

Organisational Regulations

Ypsomed Holding AG
Brunnmattstrasse 6
P.O. Box
3401 Burgdorf / Switzerland
Tel +41 34 424 41 11
Fax +41 34 424 41 55
www.ypsomed.com
info@ypsomed.com

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(supersedes version approved on 21 August 2014)

Note: This document is an English translation of the German original and made for convenience only. The German document shall prevail in any case.

I. Foundations

1. Purpose

These Organisational Regulations are issued in application of Article 716b of the Swiss Code of Obligations (CO) and are based on Article 29 of the Articles of Association of Ypsomed Holding AG. They govern the tasks, powers, and responsibilities of the governing bodies of the Ypsomed Group, their method of operation and their collaboration, as well as the most important management tools.

The companies belonging to the Group of Ypsomed Holding AG are regarded and managed as one group of companies (Ypsomed Group). The intention hereby is to set harmonised objectives and carry out coordinated business activities.

2. Governing bodies of the Ypsomed Group

The governing bodies of the Ypsomed Group are

- Board of Directors of Ypsomed Holding AG
- BoDC (Board of Directors Chairman)
- Compensation Committee
- Board of Directors Committee of Ypsomed Holding AG (from case to case)
- CEO (Ypsomed Holding AG and Ypsomed Group)
- Executive Management as Group management (including Ypsomed Holding AG)
- Board of Directors and Executive Management boards of the individual subsidiaries

The governing bodies shall assume all management, proposal, decision, implementation, and control functions conferred on them by law, the Articles of Association, or these Organisational Regulations. They shall also be responsible in particular for the tasks conferred on them pursuant to the Allocation of Responsibilities (Annex 1).

3. Signing authority

Commercial law signature authority

The authority of outwards representation (business correspondence) shall be carried out jointly by two. Insofar as necessary under statute or with the approval of the CEO, sole power of signature may be granted to the managing directors of foreign companies; in such an eventuality, it shall be specified under contract that the person holding sole power of signature shall secure approval by his Group line manager above an amount specified by the CEO in respect of any given transaction establishing obligations.

Power of signature for banking transactions:

Representation with respect to banks, including in relation to online banking, shall also be carried out jointly by two.

With the approval of the CEO, provision may be made in foreign distribution companies for sole signatory authority in relation to everyday banking transactions up to an amount specified by the CEO.

4. Recusal

Members of governing bodies must recuse themselves if business is carried out that concerns their own interests or the interests of related natural persons or legal entities. The Board of Directors of Ypsomed Holding AG may waive the recusal of its members.

5. Confidentiality

All members of governing bodies are obliged to maintain secrecy vis-à-vis third parties as regards confidential facts to which they become privy while carrying out the duties of their office.

All business files shall be returned no later than at the expiry of the term of office and all copies thereof shall be destroyed.

6. Further provisions

Further provisions are governed by the Articles of Association and Holding Regulations issued by the Board of Directors of Ypsomed Holding AG.

II. Board of Directors of Ypsomed Holding AG

1. BoD meetings

The Board of Directors shall meet ordinarily four times per business year. Extraordinary meetings shall be convened in accordance with the Articles of Association. Periodically, strategy meetings of the BoD and the Executive Management (EM) shall take place. At meetings of the Board of Directors, provided the Chairman does not decide otherwise, the CEO, the CFO, and the Head of Internal Auditing / ICS shall participate regularly. With respect to specific agenda items corresponding to the Operations, Technology, M&S Delivery Systems, Sales Diabetes Care, or HR Divisions, the CEO may provide a briefing or the respective EM members may be called in.

