



Organisational Regulations

Preamble

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

The corporate bodies of SCHMOLZ+BICKENBACH AG have decided to manage their subsidiaries and shareholdings in accordance with Section 3.3 "Management and Organisational Structure". These Organisational Regulations also apply in principle to all Group companies (collectively referred to as the "SCHMOLZ+BICKENBACH GROUP") with the local Boards of Directors and management in the individual Group companies implementing the decisions made by the SCHMOLZ+BICKENBACH Board of Directors and the Group Executive Board provided this does not contravene local laws and the respective Articles of Incorporation.

1. Basic principles

Pursuant to Art. 15 of the Articles of Incorporation, these regulations are issued by the Board of Directors.

They regulate the constitution of, adoption of resolutions on, and the duties and powers of the following corporate bodies:

- Board of Directors
- Chairman of the Board of Directors
- Audit Committee
- Nomination and Compensation Committee
- Delegate to the Board of Directors and Chairman of the Group Executive Board ("CEO")
- Group Executive Board
- Business Unit Management
- Management if applicable

2. Board of Directors

2.1 Constitution/age limit

The Board of Directors elects a Chairman and a Vice-Chairman from among its members for each term of office and appoints the secretary.

An age limit of 70 is set for each member of the Board of Directors with the exception of the Chairman.



The term of office ends with the Annual General Meeting following the end of his 70th year or after completion of the term of office.

2.2 Meetings and frequency of meetings, convening meetings and setting the agenda

The Board of Directors convenes in response to a written invitation from the Chairman or, if he cannot attend, from the Vice-President, as often as business necessitates but as a rule at least once a quarter.

The Board of Directors shall also convene immediately at the request of a member of the Board of Directors or the Group Executive Board, such request to be accompanied by the reasons.

The Board of Directors must be informed that a meeting will be convened at least ten days prior to the meeting.

This interval may be shorter depending on the urgency of the matter. The day, time and location of the meeting and the items to be discussed (agenda) shall be listed on the invitation to the meeting. Any relevant meeting documents are normally sent. Resolutions may be adopted on items not listed on the agenda only if all members of the Board of Directors are present.

The Chairman presides over the Board of Directors or, if he cannot attend, the Vice-Chairman or a member to be elected from among the members of the Board of Directors.

The Chairman of the Group Executive Board, who has voting rights, and the other members of the Group Executive Board generally attend the Board of Directors meetings in an advisory capacity and have the right to submit proposals.

2.3 Quorum, adoption of resolutions, minutes

2.3.1 Quorum

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

For decisions concerning implementation of a capital increase and the associated amendment to the Articles of Incorporation, the Board of Directors is also quorate if only one member is present.

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. If the vote is a tie, the Chairman shall have the casting vote.

In urgent cases, resolutions may also be adopted in written format if this is indicated in the minutes of the next meeting and provided no member requests verbal consultation.



2.3.3 Minutes

Minutes of the negotiations and resolutions are kept and signed by the Chairman and secretary. Written resolutions 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 and powers

Unless otherwise stipulated by the Articles of Incorporation or these regulations, the Board of Directors delegates management of the business to the Delegate to the Board of Directors and Chairman of the Group Executive Board ("CEO"). The CEO may further delegate management of the business to the Group Executive Board and Business Unit Management pursuant to Section 6.1.

The Board of Directors constitutes the company's highest instance of management, supervises and controls the CEO and the Group Executive Board, and issues guidelines on business policy. It defines the strategic objectives and general funds required to achieve them, and decides on important matters.

In particular, it performs the following non-transferable and irrevocable duties.

1. Managing the company overall and issuing the requisite directives, formulating strategic objectives, defining the resources required to achieve these objectives, defining the business policy.
2. Defining the organisation.
3. Structuring the accounting system, financial controls and financial planning.
4. Appointing and dismissing persons entrusted with the management and representation of business and regulation of signatory powers, unless such duties are delegated to committees or other corporate bodies.
5. Supervising persons entrusted with business management to determine compliance with the law, Articles of Incorporation and directives.
6. Preparing the Annual Report and the Annual General Meeting and implementing its decisions.
7. Notifying the court in the event of overindebtedness.
8. Deciding on the payment of subsequent contributions to non fully paid-up shares.
9. Deciding on the level of capital increases and the associated amendments to the Articles of Incorporation.
10. Examining the credentials of specially qualified auditors for cases in which the law requires such auditors.

