

Sulzer Ltd

# **Board of Directors and Organization Regulations**

Winterthur, February 16, 2023

# BOARD OF DIRECTORS AND ORGANIZATION REGULATIONS

## SULZER LTD, WINTERTHUR

(hereinafter the "**Company**")

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

### I. Board of Directors

#### Art. 1

The Board of Directors (the "**Board**") can pass resolutions with respect to all matters not assigned to another corporate body (*Organ*) by the law, the Articles of Association or these regulations.

The Board designates an Audit Committee, a Strategy and Sustainability Committee, a Governance Committee and a Nomination Committee. Furthermore, the Company has a Remuneration Committee whose members are elected by the General Meeting. The Board issues the respective regulations.

In accordance with § 23 of the Articles of Association, the Board delegates management of the Company to the Chief Executive Officer (CEO) and the Executive Committee as far as not otherwise provided for by the law, the Articles of Association or these regulations.

The Board assigns signatory powers on behalf of the Company.

#### Art. 2

The Board meets as often as required for business purposes. Meetings are convened by the Chairperson of the Board (the "**Chairperson**") or by written request of a Board member. Board meetings are also to be held when required by the CEO. The Lead Independent Director is also entitled to convene meetings in accordance with art. 7 para. 4 of these regulations.

Board meetings are convened by written invitation (e-mail sufficient) including the proposed agenda.

Board meetings dealing with the budget, three-years planning and the accounts are attended by the Executive Committee members in an advisory capacity. Other Board meetings are generally attended by the CEO, the CFO, and the Secretary General in an advisory capacity. The attendance of other persons with specialized knowledge may also be required whenever necessary.

Board meetings are presided over by the Chairperson, or in case of absence by the Vice-Chairperson of the Board (the "**Vice-Chairperson**") (if existing) or another member of the Board.

Resolutions must be passed by a quorum comprising at least half of the members of the Board. In special cases, voting by telephone or videoconference is permissible. Resolutions are passed by voting majority; in case of voting parity, the chairperson of the Board meeting holds the casting vote. In exceptional cases, Board resolutions may also be passed by circular ballot or in electronic form unless debate is requested by a Board member. All members of the Board must have the opportunity thereby of expressing their opinion unless prevented by extraordinary circumstances. Circular ballot or electronic resolutions are passed by voting majority of all Board members.

No quorum is required if the Board meeting is called to pass resolutions providing for the amendment and ascertainment in connection with capital changes.

All Board resolutions are recorded in the minutes of the respective Board meeting. These are to be signed by the chairperson of the Board meeting and the keeper of the minutes and be approved by the Board.

### **Art. 3**

Board members' rights of inspection and information are governed by Art. 715a of the Swiss Code of Obligations ("**CO**").

Each and every member of the Board is entitled to information on all of the Company's matters.

At the Board meetings, all Board members and persons entrusted with the management are obliged to provide information on the Company's matters.

Whenever possible, requests for information and inspection are to be submitted to the Chairperson prior to the respective Board meeting.

Outside Board meetings, any Board member may request from the persons entrusted with the management information concerning the course of the business and, with the authorization of the Chairperson, also information on specific matters. With regard to matters pursuant to art. 7 para. 4 of these regulations and matters within the responsibilities of the Governance Committee, the Lead Independent Director has these rights without the need for an authorization of the Chairperson.

To the extent necessary for the fulfilment of a duty, any Board member may apply to the Chairperson to be shown the Company's books and files.

Should the Chairperson reject any such application for information, hearing or inspection, the matter shall be referred for decision by the Board at its next meeting.

#### **Art. 4**

No Board member may serve for more than twelve consecutive terms of office. In exceptional circumstances, the Board can extend this limit.

#### **Art. 5**

The Board exercises the following non-assignable and inalienable duties according to Art. 716a CO:

1. The ultimate direction of the business of the Company and the issuing of the necessary instructions;
2. The determination of the organization of the Company;
3. The organization of accounting, financial control and financial planning;
4. The appointment and removal of the persons entrusted with the management and representation of the Company;
5. The ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Association, regulations and directives;
6. The preparation of the annual report and the compensation report as well as the General Meeting and the implementation of its resolutions and, if applicable, the report on non-financial matters pursuant to article 964c CO;
7. The submission of a petition for debt-restructuring moratorium and the notification of the court in case of over-indebtedness;
8. Other powers and duties reserved to the Board by law or by the Articles of Association.

