts, Banks*

- l) Maintain relations with investors, financial experts and banks.

*Share Register*

- m) Monitor the share register.

*Swiss Exchange*

- n) Ensure compliance with the filing requirements of the Swiss Exchange.

*Non-Operational Real Estate*

- o) Use of non-operational real estate of corporate companies managed by the corporate center.

*Assistance to Corporate Companies*

- p) Assisting other corporate companies in the use of real estate.

*Risk Management*

- q) Preparation and implementation of the internal monitoring and risk management system as well as its enforcement in the entire Corporation with the assistance of the operating units.

*Corporate Legal Services*

- r) Ensuring corporate legal services.

*Patents, Licenses, Intellectual Property Rights*

- s) Administration of patents and licenses at the corporate level; formulation and implementation of the corporate intellectual property rights policy.

*Corporate Environmental Policy*

- t) Formulation and supervision of the corporate environmental policy.

#### **7.4. Duties and Areas of Responsibility of the Head of Corporate Development**

The President and Chief Executive Officer is also head of Corporate Development, which is a corporate staff. The heads of the respective service centers report directly to him.

*Corporate Planning*

- a) Assisting the divisions and the Executive Committee in strategic planning.

*Human Resources Policies, Talent Management*

- b) Preparation and implementation of corporate human resources policies, processes and systems, talent management, succession planning and management development.

*Corporate Communication Policy*

- c) Formulation and implementation of the corporate communication policy.

#### *Corporate Acquisition and Divestiture Projects*

- d) Assistance in corporate acquisition and divestiture projects.

#### *Major Corporate Projects*

- e) Supervision of major corporate projects.

#### *Secretariat General*

- f) Direction of the Secretariat General of Georg Fischer Ltd.

## **8. Internal Corporate Auditing**

### **8.1. Subordination**

#### *Management, Administrative and Technical Subordination*

Internal Corporate Auditing reports at an operational level to the Chairman of the Audit Committee and at an administrative level to the CFO.

### **8.2. Assignments and Directives**

#### *Assignments to Internal Auditing*

Assignments and directives are issued to Internal Corporate Auditing by the Chairman of the Board, the Chairman of the Audit Committee, the President and CEO, and the CFO.

Members of the Board of Directors and of the Executive Committee are entitled to make proposals to the Chairman of the Audit Committee or President and CEO regarding the issuing of assignments and directives to Internal Corporate Auditing.

### **8.3. Reports**

#### *Reports*

Internal Corporate Auditing shall report to the person who has issued the assignment. Copies of the reports must be submitted to the President and CEO, the members of the Executive Committee and to the managers concerned.

Reports are to be submitted to the Chairman of the Audit Committee if the assignment in question was issued by him or is otherwise of far-reaching consequence.

The Chairman of the Audit Committee shall decide whether the Audit Committee and the Board of Directors have to be informed.

## **9. Enterprise Risk Management**

#### *Enterprise Risk Management*

The Board of Directors bears overall responsibility for the implementation of risk management for the Corporation.

#### *Task*

In addition to ensuring comprehensive and effective insurance coverage, risk management for the Corporation involves the systematic identification, assessment and reporting of risks.

Risks and opportunities are regularly and systematically identified, assessed and appropriately monitored at all corporate levels. Risk management is integrated into existing structures, primarily in conjunction with internal monitoring systems.

Experts in this field may be called upon if necessary.

### *Responsibilities*

Strategic risks shall be appraised by the Board of Directors. Risks involving a gross exposure exceeding CHF 100 million shall be brought to the attention of the Board. The management bears responsibility for operational and financial risks.

### *Chief Risk Officer*

Overall responsibility for the implementation of risk management lies with the President and Chief Executive Officer, who designates a Chief Risk Officer (CRO) for this task. In this context, the CRO reports directly to the CEO. The functioning of the internal monitoring and risk management system is regularly appraised by the Board of Directors, which is also regularly informed of matters to this effect (strategic, financial and operational).

## **10. Compliance**

### *Delimitation of Responsibilities*

The Audit Committee assesses compliance with the applicable laws within the Corporation on behalf of the Board of Directors. Internal Audit provides monitoring functions in this task.

The CEO bears responsibility for implementing compliance. For implementation at operational level, the CEO shall appoint a Corporate Compliance Officer (CCO).