The Board of Directors may also delegate specific duties and powers to committees made up of members of the Board of Directors. The Board of Directors elects the members and chairpersons of such committees. These committees are assigned specific duties and powers which are governed in these Organisational Regulations or the committee regulations. These committees are entrusted with



preparing the decision-making processes and supervise implementation of the respective resolutions of the Board of Directors. If these committees have been delegated the power to adopt resolutions, the responsibility of other members of the Board of Directors shall be limited to supervising the work of the committees and not to the suitability of the individual resolutions. These committees report on their activities at each meeting of the full Board of Directors.

Furthermore the Board of Directors only adopts resolutions related to matters reserved for or assigned to it by law, the Articles of Incorporation or the regulations.

2.5 Right of access to information, reporting

2.5.1 Right of access to information

Each member of the Board of Directors may request information about any and all company matters within the context of Art. 715a of the SCO and must inform the Chairman to this effect. The relevant legal provisions additionally apply.

2.5.2 Reporting

At the 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 managers report directly on the business units for which they are responsible.

3. Chairmanship of the Board of Directors

3.1 Chairman of the Board of Directors

The Chairman of the Board of Directors monitors the implementation of measures approved by the Board of Directors, supervises the Delegate to the Board and his activities, and conducts regular performance appraisals with him.

If a shareholder has more than 50% of the shares, he is entitled to the office of the Chairman of the Board of Directors.

3.2 Vice Chairman of the Board of Directors

The Vice Chairman of the Board of Directors represents the Chairman of the Board of Directors. He has the right to the information necessary to fulfil this function.



4. Audit Committee

4.1 Constitution

The Board of Directors elects an Audit Committee from among its members. It consists of at least three members of the Board of Directors. The Audit Committee is self-constituting.

4.2 Meetings and frequency of meetings, convening meetings and setting the agenda

The Audit Committee convenes in response to a written invitation from the Chairman which contains the agenda or, if he cannot attend, from another member of the committee, as often as business necessitates but usually at least twice every fiscal year.

The Chairman of the Audit Committee or, if he cannot attend, another member of the committee presides over the meetings.

The Delegate to the Board of Directors (CEO) and the CFO along with internal and external auditors normally attend the meetings. The Chairman of the Board of Directors is entitled to attend in the capacity of guest.

4.3 Quorum, adoption of resolutions, minutes

4.3.1 Quorum

The Audit Committee is quorate if the majority of its members are present at the meeting.

4.3.2 Adoption of resolutions

The Audit Committee adopts its resolutions by majority vote.

For urgent matters, resolutions can also be adopted in written format if this is indicated in the minutes of the next meeting and provided no member requests verbal consultation.

4.3.3 Minutes

Minutes of the negotiations and resolutions are kept and signed by the Chairman and the secretary and sent to all members of the Board of Directors. Written resolutions shall be included in the next minutes of the Audit Committee meeting.

The minutes of a meeting shall be approved by the Audit Committee at the following meeting.

4.4 Duties

The Audit Committee is responsible for monitoring internal and external auditors and supervising financial reporting. It defines for internal auditing the scope of the audit and the audit plan, agrees the scope of the audit and audit plan with the external auditors, and supervises the implementation of audit findings.

The Audit Committee also reviews the effectiveness of the external auditors, the functioning of the internal control system, and the effectiveness of Group-wide risk management, regularly reports to the



full Board of Directors, and makes recommendations on the individual and consolidated financial statements, particularly on proposals to the General Meeting. From a functional standpoint, internal auditing is under the control of the Audit Committee, receiving assignments from it and reporting to it. Administratively, internal auditing is under the control of the Group CFO.

The tasks are governed in detail by regulations which are approved by the full Board of Directors (see Chapter A/2./2.2 Function diagram).

5. Nomination and Compensation Committee

5.1 Constitution

The Board of Directors elects a Nomination and Compensation Committee from among its members for each term of office. It consists of the Chairman of the Board of Directors and at least one other member of the Board of Directors, usually the Vice-Chairman of the Board of Directors. The Chairman of the Board of Directors presides over this committee.

5.2 Meetings and frequency of meetings, convening meetings and setting the agenda

The Nomination and Compensation Committee convenes in response to a written invitation and agenda from the Chairman as often as business necessitates but normally at least once every fiscal year.

5.3 Quorum, adoption of resolutions, minutes

5.3.1 Quorum/adoption of resolutions

The Nomination and Compensation Committee is quorate if the meeting is attended by both members or, if there are more than two members, the majority of the members.

