

# Organization Regulation of Kardex Holding AG

Version 4.0 – Valid from 1 May 2016

This is a translated version of the Regulations in German language. In the event of any conflict between the German and English language, the German version shall prevail.

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## 1. General

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This Regulation and the Schedule of Powers derived therefrom are issued on the basis of Art. 716a and b of the Swiss Code of Obligations and §14 of the Articles of Incorporation of Kardex AG. They set forth the duties and powers of the governing and executive bodies.

Kardex AG and the companies in which it directly or indirectly holds a majority interest ("subsidiaries") are operated as a group of companies.

The group of companies is divided into divisions.

## 2. Governance principles

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### 2.1 Delegation principle

Governing and executive bodies may delegate duties, to the extent that these are not classed by law as non-delegable and irrevocable, in accordance with guidelines as well as within existing management structures and functional specifications.

### 2.2 Powers and reservation of powers

Each division and each governing or executive body possesses all the powers necessary to arrive at informed decisions within the area of responsibility assigned to it.

## 3. The Board of Directors

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### 3.1 Constitution and composition

The Board of Directors acts a collective body, except where the Articles of Incorporation or the Organization Regulation contain provisions to the contrary. The Chairman of the Board of Directors and members of the Compensation and Nomination Committee are elected by the general meeting. The Board of Directors is otherwise free to decide on the delineation of duties within the Board of Directors at any time. It does so annually in the constituent meeting, which always takes place after the ordinary general meeting, and appoints from its ranks the Vice Chairman and members of the Audit Committee. It also appoints the Chairmen of the Audit Committee and Compensation and Nomination Committee from among the ranks of said committees. Further Board committees may also be established.

The Board of Directors appoints a Secretary to the Board of Directors, who need not be a member of the Board of Directors.

### 3.2 Meetings and frequency of meetings, convocation and agenda items

The Board of Directors meets as often as business requires, but at least four times per year.

Meetings are convened by the Chairman or, if he is unable to do so, by the member who represents him.

Any member of the Board of Directors may request that a meeting of the Board of Directors be convened immediately; the reasons for such a request must be stated.

The Chairman or, if the Chairman is unable to attend, the member representing him presides over the meeting.

The members of the Executive Committee may, at the invitation of the Chairman, attend meetings of the Board of Directors in an advisory capacity.

### 3.3 Quorum, resolutions and minutes

The Board of Directors has a quorum if the majority of its members are present. No quorum is required for resolutions to increase the authorized capital, amending and determining resolutions of the Board of Directors in connection with increases or reductions in capital or the conversion of the triggering event in the case of contingent capital.

The Board of Directors passes its resolutions by the majority of votes cast; if votes are tied, the Chairman has the casting vote.

Minutes are kept of the resolutions of the committees of the Board of Directors and, if so instructed by the Chairman, also of the deliberations of the meeting of the Board of Directors; such minutes are to be signed by the Chairman and the secretary and submitted to the Board of Directors for approval.

Resolutions may be passed by circular letter at any time unless one of the members asks for oral deliberation. Meetings of the Board of Directors may also be held by teleconference or video conference, provided all members are invited to take part in advance.

### 3.4 Duties and powers

The Board of Directors delegates the business management of the Group in full to the Group Management, unless otherwise specified by law, the Articles of Incorporation or this Organizational Regulation.

The Board of Directors bears ultimate responsibility for managing, supervising and monitoring the management of the business. It has the following non-transferable and inalienable duties:

1. the overall management of the company and the issuing of the necessary directives;
2. determining the organization of the company;
3. determining the structure of the accounting, financial controlling and financial planning systems;
4. appointing and dismissing the persons entrusted with managing and representing the company and determining the nature of their signatory powers;
5. overall supervision of the persons entrusted with managing the company, specifically in respect of compliance with the law, the Articles of Incorporation, regulations and directives;
6. preparing the annual report and the compensation report as well as making arrangements for the general meeting and implementing the resolutions passed by the latter;
7. notifying the courts in the event of the company's over indebtedness;
8. adopting resolutions regarding increases in the share capital and ensuing amendments to the Articles of Incorporation.

### 3.5 Right of information and reporting

Any member of the Board of Directors may request information on all matters concerning the company.

At each meeting, the Board of Directors must be informed by the Group Management and, if necessary, by other members of the Group about the course of business and the important business events at the company and its subsidiaries.

The Group Management shall immediately notify the members of the Board of Directors of any extraordinary developments.

If necessary for the fulfilment of a duty, any member of the Board of Directors may submit a request to the Chairman for accounts and files. If the Chairman declines the request for information, a hearing or the right to inspect documents, the decision shall fall to the full Board of Directors.