Furthermore, the competence of the Board includes in particular:

##### **A. Elections**

1. Election/removal of the Vice-Chairperson and the Board secretary;
2. Election of the Chairperson from among the Board members in the event of a vacancy;
3. Election/removal of the Lead Independent Director in accordance with art. 7 of these regulations;
4. Election/removal of the members of the Audit Committee, the Strategy and Sustainability Committee, the Nomination Committee, the Governance Committee and other Board committees including their respective chairs;
5. Election/removal of the chair of the Remuneration Committee;
6. Election of the members of the Remuneration Committee from among its members in the event of a vacancy;

7. Election/removal of the CEO and of the members of the Executive Committee (of the latter according to the proposal of the CEO), including assignment of their respective titles and signatory powers;
8. Election/removal of the senior management members of the Company according to the proposal of the CEO, including assignment of their respective titles and signatory powers;
9. Election of the independent proxy in the event of a vacancy;
10. Removal of the independent proxy if it no longer meets the independence requirements.

## **B. Company business**

1. Approval of budget and three-years planning proposals by the Executive Committee;
2. Receipt of the report from the CEO on corporate business developments;
3. Assessment of business activities by the corporate subsidiaries with far-reaching consequences for the Company;
4. Scrutiny of the internal auditing system (including risk management) as well as of the observation of the principles of compliance and the execution of the necessary measures;
5. Decision-making regarding significant changes to the product range;
6. Decision-making on fundamental changes to the corporate organization as well as regarding (i) founding and funding of subsidiaries with equity (book value) exceeding CHF 30,000,000 and (ii) capital increases exceeding CHF 30,000,000;
7. Decision-making regarding the setting up of operational subsidiaries in countries which are not explicitly stated in any strategic plan (three-years planning) or which are on a sanction list from either Switzerland, the EU or the US, as well as countries listed by the OECD as uncooperative tax haven countries;
8. Decision-making regarding the acquisition or divestiture of financial participations exceeding the threshold of CHF 30,000,000. Notwithstanding the above, the Board has to be informed about every significant acquisition or divestiture;
9. Decision-making regarding raising and granting of loans from/to financial institutions: (i) with a maturity term less than 12 months, exceeding an individual sum of CHF 100,000,000; and (ii) with a longer maturity term, exceeding an individual sum of CHF 50,000,000;
10. Decision-making regarding the granting of loans to third parties exceeding CHF 5,000,000 per case;
11. Decision-making regarding the approval of capital expenditures and leasing proposals (including cross-divisional reallocations) exceeding CHF 15,000,000 and the approval of purchase, sale or collateralization of (i) operational real estate exceeding CHF 10,000,000, and of (ii) other real estate exceeding CHF 10,000,000 regarding purchases and CHF 20,000,000 regarding sales;
12. Decision-making with regard to senior executive compensation policy (remuneration systems, share-based payment plans) and Executive Committee members' compensation

- policy as well as compensations within the limitations set by the Articles of Association and the maximum aggregate amount of compensation approved by the General Meeting;
13. Pursuance of succession planning, and assessment of potential with regard to senior management staff;
  14. Approval of expenses for consulting services exceeding CHF 3,000,000 (per case) if outside of budget;
  15. Approval of new corporate insurance programs or material changes of existing programs with annual premiums exceeding CHF 1,000,000 if outside of budget;
  16. Approval of settlements of pending litigations with EBIT or cash impacts exceeding CHF 20,000,000 per case;
  17. Approval of the Company's position as the employer regarding agreements for individuals or changes to existing plans that involve Executive Committee members;
  18. Approval of research and development proposals exceeding CHF 10,000,000 per project, if outside of budget;
  19. Approval of tenders and contracts if the value exceeds CHF 20,000,000 and the consequences of which could materially impact the current financial performance of the division or jeopardize the fulfilment of the divisional budget of the following year(s);
  20. Approval of corporate authority and approval procedures (e.g., competence regulations) according to Art. 9 para. 3 of these regulations;
  21. Approval of treasury policy for corporate treasury;
  22. Decision-making regarding buying or selling of shares of the Company either directly ("spot") or through derivatives (e.g., calls/puts) excluding transactions related to formerly approved employee share-based payment plans;
  23. Assignment of signatory powers to be entered in the commercial register according to the law, the Articles of Association and these regulations;
  24. Decision-making with regard to new share capital issues and the legally required revisions to the Articles of Association in case of capital changes;
  25. Decision-making with regard to entries in the share register (including nominees), the cancellation with retrospective effect of entries made on false pretences, and the issuance of respective regulations;
  26. Decision-making with regard to the expansion or limitation of business activities within the framework of § 2 of the Articles of Association;
  27. Decision-making on all business matters submitted to the Board by the Chairperson, the Audit Committee, the Strategy and Sustainability Committee, the Nomination Committee, the Governance Committee and the Remuneration Committee, other committees, or the CEO;
  28. Determination of the venue for the General Meeting and convocation of the same (§ 12 of the Articles of Association);

