



Organisational Regulations

Preamble

The purpose of SCHMOLZ+BICKENBACH AG ("the Company") is the acquisition, administration and sale of shareholdings in all legal forms, particularly those related to the steel industry.

*The Board of Directors of the Company has decided to enact a uniform management organisation for the Company, its subsidiaries, and its associates (all Group companies together: the **SCHMOLZ+ BICKENBACH GROUP**).*

1. Principles, purpose, and scope of application

1.1 Principles

This Organisational Regulation is enacted by the Board of Directors based on Art. 716 and Art. 716b of the Swiss Code of Obligations (OR) and Art. 14 of the Articles of Incorporation of the Company.

1.2 Purpose

The purpose of this Organisational Regulation is to provide a summarised description of the management organisation of the Company and of the SCHMOLZ+BICKENBACH GROUP. It determines the management bodies, defines their duties and powers within the scope of the management of the Company and the SCHMOLZ+BICKENBACH GROUP, and regulates the manner of working and interaction of the various bodies involved in managing the Company and the SCHMOLZ+BICKENBACH GROUP.

1.3 Scope of application

This Organisational Regulation regulates the constitution and organisation, as well as the duties and powers, of the following corporate bodies:

- Board of Directors (Para. 2)
- Chairman of the Board of Directors (Para. 3)
- Committees of the Board of Directors (Para. 4)
- Executive Board (Para. 5)
- Business Unit Management (Para. 6).

2. Board of Directors

2.1 Constitution

The Board of Directors constitutes itself. It elects a Chairman and a Vice Chairman from among



its members and appoints a secretary, who need not be a member of the Board of Directors or a shareholder.

The ordinary term of office of a member of the Board of Directors terminates on expiry of the period of tenure.

2.2 Meetings

2.2.1 Frequency, convocation and agenda

The Board of Directors meets at the invitation of the Chairman or, in case of his unavailability, the Vice Chairman, as frequently as business requires, normally at least once per quarter. In addition, if requested by a member of the Board of Directors or of the Executive Board, stating the reasons, a meeting must be called immediately.

Convocation of the Board of Directors must be announced in writing (including fax or e-mail) at least ten days before the date of the meeting. In urgent cases, this notice period can be shortened. The invitation states the date, time and place of the meeting and the items to be discussed (agenda). Any member can request the Chairman to include a specific topic on the agenda of the next regular meeting. The relevant documents for the meeting are included with the invitation, except where exceptional circumstances make this impossible. The relevant documents comprise those that enable the members to prepare properly for the meeting.

If all members are present, departures from this rule are allowed and, in particular, decisions can also be made at the meeting about issues that are not listed on the agenda.

Meetings of the Board of Directors can also be held by telephone or video conference provided that the majority of members of the Board of Directors do not request an actual meeting. Members of the Board of Directors who are connected by telephone or video count as being present.

For the public notarisation of decisions (Art. 651a, 652g, 653g Swiss Code of Obligations (OR)), there is no specific form of convocation or minimum notice period.

2.2.2 Procedure

Meetings of the Board of Directors are led by the Chairman or, in case of his absence, the Vice Chairman or, in case of his absence, a member who is chosen by the Board of Directors. The Chairman leads the meeting in the interest of the Company.

Members of the Executive Committee normally attend the meetings of the Board of Directors in an advisory capacity and with the right to submit proposals. The Chairman decides whether, and which, other persons should attend meetings of the Board of Directors. Such persons have no voting rights.



2.3 Quorum, adoption of resolutions, minutes

2.3.1 Quorum

The Board of Directors is quorate when at least half of its members are present.

If individual members must abstain from voting, they are excluded when calculating the quorum.

For public notarisation of decisions, only one member need be present (Art. 651a, 652g, 653g Swiss Code of Obligations (OR)).

2.3.2 Adoption of resolutions

The Board of Directors adopts its resolutions and conducts its voting on the basis of a simple majority of the votes cast. Abstentions do not count as votes cast. If the vote is a tie, the Chairman shall have the casting vote.

Decisions can also be made by correspondence provided that, within three working days of receipt of the respective proposal, no member, by telephone, fax or e-mail, requests its verbal discussion. Such decisions by correspondence are taken with the majority of the cast votes. Every decision taken in this manner has the same validity as a decision taken at meeting and must be minuted according to Para. 2.3.3.