### 3.6 Compensation

The Board of Directors annually presents the general meeting with the maximum total amounts for the compensation to be paid to the Board of Directors for the period until the next ordinary general meeting in accordance with §18b of the Articles of Incorporation and based on the valid version of the fee structure for the Kardex AG Board of Directors.

The Board of Directors may entrust individual members of the Board of Directors with additional duties and projects. The full Board of Directors shall establish the applicable market-value compensation in advance and within the scope of the maximum amount for the total compensation of the Board of Directors approved by the general meeting.

The Board of Directors may decide to pay part of the compensation in the form of shares. In such cases, the Board of Directors stipulates the conditions, including the grant date and the valuation, and establishes any applicable lock-up period.

The Board of Directors may choose to compensate any disadvantages incurred by the members of the Board of Directors in conjunction with procedures, processes or settlements as a result of their activities on behalf of the company or its subsidiaries. The Board of Directors furthermore passes resolutions on the payment of certain amounts in advance.

### 3.7 Term of office, election, re-election and age limits

The term of office is one (1) year and ends at the close of the next ordinary general meeting. Candidates may no longer be proposed for election or re-election to the Board of Directors upon reaching the age of 70; re-election is otherwise possible without restriction. Members of the Board of Directors automatically step down from the Board of Directors once they reach the age of 70, whereby they leave the Board at the close of the next ordinary General Meeting after reaching age 70.

### 3.8 The Chairman of the Board of Directors

The Chairman of the Board of Directors is elected by the general meeting and has the following duties and powers in particular:

- convening the meetings of the Board of Directors, preparing and presiding over such meetings;
- representing the overall interests of the Board of Directors in dealings with shareholders and the public;
- chairing the general meeting;
- coordinating the various Board committees and ensuring that the full Board of Directors operates as an integrated, unified body.

If the Chairman himself is unable exercise these functions, the Vice Chairman or another member of the Board of Directors will do so.

### 3.9 Committees of the Board of Directors

The Board of Directors has established two permanent committees: the Audit Committee and the Compensation and Nomination Committee. The Board of Directors may establish further committees for the purpose of fulfilling its duties efficiently. The committees primarily have an advisory function; the full Board of Directors retains overall responsibility for the duties transferred to the committees. All decisions by the committees must therefore be approved by the full Board of Directors.

The committees of the Board of Directors consist of between two (2) and five (5) members of the Board of Directors.

The general meeting elects the members of the Compensation and Nomination Committee, while the full Board of Directors appoints the members of the Audit Committee and other committees, as well as the Chairmen of all committees.

The committees are otherwise self-constituting and appoint a secretary who need not be a member of the committee or of the Board of Directors.

The Chairman of the Audit Committee may not at the same time be Chairman of the Board of Directors.

The Board committees meet as often as business requires; the Audit Committee however, shall meet at least three times per year and the Compensation and Nomination Committee at least once per year.

Meetings are convened by the Chairman of the respective committee. If the Chairman is unable to convene a meeting, another member of the committee or the Chairman of the Board of Directors will do so.

If necessary, the Group Management, individual members of the Group Management or other members of the Group attend the relevant committee meeting in an advisory role at the invitation of the Chairman.

Any member of a Board committee as well as the Chairman of the Board of Directors may request that a committee meeting be convened immediately; the reasons for such a request must be stated.

A Board committee has a quorum if the majority of its members are present.

The resolutions of the Board committees are passed by a majority of the members present. If votes are tied, the Chairman has the casting vote.

Resolutions may also be passed by circular letter unless one of the members asks for oral deliberation. Committee meetings may also be held by teleconference or video conference, provided all members are invited to take part in advance.

Minutes are kept of the resolutions of the Board committees and, if so instructed by the Chairman, also of the deliberations of the Board committees; such minutes are to be signed by the respective chairman and by the secretary and submitted to the respective Board committee for approval.

The full Board of Directors is informed of the resolutions and recommendations passed by the Board committees by means of the minutes. The committees present important business activities together with recommendations and proposals to the full Board of Directors for a decision.

### 3.10 The Audit Committee

The Audit Committee supports the Board of Directors in its duties of ultimate supervision, namely with regard to monitoring the integrity of the financial reporting, the annual and interim financial statements, the internal control system for accounting processes, risk management and the auditing activities of the external auditors.

The Audit Committee

- critically reviews the annual and interim financial statements, consulting the external auditors and members of the Group Management, and submits a proposal to the full Board of Directors for approval or rejection;
- assesses the auditing activities, audit plan, independence and remuneration of the external auditors as well as their cooperation with the finance and control officers of the company and discusses their reports and recommendations;
- makes an assessment of the functioning of the internal control system and the reliability of the reporting;
- monitors compliance with legislation, internal guidelines and other provisions;
- if necessary, submits proposals to the full Board of Directors if it determines a need for measures during the fulfilment of its duties.

