

SULZER

Audit Committee Regulations

Sulzer Ltd, Winterthur

April 1, 2015

AUDIT COMMITTEE REGULATIONS

SULZER LTD, WINTERTHUR

(hereinafter "the company")

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

1 Organization

- 1.1 The Board of Directors designates an Audit Committee from among its members, and elects the committee chairman. The Audit Committee comprises 2 to 3 non-executive and to the majority independent members. An independent member is defined as never having belonged to the Executive Committee, or not since at least three years, and as having no significant business relations with the company. The majority of committee members, including the chairman, must be well-versed in finance and accounting.
- 1.2 The Board of Directors elects members of the Audit Committee annually, and nominates one of them as committee chairman.
- 1.3 The term of office shall extend until completion of the following ordinary General Meeting; the members are re-electable.
- 1.4 Audit 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 chairman, 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 Audit 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 Audit Committee must be carried by at least two members. If only two members are present at the respective meeting, the chairman's vote counts double. Resolutions can also be passed within the framework of video or telephone conferences or by ballot, unless direct debate is requested by any member.
- 1.8 No management decisions are taken by the Audit Committee. Committee resolutions are submitted as proposals to the Board of Directors for final decision, if necessary.
- 1.9 The Audit Committee chairman 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 Audit Committee chairman reports

verbally to the next Board meeting on all matters debated, and as far as necessary submits the respective proposals.

2 Mandate

- 2.1 The Audit Committee supports the Board of Directors 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 Audit 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 of Directors for presentation to the General Assembly;
 - 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 Audit 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;
 - j) Assessment of company compliance with the legal regulations; the Audit Committee reports at least once annually to the Board of Directors as to whether the applicable compliance principles are adequately known and followed within the company;
 - k) Assessment of risk management quality;
 - l) Assurance of adequate reporting to the Board of Directors;

m) Any other matter the Board refers to the Audit Committee to follow-up.

- 3.2 No audits are carried out by the Audit Committee itself. Should urgent management decisions be required as a result of observations by the Audit Committee (such as serious infringements of the law, or substantial financial deficits), the committee will immediately approach the Board of Directors, or the CEO if assigned with the respective decision-making competence.
- 3.3 The Executive Committee and internal auditors are obliged to report to the Audit Committee immediately and on their own initiative any events significantly threatening the legality and security of business activities. In this connection the Audit Committee has unhindered access to all members of the Executive Committee (in particular to the CEO).

All confidential documents must be returned no later than per end of term of office.



These regulations were approved by Board of Directors meeting of April 1, 2015 and enter into force on April 1, 2015.

They can be revised at any time by the Board of Directors according to need.

For the Board of Directors

Peter Löscher
Chairman

Matthias Bichsel
Board Member