

**SULZER**

# **Audit Committee Regulations**

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Sulzer Ltd, Winterthur

February 16, 2023

## **AUDIT COMMITTEE REGULATIONS SULZER LTD, WINTERTHUR**

(hereinafter "the **Company**")

In accordance with § 23 of the Articles of Association, the Board of Directors ("the **Board**") hereby issues the following regulations:

### **1 Organization**

- 1.1 The Board designates an Audit Committee ("the **Committee**") from among its members and elects the Committee chair. The Committee comprises three to four to the majority independent members. An independent member shall mean a non-executive member of the Board who (i) has never been a member of the Executive Committee, or at least not in the previous three years, (ii) who has no or comparatively minor business relations with the Company and (iii) who has never served as lead auditor of the external auditor of the Company or had a decision-making function in the relevant audit firm, or at least not in the two previous years. The majority of Committee members, including the chair, must be well-versed in finance and accounting. Each member who may be exposed to a potential conflict of interest shall not only immediately inform the other members but also refrain from participating in the respective deliberations and taking of resolutions (i.e., recommendations).
- 1.2 The Board elects the members of the Committee annually and nominates one of them as Committee chair.
- 1.3 The term of office shall extend until completion of the following ordinary General Meeting; the members are re-electable.
- 1.4 Committee meetings are held as often as required for business purposes, but at least twice annually (after closing the annual and mid-year accounts).
- 1.5 The Committee chair, or the head of internal auditing on behalf of the same, is responsible for administrative matters (distribution of Committee meeting invitations, including agenda and respective documentation).
- 1.6 Committee meetings are generally attended by the CEO, the CFO, the head of internal auditing, and the chief external auditor. The Committee can also invite to its meetings further representatives of the company management and any other persons whose presence is regarded by the Committee as necessary for fulfilling its responsibilities.
- 1.7 Resolutions of the Committee must be carried by at least two members. If only two members are present at the respective meeting, the chair's vote counts double. Resolutions can also be passed within the framework of video or telephone conferences, by ballot or in electronic form, unless direct debate is requested by any member.

- 1.8 No management decisions are taken by the Committee. Committee resolutions are submitted as proposals to the Board for final decision, if necessary.
- 1.9 The Committee chair designates for each meeting a keeper of the minutes, in which all resolutions passed shall be recorded. Copies of the minutes shall be distributed to all persons attending the meeting. The Committee chair reports verbally to the next Board meeting on all matters debated, and as far as necessary submits the respective proposals.

## **2 Mandate**

The Committee supports the Board in the supervision of company accounting and financial reporting. It independently assesses the internal auditing structures, the organization and effectiveness of internal and external auditing, cooperation between the same, and audit results. The Committee furthermore assesses compliance with the legal regulations, and the quality of risk management.

## **3 Tasks**

- 3.1 The tasks of the Committee are in particular as follows:
  - a) Critical assessment of the individual and consolidated accounts, and of the intermediate accounts which are determined to be published;
  - b) Discussion of accounts closing with the CFO, the head of internal auditing and the chief external auditor, if need be on a separate basis;
  - c) Decision-making as to whether the individual and consolidated accounts can be recommended to the Board for presentation to the General Meeting;
  - d) Monitoring and assessment of the activities of the external and internal auditors, their effectiveness and cooperation, and assessment of their auditing schedules;
  - e) Monitoring of the management implementation of external and internal auditor recommendations;
  - f) Monitoring of the independence of internal and external auditors; in this connection the Committee meets at least once annually with the head of internal auditing and the chief external auditor separately;
  - g) Assessment of the performance and fees of the external auditors;
  - h) Election nominations for the head of internal auditing and for the external auditors;
  - i) Assessment of the compatibility of external auditing activities with any consultancy mandates;