For urgent matters, resolutions can also be adopted in written format if this is indicated in the minutes of the next meeting and provided no member requests verbal consultation.

5.3.2 Minutes

Minutes are kept of the negotiations and resolutions and are signed by the Chairman.

Written resolutions shall be included in the minutes of the next meeting of the Nomination and Compensation Committee and also approved at the next meeting.

5.4 Duties

The duties include:

- Defining the basic principles governing the selection of candidates for election or re-election to the Board of Directors
- Appointing members of the Group Executive Board, who are selected on the basis of defined criteria
- The personnel development and successor planning process for the Group Executive Board



- Defining the basic principles governing compensation for the members of the Board of Directors and the Group Executive Board according to their duties, workload and responsibilities
- Periodically informing the entire Board of Directors about the key content and scope of the decisions made

The Committee annually sets the fees for the Board of Directors and Board Committees as well as compensation for the Group Executive Board. When defining compensation for the Group Executive Board, strategic and project-related MbO-dependent components as well as Group business performance are the criteria applied to determine the variable part.

The Board of Directors shall be informed about the elements of the compensation policy and the concrete structure of the working relationships with the members of the Group Executive Board which are disclosed within the context of corporate governance reporting.

6. Delegate to the Board of Directors and Chairman of the Group Executive Board (CEO)

6.1 Duties and powers

All executive management tasks within the Company and the Group which are not reserved for the Board of Directors or its committees are transferred to the Delegate to the Board and the CEO.

These duties are generally Group-wide in nature. These include the Group strategy formulated in conjunction with the Group Executive Board as well as Group policy for the approval of the Board of Directors. The CEO together with the Group Executive Board is responsible for implementation of the corporate policies and strategy in all corporate divisions as defined in the corporate mission statement and in accordance with the guidelines of the Board of Directors. He takes into account the interests of the business units for the benefit of the entire Group.

The CEO presides over the Group Executive Board comprising the CEO, the Chief Operating Officer ("COO") and the Chief Financial Officer ("CFO"), and issues additional guidelines governing the duties and powers of the members of the Group Executive Board and management (function diagram). The Board of Directors shall be notified of these responsibilities and any subsequent change no later than the next Board of Directors meeting.

Members of the Executive Board are appointed by the Board of Directors on the recommendation of the Nomination and Compensation Committee, while other members of management (including Business Area heads) are appointed by the Executive Board.

6.2 Reporting

The CEO informs the Board of Directors periodically and at each meeting about the Group's general business performance and about particular business transactions and decisions that he has made. He brings extraordinary matters to the immediate attention of the Chairman of the Board of Directors who then informs the entire Board of Directors in writing.



7. Group Executive Board

7.1 Appointment

The Group Executive Board and its Chairman are appointed by the Nomination and Compensation Committee.

7.2 Duties and powers

The duties and powers of the Group Executive Board are shown in the function diagram in Section A/2./2.2. It is responsible for the operational management of the SCHMOLZ+BICKENBACH GROUP.

This covers in particular the formulation of the short, medium and long-term Group strategy and policies to be submitted for the approval of the Board of Directors, as well as their operational implementation in conjunction with the responsible individuals in accordance with the guidelines of the Board of Directors.

7.3 Reporting

The Group Executive Board together with business unit management ensures that the CEO receives all information necessary to inform the Board of Directors periodically about general business performance and particular business transactions, decisions and extraordinary events.

8. Business Unit Management

8.1 Duties and powers

The duties and powers of business unit management can be found in the function diagram in Chapter A/2./2.2.

They largely cover the operational management of the individual business units. Members of business unit manager are responsible for ensuring that the goals of the business unit are compatible with the Group goals.

8.2 Reporting

Business unit heads inform the members of the Group Executive Board about the general course of business and other special occurrences. The Board of Directors is kept informed by the CEO or other member of the Group Executive Board.

9. Signatory powers for the Company

The signatory power for SCHMOLZ+BICKENBACH AG is issued collectively and requires signature of two authorised signatories.

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

**10. Standing down**

All corporate bodies of the company are obligated to stand down 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).

11. Ad hoc publicity

Pursuant to Art. 72 of the SWX 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.

12. Secrecy, return of files

All 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 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 Board of Directors member was involved.

13. Final provisions**13.1 Entry into force, implementation provisions**

These regulations go into force on January 1, 2008 and replace all previous regulations.

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

13.2 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.

Emmen, January 1, 2008

Chairman of the Board of Directors

Michael Storm