29. Preparation of motions and approvals with regard to all business matters handled by the General Meeting;
30. Determination of special publication organs (§ 38 of the Articles of Association);
31. Decision-making with regard to the remuneration of Board members within the limitations set by the Articles of Association and the maximum aggregate amount of compensation approved by the General Meeting;
32. Approval of agreements under the Swiss Merger Act.

## **II. Chairperson of the Board**

### **Art. 6**

1. The Chairperson is elected by the General Meeting as leader of the Board. In addition to his or her legal and statutory duties, the Chairperson also carries out those tasks delegated to him or her by the Board. The Chairperson can also pass decisions regarding business policy matters handled by him or her together with the Executive Committee.
2. The Chairperson also has the following competences:
  - a) Decision-making on urgent business matters within the competence of the Board, and immediate orientation of the same;
  - b) Preparation of motions for the election/removal of Board members and the CEO;
  - c) Establishment of detailed conditions for new issues of share capital and debenture bonds or the like, as far as such competence has not been delegated to the Executive Committee;
  - d) Approval of the acceptance by Executive Committee members of mandates outside the Company and of governmental/ministerial positions;
  - e) Promotion of effective communication and relationship between the Board, the CEO and the Executive Committee.

## **III. Lead Independent Director**

### **Art. 7**

1. If the Chairperson also serves as CEO, the Board of Directors shall appoint an independent Board member as Lead Independent Director for the duration of the Chairperson's tenure as CEO. An independent Board 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 Lead Independent Director may at the same time be appointed as Vice-Chairperson. Members of the Board who serve in an executive function shall abstain from the Board resolutions regarding the appointment or removal of the Lead Independent Director.

2. If the Lead Independent Director is unable to exercise his/her role, the independent Board members shall elect, at the earliest possible date, an independent Board member who shall take the Lead Independent Director's role. Until then, the longest-serving independent Board member shall take the Lead Independent Director's role.
3. The Lead Independent Director has the following responsibilities:
  - a) Ensuring, on behalf of the Board, that the rules of good corporate governance are adhered to in the decision-making of the Board;
  - b) Acting as point of contact for members of the Board to discuss matters regarding the Company's corporate governance that they would like to raise in the absence of the Chairperson;
  - c) Also acting, to the extent required, as a point of contact for shareholders and other stakeholders in connection with questions related to the Company's corporate governance.
4. The Lead Independent Director may convene and chair meetings of the independent Board members whenever required, in particular in case of decisions related to the Chairperson or in case of potential conflicts of interest of the Chairperson as well as in the context of the Lead Independent Director's responsibilities set out in art. 7 para. 3 above. If such meetings have been convened, the Lead Independent Director informs the Chairperson before and after the meeting about the agenda and the decisions taken in such a meeting. The Lead Independent Director chairs and is assisted by the Governance Committee as set forth in the Governance Committee Regulations.

## **IV. Board Committees**

### **Art. 8**

The Board designates an Audit Committee, a Strategy and Sustainability Committee, a Governance Committee and a Nomination Committee from among its members. Members of the Board of Directors who serve in an executive function shall abstain from the Board resolution appointing the chair and the other members of the Governance Committee. The members of the Remuneration Committee are elected by the ordinary General Meeting, with the chair of the Remuneration Committee being designated by the Board following the election. The membership and tasks of these committees are established in the respective regulations, within the limitations set by the Articles of Association.

