

# **ORGANIZATIONAL REGULATIONS**

of

Elma Electronic AG, Wetzikon

## CONTENT

1. FUNDAMENTAL PRINCIPLES .....	2
2. BOARD OF DIRECTORS .....	2
3. CHAIRMAN OF THE BOARD OF DIRECTORS .....	5
4. COMMITTEES OF THE BOARD OF DIRECTORS.....	5
5. COMPENSATION COMMITTEE .....	6
6. EXECUTIVE BOARD .....	7
7. CHIEF EXECUTIVE OFFICER (CEO) .....	7
8. CHIEF FINANCIAL OFFICER (CFO) .....	8
9. FINAL PROVISIONS .....	8

The Board of Directors of Elma Electronic AG ("Company") adopts the present Organisational Regulations based on Art. 716 and 716b para. 2 of the Swiss Code of Obligations and Art. 15 para. 3 of the Company's Articles of Association:

## 1. FUNDAMENTAL PRINCIPLES

- 1.1 The organisation of the Company shall be conducted in accordance with Swiss law, the Articles of Association, these Organisational Regulations and the other regulatory provisions issued by the competent bodies.
- 1.2 These Organizational Regulations govern the organisation as well as the duties and powers of the following bodies of the Company:
  - a) Board of Directors (Article 2);
  - b) Chairman of the Board of Directors (Article 3);
  - c) Committees of the Board of Directors (Article 4);
  - d) Compensation Committee (Article 5);
  - e) Executive Board (Article 6);
  - f) CEO (Article 7);
  - g) CFO (Article 8).

## 2. BOARD OF DIRECTORS

### 2.1 Appointment of Directors

- 2.1.1 The Board of Directors shall constitute itself, unless the law or the Articles of Association provide otherwise. It shall elect a Vice-Chairman from among its members for a term of one year, whose term of office shall expire at the latest at the close of the Annual General Meeting following his election.
- 2.1.2 The General Assembly shall elect a Chairman<sup>1</sup> from among the members of the Board of Directors. The term of office of the Chairman shall expire at the latest at the close of the Ordinary General Meeting following his election. Re-election is permitted.
- 2.1.3 If the office of Chairman becomes vacant, the Board of Directors shall appoint a new Chairman for the remaining term of office.

### 2.2 Duties and Powers

- 2.2.1 The Board of Directors shall have the power to decide on all matters not reserved to the General Meeting or delegated to other corporate bodies.
- 2.2.2 The Board of Directors has the following non-transferable and inalienable duties:
  - a) the ultimate direction of the Company and the giving of the necessary instructions;
  - b) the determination of the organization;

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<sup>1</sup> The term "Chairman" stands for Chairwoman and Chairman.

- c) the structuring of the accounting system, the financial controls as well as the financial planning, insofar as is necessary for the management of the company;
- d) the appointment and removal of the persons entrusted with the management and the representation and the determination of the manner of their subscription;
- e) the ultimate supervision of the persons entrusted with the management of the business, namely with regard to compliance with the law, the Articles of Association, regulations and directives;
- f) the preparation of the annual report and the remuneration report pursuant to Art. 716a no. 8 CO as well as the preparation of the general meeting and the execution of its decisions;
- g) the notification of the judge in case of over-indebtedness;
- h) the adoption of resolutions on capital increases and subsequent amendments of the Articles of Association;
- i) the resolution on the supplementary payment of contributions on shares not fully paid up.

2.2.3 The Board of Directors also decides on the remuneration of the members of the Board of Directors and the Executive Board based on the proposal of the Compensation Committee and submits the resolution to the General Meeting for approval in accordance with Art. 19e of the Articles of Association.

2.2.4 The members of the Board of Directors represent the Company by collective signature of any two authorized signatories.

### **2.3 Meetings and Resolutions**

2.3.1 The Board of Directors meets as often as the business of the Company requires, usually four times a year, and at the request of one of its members.