2.3.3 Minutes

Minutes of the negotiations and resolutions are taken and signed by the Chairman and secretary. Decisions taken by correspondence shall be included in the minutes of the next Board of Directors meeting. The minutes of a meeting shall be approved by the Board of Directors at the following meeting.

2.4 Duties, powers and delegation

2.4.1 General duties of the Board of Directors; delegation

In relation to the management of the SCHMOLZ+BICKENBACH GROUP, the Board of Directors of the Company fulfils two functions:

1. The Board of Directors is the governing body of the Company according to the law. Its duties and guiding principles are determined by the law, the Articles of Incorporation of the Company, and this Organisational Regulation.
2. The Board of Directors determines the strategy and guidelines of the Company according to which the Company manages the SCHMOLZ+BICKENBACH GROUP. Its duties in this respect are described in this Organisational Regulation.

The Board of Directors exercises ultimate direction of the Company, supervision and control of the Executive Board, and enacts guidelines for the business policy. It defines the strategic objectives and the general resources required to achieve them. It keeps itself regularly informed about the progress of the Company and the SCHMOLZ+BICKENBACH GROUP, and processes



the reports and proposals submitted to it. It decides on all matters that are reserved or assigned to it by law, Articles of Incorporation, or this Organisational Regulation.

Management of the business of the Company is delegated to the Executive Board unless foreseen otherwise by law, the Articles of Incorporation, or this Organisational Regulation.

2.4.2 Duties and powers in matters of the Company

In particular, the Board of Directors has the following non-transferable and inalienable duties and powers in relation to the Company:

- Managing the Company overall and issuing the requisite directives
- Defining the organisation of the Company
- Structuring the accounting system, financial controls and financial planning
- Appointing and dismissing persons entrusted with the management and representation of business
- Supervising persons entrusted with business management to determine compliance with the law, Articles of Incorporation and directives
- Preparing the Annual Report and the Annual General Meeting and implementing its decisions
- Notifying the court in the event of over-indebtedness
- Deciding on the payment of subsequent contributions to non-fully paid-up shares
- Deciding on the level of capital increases and the associated amendments to the Articles of Incorporation
- Examining the credentials of specially qualified auditors for cases in which the law requires such auditors.

2.4.3 Duties and powers in matters of the SCHMOLZ+BICKENBACH GROUP

In relation to the management of the SCHMOLZ+BICKENBACH GROUP, the Board of Directors has the following main duties and powers:

1. *Strategy and business policy*

- Determination of the strategy and business policy
- Approval of the business plan proposed by the Executive Board
- Approval of the measures and transactions stated in Para. 2.4.2 at the level of the subsidiaries to the extent that they are of material significance for the SCHMOLZ+BICKENBACH GROUP.



2. *Organisation and supervision*

- Approval of the basic principles of the Group organisation, the Group management, and the Corporate Governance principles of the SCHMOLZ+BICKENBACH GROUP, and in particular approval of the regulations of the committees and of the function diagram;
- Enactment of Groupwide binding regulations, instructions and guidelines where the authority has not been delegated to the Executive Board or to committees;
- Decisions regarding the basic financial, legal, and organisational structure of the SCHMOLZ+BICKENBACH GROUP;
- Decisions regarding the establishment, liquidation, and acquisition of subsidiaries;
- Provision of a Groupwide internal controlling system which assures the correct functioning of the operating activities, and appropriate risk and compliance management, which covers financial, operational and strategic risks;
- Processing the reports of the Executive Board;
- Decision-making regarding the exercise of voting rights at the general meetings of the subsidiaries in decisions of fundamental importance and in relation to the selection of members of the Board of Directors and the statutory auditors.

3. *Accounting, financial control and financial planning*

- Approval of the annual budget of the SCHMOLZ+BICKENBACH GROUP;
- Approval of the medium-term and long-term financial plan and the investment plan;
- Monitoring the financial stability (safety, liquidity, profitability);
- Receiving information about development of the business, quarterly financial statements, important business transactions, and exceptional events.

4. *Personnel*

- Approval of the general personnel policy submitted by the Nomination and Compensation Committee.

2.5 Right of access to information, reporting

2.5.1 Right of access to information

Every member of the Board of Directors may request information about any and all company matters after informing the Chairman to this effect.

In meetings, every member of the Board of Directors and Executive Board has a duty to provide information.