Ordinarily, the following business items shall be placed on the agenda:

- Minutes
- CEO quarterly report
- Quarterly report of the divisions
- Quarterly accounts (or semi-annual or annual accounts)
- Strategy meeting for pending items
- Status of important customers and projects
- Status of the share register

In addition, the following business items shall be placed on the agenda periodically:

- Budget and investments (before the start of each new business year)
- Approval of the annual report (including management report, annual accounts, and motions to be submitted to the GM)
- Internal control system (January meeting)

- Compliance (May meeting)
- Risk management (strategy meeting)
- Management review (strategy meeting)

The quarterly reports shall briefly summarise the most important events, opportunities, and risks and shall describe problems and possible solutions. The quarterly reports shall be saved on a drive accessible to all members of the EM. The management review shall weigh in on the effectiveness of the quality-management system and its processes for product improvements with respect to customer requirements and the need for resources.

Placing of items on the agenda

BoD and EM members request in writing that items be placed on the agenda up to ten days before the meeting. The agenda shall be set by the BoDC.

The agenda shall be made known in writing in a timely manner, this being approximately seven days before the meeting. The documents shall only be delivered to BoD members, the CEO, the CFO and the ICS manager. Documents may also be handed out or shown later or at the meeting itself.

Items not placed on the agenda shall be discussed under the agenda item "Miscellaneous".

With respect to items not placed on the agenda, resolutions may be adopted only in the presence of at least two BoD members, among them the Chairman or Vice-Chairman.

Elections and votes

In the event of a tie vote, the BoDC or, in his absence, the Vice-Chairman, shall have a casting vote.

Keeping of minutes

The minutes shall record all resolutions as well as the central and most important statements of the participants. Copies of the minutes shall be delivered to BoD members and saved electronically on a drive accessible to the CEO, the CFO and the ICS manager. The original minutes together with the issued documents and any slides displayed at the meetings shall be kept in the Company files at the BoD Secretary's office.

2. Rights to information and inspection

At the meetings, any BoD member may request information regarding all matters concerning the Group.

Outside the meetings, any BoD member may request oral information regarding the course of business from persons entrusted with the management of the business. The exercise of the right to inspect minutes of general shareholders' meetings and Board of Directors meetings as well as of the quarterly reports of the Executive Management may be requested at any time. Inspection of the books and other files is permitted if such is required for the fulfilment of a task. The exercise of information and inspection rights must be requested through the BoDC.

3. Reporting

In each meeting, the Board of Directors shall be briefed by the CEO or by another EM member with respect to the following matters:

- consolidated quarterly accounts of the Group (turnover, profit statement, cash flow, balance sheet) with budget, previous-year comparison, and end-of-year estimate,
- outlook for the remainder of the business year and planned action, if necessary,

- status of important F&E projects and of new projects.
- other important events and developments – especially those that concern the market environment – that put the attainment of planned targets in question and/or affect the strategy of the Group,
- extraordinary events, such as business transactions and legal cases of special significance and/or risks of publicity.

When placing the annual accounts on the agenda, the External Auditors / Group Auditors shall be invited to participate.

4. Tasks and responsibilities

The Board of Directors has the non-transferable and inalienable tasks listed in Article 28 of the Articles of Association.

Furthermore, it has the task of establishing the company policy of the Ypsomed Group, to determine its objectives and priorities, and to provide the means for the attainment of the objectives established. It shall issue a Code of Conduct. It shall protect the group-wide interests and shall issue the necessary directives therefor.

The Board of Directors shall supervise the course of business of the Group companies.

The BoDC shall represent the Board of Directors of Ypsomed Holding AG outwardly. He may delegate this to the CEO or to the appointee for Investor & Public Relations.

5. Transfer of company management

Within the scope of actions permitted by law and the Articles of Association, the Board of Directors shall transfer the management of the Ypsomed Group to the CEO, insofar as it does not appoint a Board of Directors committee pursuant to Section III of the Organisational Regulations for that purpose.

In order to coordinate the business activities of the Group companies as best as possible, the BoDC or the CEO, or a person proposed by the CEO, shall serve on the boards of directors of the Group companies. As a rule, the BoDC or the CEO shall assume the chairmanship thereof.

6. Compensation

Acting on a recommendation by the Compensation Committee, the Board of Directors shall on a yearly basis determine the amount of the fixed and variable performance-related compensation to be accorded to its members, which it shall present to the General Meeting for approval in accordance with the Articles of Association.