2.3.2 Meetings of the Board of Directors shall be convened by the Chairman or, in his absence, by the Vice-Chairman or, in his absence, by another member of the Board of Directors. Any member shall be entitled to request that a meeting be convened without delay, stating the purpose thereof.

2.3.3 Meetings shall be convened at least 5 days in advance in writing (including e-mail or fax). In urgent cases, this period may be shortened. The notice of meeting shall include the date, time and place of the meeting and the items to be discussed (agenda). Any member may request the Chairman to include a specific item on the agenda of the next ordinary meeting. In addition, the relevant meeting documents shall be sent together with the notice of meeting, unless this is not possible due to extraordinary circumstances.

2.3.4 If all members are present, deviations from these formal requirements are permissible and, in particular, resolutions may also be passed on items that are not listed on the agenda.

2.3.5 Meetings of the Board of Directors may also be held by telephone or video conference, unless a member of the Board of Directors requests a meeting. Members of the Board of Directors connected by telephone or video shall be deemed to be present.

2.3.6 For declaratory resolutions to be certified publicly (Art. 651a, 652g, 653g CO), the convocation may be made without formalities and without observing the minimum notice period.

- 2.3.7 Members of the Executive Board may attend meetings in an advisory capacity if requested to do so by a member of the Board of Directors. In all other respects, the Chairman shall decide whether and which other persons shall attend meetings of the Board of Directors. These persons have no voting rights.
- 2.3.8 The Board of Directors is quorate with the presences of the majority of its members. If individual members must withdraw, they shall not be counted for the purpose of calculating the quorum.
- 2.3.9 The presence of only one member is sufficient for resolutions concerning the implementation of a capital increase and the subsequent amendment of the articles of association (art. 651 a, 652g, 653g CO).
- 2.3.10 Resolutions and elections of the Board of Directors shall be passed by a majority of the votes cast. Abstentions shall be considered as votes not cast. In the event of a tie, the Chairman shall cast the tie-breaking vote.
- 2.3.11 As a rule, the ballots are public. A secret ballot shall be taken upon the order of the Chairman or if requested by a majority of the members present.
- 2.3.12 Resolutions may also be passed by circular resolution (by post, e-mail or fax) unless a member of the Board of Directors requests an oral discussion within three working days of receipt of the request. Such circular resolutions shall only be passed if all members of the Board of Directors agree.
- 2.3.13 All resolutions shall be recorded in the minutes. The minutes shall be signed by the Chairman and the respective keeper of the minutes or another member of the Board of Directors. They shall be approved by the Board of Directors.

## **2.4 Right to Information and Reporting**

- 2.4.1 Every member of the Board of Directors is entitled to seek and timely receive accurate and complete information on all the Company's affairs.
- 2.4.2 At each Board meeting, the members of the Board of Directors shall be informed by the Chairman, by the CEO and, as applicable, by other members of the Executive Committee on the Company's business performance and on major events and developments affecting the affairs of the Company. Extraordinary occurrences shall be brought to the attention of the Chairman of the Board of Directors without delay, who shall, if necessary, order that the entire Board of Directors be informed by circular letter.
- 2.4.3 To the extent necessary for the discharge of a duty incumbent on her/him, all the members of the Board shall be entitled to request permission from the Chairman to review Company records and books/accounts.
- 2.4.4 All power and responsibility delegated by the Board of Directors to Management is subject to the making available of the necessary resources and authority. On the other hand, Management is accountable and provides the Board of Directors with timely, accurate and complete reports.
- 2.4.5 If a member of the Board of Directors wishes to obtain information or to inspect business documents outside the meetings, this request shall be addressed in writing to the Chairman of the Board of Directors. To the extent convocation is necessary for the performance of a duty, any member may request the Chairman to produce books and records.
- 2.4.6 If the Chairman rejects a request for information, inspection or review, the full Board of Directors shall decide.