Outside meetings, every member of the Board of Directors can request from the Executive Board information about the progress of business and, with the authorisation of the Chairman, also about individual business transactions.



If necessary for the fulfilment of their duties, every member can request the Chairman to allow them to inspect business documents.

Direct contact with Business Unit Heads or other employees of the Company or of the SCHMOLZ+BICKENBACH GROUP may only take with the approval of the Chairman and prior contact with the Executive Board, except for contacts of the Chairman with committees in his areas of responsibility.

If the Chairman refuses a request for information, hearing, or inspection, the Board of Directors shall decide.

2.5.2 Reporting

At ordinary meetings, the Chairman, Vice Chairman and CEO report to the Board of Directors and the members of the Executive Board on current business and the most significant business transactions. Extraordinary matters must be brought to the immediate attention of the Chairman of the Board of Directors, who then informs the entire Board of Directors in writing. At the request of the Board of Directors, individual Business Unit Heads report directly on the Business Units for which they are responsible.

3. Chairmanship of the Board of Directors

3.1 Chairman and Vice Chairman

The Chairman of the Board of Directors elects a Chairman and a Vice Chairman from among its members (cf. Para. 2.1).

The Vice Chairman of the Board of Directors represents the Chairman in his absence. He has the right to the necessary information.

3.2 Duties and powers

The Chairman of the Board of Directors has the duties and powers foreseen by law, the Articles of Incorporation and this Organisational Regulation. In particular, he has the following duties:

- Leading the General Meeting of the Company;
- Setting, calling, preparing and leading meetings of the Board of Directors of the Company (cf. Para. 2.2);
- Promptly informing the members of the Board of Directors and its committees;
- Monitoring of the measures decided by the Board of Directors.

The Chairman of the Board of Directors informs himself continuously via the CEO regarding the progress of business, all important transactions, and organisational changes of the SCHMOLZ+BICKENBACH GROUP, and inspects the relevant business documents. He supervises the CEO and his activities and periodically appraises his performance.



The Chairman of the Board of Directors has the right to invite third parties to meetings of the Board of Directors as advisors.

4. Committees of the Board of Directors

The Board of Directors can select from its members committees which are given specific duties and powers. These committees are mainly tasked with the preparation of the decision processes, and supervise the implementation of the respective decisions of the Board of Directors. Where decision-making authority is delegated to these committees, the responsibility of the other members of the Board of Directors is restricted to monitoring the working methods of the committees and not the appropriateness of the individual decisions. The committees inform the Board of Directors about their activities at the next ordinary meeting of the Board of Directors or, in urgent cases, immediately.

The committees normally organise themselves independently. For each committee, the Board of Directors enacts a regulation that determines its organisation, duties and powers.

The Board of Directors elects from among its members two standing committees whose organisation, duties and powers are defined in respective separate regulations:

- Audit Committee
- Nomination and Compensation Committee.

5. Executive Board

5.1 Composition

The Executive Board and its President are appointed by the Board of Directors at the proposal of the Nomination and Compensation Committee. The Executive Board is composed of at least the following members:

- Chief Executive Officer (CEO);
- Chief Financial Officer (CFO).

5.2 Responsibility and authority

Management of the business is delegated to the Executive Board unless otherwise foreseen by law, the Articles of Incorporation or this Organisational Regulation. The duties and powers of the Executive Board are specifically shown in the function diagram in Chapter A/2./2.2 of the Corporate Policy Manual; its duties are as follows:

- Elaboration of the short-, medium-, and long-term Group strategy and Group policy (business plan) for submission to the Board of Directors and its operational implementation with the respective responsible persons according to the guidelines of the Board of Directors;



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- Appointment of other important function holders such as, for example, Business Unit Heads, CEOs, governing bodies of the subsidiaries;
 - Direct management of the individual Business Unit Heads.

5.3 President of the Executive Board (CEO)

The CEO acts as President of the Executive Board. If a Delegate to the Board of Directors is elected, he holds the office of CEO.