### *Tasks*

The main tasks of the CCO are as follows:

- a) Taking measures to prevent violations of the law and infringements of the Corporation's ethical principles.
- b) Training and providing advice to operational management.
- c) Conducting compliance audits on behalf of the Chief Executive Officer.

## **11. Right to Reconsideration**

### *Reconsideration Procedure*

Executives at business units, service centers or higher levels who disagree with decisions by their superiors are entitled to apply to them for reconsideration of such decisions.

### *Reappraisal*

Should the original decision be upheld, the matter may be referred to the next higher level for reappraisal.

## **12. Additional obligations**

### **12.1. Disclosure and duty of notification**

Members of the Board and of the Executive Committee shall disclose their interests, further directorships according to § 22 of the Articles of Association and possible conflicts of interests.

### **12.2. Management Transactions and Securities Trading**

#### *Persons Subject to Reporting Obligations*

The following remarks apply to members of the Board of Directors and the Executive Committee and to all persons who are deemed persons subject to reporting obligations in accordance with the Management Transactions Directive of SIX.

These persons are also precisely defined in the relevant regulations for the Board of Directors and the Executive Committee.

The duty of notification with regard to these persons subject to reporting obligations is the responsibility of the members of the Board and Executive Committee.

#### *Management Transactions*

Transactions involving securities of Georg Fischer Ltd subject to the SIX rules concerning management transactions are defined as all transactions involving shares, warrants and convertible bonds or similar securities. Regardless of the amount, these must be reported to the share register of Georg Fischer Ltd within two business days of the conclusion of the trade.

#### *Trading in securities of Georg Fischer Ltd*

In order to prevent potential reputational damage and to avoid any suspicion of insider trading, members of the Board of Directors and the Executive Committee (and any other persons subject to reporting obligations) shall refrain from engaging in short-term transactions and from directly purchasing or selling derivative instruments linked to shares of Georg Fischer Ltd.

In transactions with securities of Georg Fischer Ltd, they shall ensure that at least six months elapse between a purchase and a sale, or vice versa, observing the rule 'last in - first out'.

The CFO may issue further temporary restrictions on trading in securities of Georg Fischer Ltd, as needed.

#### *Prior notification of Corporate Treasury*

Any trading in shares of Georg Fischer Ltd will be reported in advance to the Head of Corporate Treasury.

### **12.3. Conflict of Interest**

In the event of an actual or possible conflict of interest, the member of the Board of Directors or the Executive Committee concerned shall notify the Chairman of the Board; should the matter involve the Chairman himself, the Vice Chairman shall be notified. The Chairman or Vice Chairman calls upon the Board to decide on the extent of the conflict of interest, which takes its decision based in particular on the "Abstention" and "Business Transactions" rules, which follow in the subsequent passages. The Board, excluding the member concerned, votes on the matter.

#### *Abstention*

If any business is transacted at meetings, which concerns their own interests, or the interests of persons or companies closely connected with them, the members of the Board of Directors and Executive Committee are to abstain from voting on such transactions. Should the circumstances demand, those remaining committee members concerned can be generally excluded from the business to be transacted.

#### *Business Transactions*

Business transactions between Georg Fischer Ltd or corporate companies and members of the executive body or persons closely affiliated to them are concluded at arm's length. Such transactions require official authorization. If necessary, an impartial expert may be appointed for appraisal.

### 13. Concluding Provisions

#### *Subject to governing Law*

The Board of Directors, Executive Committee and other bodies occasionally make decisions based on these rules, which are valid, and binding not only for Georg Fischer Ltd, but also for the corporate companies. In these cases, however, the jurisdiction and responsibility to which the bodies of the corporate companies are entitled according to local governing law are reserved.

#### *Effective Date*

These Rules were approved by the Board of Georg Fischer Ltd on 23 March 2016 and shall take effect as of 1 April 2016. They replace all previous rules, in particular the Organization and Business Rules of 1 July 2015.

The Organization and Business Rules are periodically reviewed and adapted with the consent of the Board of Directors.

Schaffhausen, 23 March 2016

Chairman of the Board of Directors:

Corporate Secretary:

Andreas Koopmann  
Chairman

Roland Gröbli  
Corporate Secretary