## **V. Executive Committee**

### **Art. 9**

The Executive Committee comprises several members led by the CEO. Besides the official Executive Committee members, the CEO may include other direct reports into his or her management team and, consequently, include these functions as well into meetings where the Executive Committee participates.

The CEO submits proposals to the Board with regard to election/removal of the other Executive Committee members as well as the senior management of the Company.

Subject to the law, the Articles of Association and these regulations, the CEO is invested with all necessary powers and competences for the executive management of the Company. The CEO delegates certain powers to the members of the Executive Committee or other subsidiary bodies according to a competence regulation subject to approval by the Board. The CEO can designate a deputy for handling executive matters.

The other members of the Executive Committee support the CEO in working out and implementing the corporate strategy. They are primarily in charge with the management area allocated to them, for which they individually take executive responsibility.

The CEO ensures adequate reporting to the Board and the Chairperson; the CEO is responsible for preparing all proposals submitted by the Executive Committee. The Board must be informed at every meeting with regard to current business developments and corporate business matters of key importance. Extraordinary events with far-reaching consequences must be immediately reported by circular memorandum to the Chairperson and the Board members.

## **VI. Outward representation**

### **Art. 10**

Dual collective signatory powers are held by the Chairperson and the Vice-Chairperson (if existing), and by any other Board members so designated by the Board. The Board determines and assigns all other signatory powers, exclusively on a dual collective basis.

## **VII. Other regulations**

### **Art. 11**

The tasks and functions of all corporate bodies within the Company are governed by these regulations, the "Corporate Authority and Approval Procedures" based on the same as well as

all other applicable regulations such as, but not limited to, the corporate policy “Insider Trading with Securities” as well as the “Code of Business Conduct”.

#### **Art. 12**

All members of a corporate body of the Company are obliged to keep secret from third parties any confidential knowledge acquired by them during the course of duty.

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

#### **Art. 13**

All members of the Board and the Executive Committee are obliged to avoid potential conflicts of interests. In case of potential conflict of interests, the members of the Board and of the Executive Committee are obliged to abstain from the deliberations and decision-making and to ensure that they do not receive any confidential information or documentation with respect to such matter causing the potential conflict of interest.

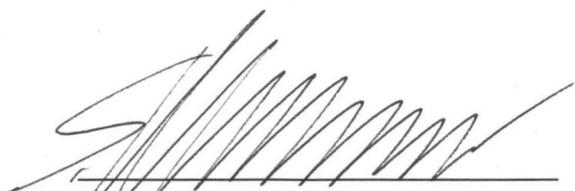
A member of the Board or of the Executive Committee, who has a potential conflict of interest in a matter which involves the Company, shall immediately disclose such potential conflict of interest. Disclosure must be made (i) by the Chairperson to the Lead Independent Director (if existing), to the Vice-Chairperson (if existing) or to the chair of the Audit Committee, (ii) by a Board member to the Chairperson, (iii) by the CEO to the Lead Independent Director (if existing) or to the Chairperson (if different from the CEO) and (iv) by a member of the Executive Committee to the CEO.

A potential conflict of interest arises if a member of the Board or of the Executive Committee has a special interest with respect to a matter, due to the fact that the member of the Board or the Executive Committee or a related person has a financial or non-financial interest in, or is otherwise closely linked to, the matter, and such interest is of such significance to the member of the Board or the Executive Committee or a related person that it could reasonably be expected to interfere with the judgment of the member of the Board or the Executive Committee in question.

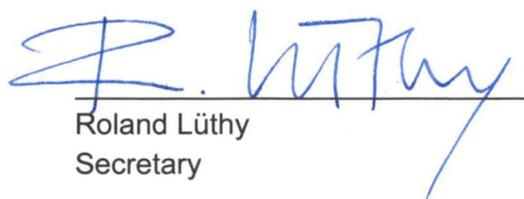
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These regulations were approved by the Board and entered into force on February 16, 2023. They replace the regulations introduced on April 6, 2022. They can be revised by the Board at any time.

*For the Board*



Suzanne Thoma  
Chairwoman



Roland Lüthy  
Secretary