The CEO has the following specific duties and powers:

- In collaboration with the Executive Board, elaboration of the Group strategy and Group policy for submission to the Board of Directors and enforcing the strategic direction defined by the Board of Directors;
- In collaboration with the Executive Board, implementation of the corporate policy and strategy in all areas of the business, as expressed in the corporate mission statement and according to the guidelines of the Board of Directors, and integration of the interests of the Business Units for the benefit of the SCHMOLZ+BICKENBACH GROUP;
- Management and supervision of the Executive Board as well as overall operational management of the Company and of the SCHMOLZ+BICKENBACH GROUP;
- Convening meetings of the Executive Board;
- Elaboration of the business goals, medium-term plan and budget for submission to the Board of Directors;
- By agreement with the Chairman of the Board of Directors, external representation of the Company and the SCHMOLZ+BICKENBACH GROUP;
- Assisting the Chairman with preparations for meetings of the Board of Directors and securing implementation of the decisions of the Board of Directors.

The CEO also issues supplementary guidelines governing the duties and powers of the members of the Executive Board and of the Business Unit Heads (function diagram). In the case of discrepancies between the function diagram and this Organisational Regulation, the latter takes precedence. In particular, duties that are assigned to the Executive Board may only be delegated further by agreement with the Board of Directors, except for the delegation of preparation and implementation. The Board of Directors is notified of these duties and any subsequent changes no later than the next Board of Directors meeting.

5.4 Reporting

The CEO informs the Board of Directors periodically, and at each meeting, about the general progress of business of the SCHMOLZ+BICKENBACH GROUP and about noteworthy transactions and decisions that he has made. He reports exceptional occurrences immediately to the Chairman of the Board of Directors who, if necessary, initiates written information to the entire Board of Directors.



In collaboration with the heads of the Business Units, the Executive Board ensures that the CEO receives all information necessary for him to periodically inform the Board of Directors about the general business progress and about noteworthy transactions, decisions and exceptional occurrences in association with the SCHMOLZ+BICKENBACH GROUP.

6. Business Unit Management

6.1 Composition

The Heads of the Business Units are appointed by the Executive Board.

6.2 Duties and powers

The duties and powers of Business Unit Management can be found in the function diagram in Chapter A/2./2.2. of the Corporate Policy Manual.

The Business Unit Heads are particularly responsible for the operational management of the individual Business Units. The members of Business Unit Management are responsible for ensuring that the goals of the respective Business Units correspond with the goals of the Group.

6.3 Reporting

Business Unit Heads inform the members of the Executive Board about the general progress of business and other special occurrences that have a significant influence on the business operations of the SCHMOLZ+BICKENBACH GROUP. The Board of Directors is kept informed by the CEO or other member of the Executive Board.

7. Signatory powers for the Company

Signatory power for the Company is issued collectively and requires the signatures of two authorised signatories.

The Board of Directors decides on signatory powers for the Company and an updated list of all signatories is submitted to the Board of Directors once a year for approval.

8. Abstention from voting

Members of governing bodies of the company must abstain from voting if business is conducted that affects their own interests or the interests of natural or legal persons closely related to the Company (conflict of interest). Such members do not normally participate in discussions of such business.

9. Ad hoc publicity, insider trading, and disclosure of management participations

Pursuant to Art. 53 of the SIX listing regulation, the Company is obligated to inform the capital market of factors affecting market value. The CEO ensures that the Company complies with these publicity regulations and consults the Chairman of the Board of Directors if time allows.



The other members of the Board of Directors are informed at the same time as the public at the latest.

The Board of Directors approves the basic principles for fulfilment of stock exchange obligations and measures to prevent insider trading, and for the disclosure of management participations.

10. Secrecy, return of files

All members of corporate bodies of the Company are obligated to maintain secrecy vis-à-vis third-parties about information acquired in the fulfilment of their office. The obligation to secrecy remains in force also after leaving the Company or the SCHMOLZ+BICKENBACH GROUP.

The business regulations must be returned at the end of the term of office and the other files must be destroyed with the exception of the minutes of meetings of the Board of Directors and the committees in which the resigning member of the Board of Directors was involved.

11. Final provisions

11.1 Entry into force, implementation provisions

These regulations go into force on December 9, 2011, and replace all previous regulations.

The CEO issues the implementation provisions (including a function diagram) necessary for their enforcement and the duties they govern.

11.2 Revision and amendments

Resolutions on amendments to these regulations may be adopted only if a majority of two-thirds of the members of the Board of Directors is present and the majority of the attending members vote in favour of the amendment.

The Organisational Regulations of Schmolz+Bickenbach is published in **English** and **German**. The original language is German.