### **3. CHAIRMAN OF THE BOARD OF DIRECTORS**

#### **3.1 Duties and Powers**

- 3.1.1 The Chairman of the Board of Directors is continuously informed by the CEO, the other members of the Executive Board and the persons entrusted with internal financial controls about the course of business, all important transactions and organisational changes.
- 3.1.2 The Chairman shall in particular have the following duties:
- a) To fix, convene, prepare and preside at meetings of the Board of Directors of the Company;
  - b) Chair the General Shareholder Meetings of the organization;
  - c) Providing timely information to the members of the Board of Directors and its committees;
  - d) Monitoring compliance with and enforcement of the resolutions of the Board of Directors.
- 3.1.3 The Chairman of the Board of Directors has the right to engage third parties as advisors to the meetings of the Board of Directors.

#### **3.2 Reporting**

The Chairman shall report to the Board of Directors on the performance of his duties and on the information received from the persons entrusted with the management and the internal financial control.

#### **3.3 Deputization**

The Vice-Chairman shall deputise for the Chairman and assume the Chairman's duties if the Chairman is prevented from attending. He has the right to receive the necessary information.

#### **3.4 Vice-Chair of the Board of Directors**

- 3.4.1 The Board of Directors shall elect a Vice-Chairman from among its members.
- 3.4.2 If the Chairman is unavailable, his functions shall be performed by the Vice-Chairman.
- 3.4.3 The Vice-Chairman shall call for a meeting of the Board to be held without the Chairman at the request of any member of the Board of Directors. He may call such a meeting whenever he deems it necessary to do so.

### **4. COMMITTEES OF THE BOARD OF DIRECTORS**

#### **4.1 Duties and Powers**

- 4.1.1 When setting up committees, the Board of Directors shall decide on their mandate, composition, organization and competences, unless these are specified in the Articles of Association or in a resolution of the General Meeting. The Board of Directors shall issue regulations for each committee that define its organisation, tasks and competences.
- 4.1.2 The committees are essentially entrusted with the preparation of decision-making processes and supervise the implementation of corresponding resolutions of the Board of Directors. To the extent that decision-making powers are delegated to the committees and subject to the non-transferable and inalienable duties of the Board of Directors, the responsibility of the other members of the Board of Directors is limited to monitoring the functioning of the committees and not the appropriateness of the individual resolutions.

## **4.2 Committees**

The Board of Directors shall elect the following standing committees from among its members, whose organisation, duties and competences shall be laid down in separate regulations

- a) Audit Committee
- b) Nomination / Compensation Committee

## **4.3 Election of Chair; Election of Members**

- 4.3.1 The Board of Directors may form committees from among its members to carry out its duties, subject to the election of the members of the Compensation Committee at the General Meeting.
- 4.3.2 As a rule, the committees constitute themselves, subject to differing statutory or regulatory provisions.

## **4.4 Reporting**

The Board of Directors shall report on the activities of the committees at its meeting, or immediately in cases of urgency.

# **5. COMPENSATION COMMITTEE**

## **5.1 Constitution and Election**

- 5.1.1 The General Meeting shall elect a Compensation Committee of one or more members. The members of the Compensation Committee shall be elected individually. Only members of the Board of Directors are eligible for election. The term of office of the members of the Compensation Committee shall expire, at the latest, at the close of the Annual General Meeting following their election. Re-election is permitted.
- 5.1.2 The Chairman of the Compensation Committee is appointed by the Board of Directors. In all other respects, the Compensation Committee shall constitute itself.
- 5.1.3 If the Compensation Committee is not fully composed, the Board of Directors shall appoint the missing members for the remaining term of office.

## **5.2 Duties and Powers**

- 5.2.1 The Compensation Committee is responsible for preparing the resolutions of the Board of Directors regarding the compensation of the members of the Board of Directors and the Executive Board and for submitting a proposal to the Board of Directors in this regard. Based on the proposal of the Compensation Committee, the Board of Directors decides on the compensation of the members of the Board of Directors and the Executive Board and submits it to the General Meeting for approval in accordance with Art. 19e of the Articles of Association.
- 5.2.2 The Compensation Committee may call in other persons and external advisors to perform its duties and have them attend its meetings.
- 5.2.3 The Board of Directors may assign further tasks to the Compensation Committee.

