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# Audit Committee Charter



# Board Directive V007

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Responsible Roland Abt  
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## Audit Committee Charter

This charter describes and defines the rules, competencies and duties of the Audit Committee (AC).

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## 1. General Information

The Audit Committee (hereinafter referred to as "AC") is a standing board committee of Georg Fischer Ltd.

The appointment of the Audit Committee by the Board of Directors is based on the Organization and Business Rules in accordance with paragraph 4, in particular paragraph 4.1.

## 2. Task

The AC advises the Board of Directors on matters concerning, in particular, the integrity of accounting, financial reporting and the internal control system, as well as on decisions involving far-reaching financial ramifications. By order of the Board of Directors, it assesses the independence and performance of Internal Audit and external auditors.

## 3. Appointment, Dismissal and Term of Office

The AC is composed of a minimum of three non-executive Board members, the majority of whom are independent, and have the necessary experience in finance and accounting.

The Board of Directors appoints the members of the AC and designates the chairman.

The committee is elected by the Board of Directors for one year and can be dismissed by the Board of Directors at any time. An unlimited number of re-elections is possible.

## 4. Duties and Responsibilities

**4.1. Overview of the scope of duties //** The AC assesses and evaluates proposals and statements made by the CEO, CFO, Internal Audit and external auditors (hereinafter "IA" and "EA", respectively), as well as other executives in the following subject matter:

- a) Accounting and financial reporting (no. 4.2);
- b) Auditing (no. 4.3);
- c) Financing (no. 4.4);
- d) Other (no. 4.5).

## 4.2. Accounting and financial reporting //

- a) Appraise and offer suggestions for improvement with regard to the company's accounting system and financial reporting for the attention of the Board of Directors.
- b) Assess the most important accounting rules and any amendments within the framework of legal requirements (Swiss Code of Obligations) and prevailing accounting requirements based on Swiss GAAP FER.
- c) Assess the company's compliance with accounting rules if there are significant changes of the international accounting framework IFRS and the respective conversion into Swiss GAAP FER.
- d) Appraise the completeness and accuracy of financial reporting and propose the degree of disclosure beyond the applicable minimum requirements pertaining to the stipulation.
- e) Appraise the annual and semi-annual accounts and make proposals to the Board of Directors.
- f) Appraise entries in the semi-annual and annual accounts as to the scope of discretion, in particular with regard to goodwill, pension obligations, allocations to reserves, valuation reserves and taxes.
- g) Determine the working order of the internal control system (ICS) and assess its efficiency.

## 4.3. Auditing //

- a) Assess and stipulate the budget, organization and multi-year budget of Internal Audit.
- b) Appraise and determine Internal Audit's annual auditing program.
- c) Approve the activity report and review performance of Internal Audit.
- d) Appoint and dismiss the head of Internal Audit.
- e) Appraise the remuneration, audit scope, performance and independence of external auditors and propose the appointment of the group tax auditor for the attention of the Board of Directors.
- f) Appraise the audit results based on reports from Internal Audit and external auditors.
- g) Order supplementary and post-audits relative to individual points or special problems (IA).
- h) Review the implementation of measures stemming from audit reports.
- i) Assess the collaboration between Internal Audit and external auditors.

#### 4.4. Financing //

- a) Appraise financial transactions which are not within the scope of ordinary business activities, in particular capital market transactions, consortium loans, major acquisitions and divestments.
- b) Assess the Finance and Treasury Division policies.

#### 4.5. Other //

- a) Assess the Legal Division's annual report with regard to important, imminent, pending and settled court cases with substantial financial ramifications.
- b) Appraise tax planning, tax management and tax audits and their implications.
- c) Assess developments in the area of Corporate Governance and formulate recommendations for the attention of the Board of Directors.
- d) Review the policies and activities of Risk Management in the area involving financial risks.
- e) Carry out other tasks and projects by order of the Board of Directors.

### 5. Meetings and Organization

The AC meets as often as deemed necessary for business matters, with a minimum of three times a year.

Meetings are convened by the chairman of the AC or upon request of a member of the AC or, in special cases, as a result of a Board decision.

A minimum of two members must be present in order for a resolution to be passed. The chairman is entitled to cast the deciding vote.

Minutes of the committee meetings are recorded and signed by the Chairman and the Secretary.

The AC generally carries out a self-assessment of its performance once a year.

### 6. Meeting Participation

In an advisory and non-voting capacity, the AC meetings are generally attended by:

- a) the Chairman of the Board of Directors;
- b) the President and Chief Executive Officer (CEO);
- c) the Chief Financial Officer (CFO);
- d) the head of Internal Audit (IA) and, upon invitation, representatives of the external auditors (EA).

### 7. Reporting

**7.1. Reporting to the AC //** The CEO, CFO, the head of Internal Audit and the representative of the external auditors, as well as the executives designated by the committee, update the AC at the next AC meeting on all relevant matters pursuant to the duties and responsibilities list in paragraph 4 of these rules.

The CFO informs the chairman of the AC and – in agreement with the CEO – on current, key developments in the area of finances and ensures the availability of and access to information between meetings, to such an extent as the completion of the AC's tasks is necessary.

By virtue of his functional subordination, the head of Internal Audit has the express right and obligation to inform the chairman of the AC immediately of significant incidents and findings which cannot afford delay as regards the efficiency of ICS, Risk Management or compliance with laws.

The chairman of the AC has the right to request information independently and directly from the CFO, the head of Internal Audit and the account manager of the external auditors.

**7.2. Reporting to the Board of Directors //** The chairman of the AC updates the Board of Directors at their meetings on the activities of his committee and submits the AC's opinion and recommendation on crucial property business matters.

Every member of the Board receives the minutes of the AC meetings.

### 8. Responsibility

In principle, to the extent this rule does not provide otherwise, the committee has an advisory and supervisory function in its area of expertise. Its activities do not discharge the Board of Directors from its legal obligations and responsibilities, particularly with regard to accounting, financial control and financial planning (article 71 6a, paragraph 3, Swiss Code of Obligations).

## **9. Corporate Regulations**

**9.1. Abstention //** Should there be any danger of a conflict of interest in the decision-making process involving business and subject matters, the executive body concerned is excluded from deliberation and adoption of resolutions and abstains from voting.

## **10. Concluding Provision**

**10.1. Entry into force //** This regulation takes effect on 1 March 2015, and is an integral part of the Organization and Business Rules of the Georg Fischer Corporation. It was approved by the Board of Directors on 13 February 2015.

It replaces all previous regulations, especially the version from 21 March 2007.

**10.2. Revisions, amendments and adaptations //** This regulation is reviewed generally every year and adapted if necessary.

## **11. Disclaimer**

This directive is subject to change and does not constitute the base for any claims by any employees or third parties with regard to Georg Fischer Ltd or any of its corporate subsidiaries.

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