The Audit Committee does not itself conduct any audits. It generally relies on the reports of internal specialist units and of the external auditor.

The Audit Committee is provided with relevant information by the Group Management at regular intervals. It may request additional written or oral information from the Group Management.

The Chairman of the Audit Committee regularly informs the full Board of Directors about the activities and findings of the Audit Committee and submits any proposals to it. If necessary, in particular in the event of extraordinary developments, the Chairman of the Audit Committee informs the other members of the full Board of Directors without delay.

### 3.11 The Compensation and Nomination Committee

The Compensation and Nomination Committee submits proposals to the full Board of Directors and advises it with respect to the following areas:

- fundamental human resources issues within the Kardex Group;
- appointments to the Board of Directors and key positions in the Group;
- approval of the conditions of appointment for members of the Group Management (in particular compensation, term of contract);
- fundamental definitions with regard to performance-related payments within the Kardex Group;
- determination of the individual performance-related payments to members of the Group Management;
- monitoring of the salary structure and salary development as a whole as well as individual total compensation which exceeds a certain amount to be fixed by the Committee;
- compliance with official, regulatory and/or supervisory provisions with regard to publication of the compensation paid to the members of the Board of Directors and members of the Group Management.

## 4. The Group Management

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Within the scope permissible by law and the Articles of Incorporation, the Board of Directors delegates the business management of the entire Group to the Group Management.

The Group Management consists of the Group CEO, the Group CFO and the heads of the divisions. Members of the Board of Directors may be appointed as delegates by the Board of Directors, a role in which they assume the function of the Group CEO and are members of the Group Management.

The Group CEO presides over the Group Management. He bears overall responsibility and supervises the members of the Group Management who report to him.

The members of the Group Management are appointed by the Board of Directors upon proposal by the Compensation and Nomination Committee.

The Group Management manages the Kardex Group on the basis of the strategy determined by the Board of Directors, the business plan, the targets for the year and the budget. It ensures that the subsidiaries comply with the provisions of the law. In consultation with the Chairman of the Board of Directors, the Group Management ensures the provision of information to the shareholders and public.

The Group Management submits reports to the Board of Directors on a regular basis and, in the event of extraordinary developments, without delay.

Members of the Group Management may submit proposals to the Board of Directors or to the Board committees.

## 4.1 The Group CEO

The Group CEO, as chairman of the Group Management, presides over the other members of the Group Management. Within the scope of this Regulation, he bears responsibility for preparing the Group and division strategies for adoption by the Board of Directors, for the operational management of the Company, for its overall financial results, for implementation of the strategic direction determined by the Board of Directors and the realization of the other measures resolved by the Board of Directors.

## 4.2 The Group CFO

The Group CFO is responsible for creating transparency in respect of the financial results of the Group as a whole and the individual divisions. He ensures high quality and timely financial reporting in line with regulatory requirements and corporate governance standards. He organizes the planning-, budgeting- and controlling processes of the Group and consults the Board of Directors, the Group Management as well as the heads of division in regards to financial aspects of strategic planning.

The Group CFO is responsible for the subjects finance, taxes and capital management and is accountable for the development and implementation of the principles, regulations and limits of risk control. Together with the Group CEO, he is responsible for relations with investors and supervisory authorities.

## 4.3 The heads of division

The heads of the divisions each bear overall responsibility for their division and the management, results and risks thereof. Each head of division is responsible for developing and implementing the divisional strategy, plans and targets within his division and for implementing the resolutions of the Board of Directors and the Group Management. He ensures that his division is managed in line with the requirements of the Group Management.



## 4.4 Further governing and executive bodies: Governing and executive bodies of the subsidiaries

The governing and executive bodies of the subsidiaries act in accordance with Group and divisional requirements as well as the respective applicable provisions of the law and the Articles of Incorporation. The board of directors of each important subsidiary shall include at least one member of the Group Management.

## 5. Signatory powers

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The authority to sign for Kardex AG and for all subsidiaries is granted exclusively as joint signature by two.

## 6. Confidentiality

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The members of all governing and executive bodies undertake to maintain confidentiality towards third parties regarding all non-public facts of which they become aware during the exercise of their office.

Business records must be returned to the company, at the latest, upon leaving office.

The duty of confidentiality remains in effect following expiry of the term of office.

## 7. Final provisions

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### 7.1 Entry into force

This Regulation and the Schedule of Powers derived therefrom were approved on 21 April 2016 by the Board of Directors of Kardex AG and thus supersede all previously issued Organization Regulations.

Zurich, 21 April 2016

#### **Kardex Holding AG**

On behalf of the Board of Directors

*German version signed*

Philipp Buhofer  
Chairman

*German version signed*

Felix Thöni  
Vice Chairman