## 6. EXECUTIVE BOARD

### 6.1 Nomination and Composition

- 6.1.1 The Executive Board consists of the following members, who are appointed by the Board of Directors on the proposal of the Compensation Committee:
- a) the Chief Executive Officer (CEO);
  - b) the Chief Financial Officer (CFO).
- 6.1.2 The Board of Directors may appoint further persons as members of the Executive Board.

### 6.2 Duties and Powers

- 6.2.1 The duties and competences of the Executive Board are set out in the Annexes to these Organisational Regulations.
- 6.2.2 The members of the Executive Board may externally represent the Company by collective signature of any two authorized signatories.

### 6.3 Reporting

- 6.3.1 The members of the Executive Board shall ensure that the CEO receives all necessary information to periodically inform the Board of Directors about the general course of business and regarding special transactions, decisions and extraordinary events relating to the Company and the Elma Group.

## 7. CHIEF EXECUTIVE OFFICER (CEO)

### 7.1 Duties and Powers

- 7.1.1 The CEO is the Chairman of the Executive Board.
- 7.1.2 The Board of Directors delegates the management and representation of the Company to the CEO in accordance with the Annexes to these Organisational Regulations, unless mandatory provisions of law or the Articles of Association, these Regulations or other resolutions of the Board of Directors provide otherwise.

### 7.2 Reporting

- 7.2.1 The CEO shall report to the Board of Directors periodically (at least four times a year) and without being requested to do so, on the course of business and the performance of his duties. The report may be made in writing to all members of the Board of Directors or orally at a meeting of the Board of Directors. It shall be supplemented by the submission of written documents where appropriate.
- 7.2.2 The CEO provides the members of the Board of Directors with monthly documents concerning the financial situation of the company (in particular balance sheets and income statements as well as a budget comparison). He identifies unforeseen financial and nonfinancial risks without called upon to do so.

- 7.2.3 Notwithstanding the above-mentioned regular reporting, the CEO shall immediately notify in writing all members of the Board of Directors of events that have a significant impact on the business operations. In particular, the following events shall be reported immediately:
- a) Changes in the Executive Board;
  - b) Operations that may materially affect the financial or nonfinancial situation of the company;
  - c) Identified irregularities in the management of the company.

## 8. CHIEF FINANCIAL OFFICER (CFO)

### 8.1 Duties and Powers

- 8.1.1 In addition to his other duties as a member of the Executive Board, the CFO is in particular responsible for:
- a) The creation of transparency regarding financial and non-financial matter (Art. 964a et seq. CO) developments, results, prospects and risks;
  - b) He ensures efficient planning and monitoring of business activities based on a transparent information system and is responsible for identifying deviations from targets at an early stage;
  - c) He proposes measures for the improvement of performance and processes and ensures that the legal requirements, professional standards, the Company's regulations and instructions of the Board of Directors are complied with.
- 8.1.2 The CFO is responsible for the *ad hoc* publicity of facts relevant to the stock exchange price and the other reports required under the Stock Exchange Act and the Listing Rules but may delegate this responsibility.

### 8.2 Reporting

The CFO has a direct responsibility and reporting duty to the Board of Directors or the Audit Committee (AC). He informs the internal and external auditors, usually with simultaneous information to the CEO.

## 9. FINAL PROVISIONS

- 9.1 These Organisational Regulations shall enter into force on December 9, 2022.
- 9.2 The Annexes "Competences" are an integral part of the Organisational Regulations.
- 9.3 All valid regulations are listed in the overview "Regulations of the Elma Group" (enclosure).

Location and date: Wetzikon, December 9, 2022



Martin Wolfli  
Chairman



Walter Häusermann  
Vice Chairman