7. BoD Secretary

The Board of Directors shall designate its Secretary. He shall be responsible for the preparation of Board of Directors meetings, Compensation Committee meetings, the taking of minutes of addressed submissions and business dealings, and the organisation of the share register. Furthermore, he shall accomplish tasks assigned to him by the BoDC or the committee.

III. Board of Directors committee

The Board of Directors shall dispense with the instituting of an audit committee; it shall assume those tasks itself.

The Board of Directors may from case to case transfer a part of its powers to a Board of Directors committee, the members of which it shall appoint from among its own members. The particulars of the transfer shall be regulated in writing.

For remaining matters, the Board of Directors may appoint a Board of Directors committee for the accomplishment of individual tasks.

IV. Compensation Committee

The Compensation Committee shall support the Board of Directors in accordance with the Articles of Association in setting and reviewing the principles and guidelines applicable to compensation, in drawing up the compensation report and in preparing the motions for the General Meeting concerning the compensation of the members of the Board of Directors and the Executive Management. It may present motions and recommendations to the Board of Directors concerning further questions relating to compensation. The Board of Directors may allocate further tasks and powers to the Compensation Committee.

The Compensation Committee shall meet ordinarily during the strategy meeting for a preliminary discussion and in the run-up to the Board of Directors meeting in May. The following matters shall be placed on the agenda for the May meeting:

- maximum overall amount of fixed compensation of the BoD for the forthcoming year in office
- maximum overall amount of fixed compensation of the EB for the forthcoming financial year
- profit share of the BoD and the EB at the end of the previous financial year
- individual compensation
- compensation report
- principles applicable to compensation

The entire Board of Directors shall resolve on the motions, proposals and recommendations of the Compensation Committee.

V. Board of Directors Chairman (BoDC)

The BoDC shall assume the tasks and powers assigned to him pursuant to the law, the Articles of Association, and these Organisational Regulations. In particular, he shall be the connective link between the Board of Directors and the EM. He shall maintain regular contact with the CEO during the time between ordinary Board of Directors meetings, whereby individual business dealings shall be discussed and noted by the CEO.

For time-critical business dealings, the BoDC or the person appointed by him shall brief the other members of the Board of Directors by telephone or e-mail. If the Board of Directors cannot meet on short notice, or waives the convocation of a meeting, the discussion of the Board of Directors shall take place by telephone and minutes of the telephone conversation or a minutes circular thereof shall be drafted, which shall be presented for formal approval at the following ordinary meeting of the Board of Directors.

VI. CEO

The CEO shall assume the tasks and powers assigned to him pursuant to the law, the Articles of Association, and these Organisational Regulations. In particular he shall ensure that laws, the Articles of Association, and Holding Regulations are complied with within the entire Group of companies. He shall brief the Board of Directors in accordance with these Organisational Regulations and shall promptly report on cases of extraordinary events.

The CEO shall head the EM and shall represent the Board of Directors of Ypsomed Holding AG vis-à-vis the EM. The quarterly reports of the divisions shall each be made available to the CEO for inspection.

For remaining matters, he shall carry out the tasks assigned to him in the Allocation of Powers and Responsibilities (Annex 1).

VII. The Executive Management (EM)

1. Composition

The EM shall be appointed by the Board of Directors of Ypsomed Holding AG and shall be presided over by the CEO. The organisational chart of the EM approved by the Board of Directors shall be applicable. The EM may regulate its manner of operation and the responsibilities of individual members within business regulations. In particular, the following committees shall be active:

Designation	Tasks	Chair	Further EM members with right to veto
Process structure	Optimising and maintenance of business-process descriptions	ICS	<ul style="list-style-type: none"> • Technology • Operations
Bids committee	Approval of bids and projects – Delivery Systems and Diabetes Care (Direct Business)	M&S Delivery Systems	<ul style="list-style-type: none"> • Finance • Operations • Technology
Project Steering Committee (incl. Project Approval Board)	Assessment of possible projects, approvals within current projects, project management and project monitoring	Technology	<ul style="list-style-type: none"> • M&S • Operations • Technology
Sales & Operations Planning Committees (Delivery Systems and Diabetes Care)	Divergence analyses, plans of action for individual product groups, coordination of needs and acquisition	Operations	<ul style="list-style-type: none"> • M&S • Finance
Quarterly Financial Project Review	Financial project monitoring	Finance	<ul style="list-style-type: none"> • Technology • Operations
IST Steering Committee	Strategy for IT infrastructure, allocation of resources, data protection, checks	IST	<ul style="list-style-type: none"> • Finance • Operations • Technology
General Managers' Meeting	Management and coordination of Sales Diabetes Care of country organisations	Sales Diabetes Care	<ul style="list-style-type: none"> • Finance • Logistics (Operations)
Patent Committee	Implement patent strategy according to the patent strategy approved by the BoD	According to the patent strategy approved by the BoD (Legal/Patents)	According to the patent strategy approved by the BoD

The EM shall define the further staffing composition of the individual committees. Resolutions may be adopted only if all the EM members mentioned here agree thereon. If they are not in agreement, the CEO shall decide. The CFO shall have the right to veto in all committees, the CEO as well.

Each chair shall be responsible for the invitation, information, taking of minutes, and orderly filing with respect to adopted resolutions.

The EM may appoint additional committees.

2. Functions, tasks, and responsibilities

Within the scope of the Allocation of Powers and Responsibilities (Annex 1), the CEO shall be responsible for the operational management of the Group; he shall be supported by an executive management board. He shall ensure the implementation of the Group objectives and priorities set by the Board of Directors of Ypsomed Holding AG

For the organisation of the finance and accounting systems, Annex 2 shall apply.

For the organisation of risk management, Annex 3 shall apply.

3. Delegation of tasks

The CEO shall directly manage Ypsomed Holding AG, Ypsomed AG, Ypsomed Distribution AG, and Tecpharma Licensing AG.

- For the operational management of Ypsotec AG and the foreign distribution companies, he shall appoint separate executive management boards.

The executive management boards of the subsidiary Group companies shall be designated by the CEO. They shall report as follows:

- Ypsotec AG: to the CEO
- Foreign distribution companies: to the SVP – M&S Diabetes Care

Furthermore, there shall be functional subordination of the local specialty divisions of the subsidiary Group companies, in particular HR, Fi/Co, IT, and Logistics, to the respective superior person responsible at the head office in Burgdorf. For example, the person responsible for Fi/Co of Group company "X" shall report to the CFO of the Ypsomed Group. For disciplinary purposes, the local specialty divisions shall nonetheless be subordinate to the head of the respective Group company.

4. Divisions

The EM encompasses the following divisions:

- CEO incl.
 - Precision turned parts (Ypsotec AG)
- Marketing & Sales Delivery Systems
- Marketing & Sales Diabetes Care
- Operations incl.
 - Production
 - Logistics
 - Quality Management & Regulatory Affairs (disciplinary)
- Technology
- Human Resources
- Corporate Finance / IT
- Legal & Intellectual Property

VIII. The boards of directors of subsidiaries

The Ypsomed Group is a corporate group. The interests of the Group shall be placed at the forefront within the limits of that which is permitted by law and the Articles of Association. The governing bodies shall attend to the implementation and supervision of measures and directives defined by their superior governing bodies. The boards of directors of subsidiaries shall have the tasks and responsibilities assigned by the respectively applicable laws and articles of association. Furthermore, they shall accomplish the tasks assigned according to these Organisational Regulations and, in particular, the Allocation of Powers and Responsibilities (Annex I).

The boards of directors of subsidiaries shall ensure that the management tasks, whether pursuant to directives of their superior governing bodies or pursuant to independent resolutions of the subsidiaries, are carried out in compliance with the respectively applicable laws and articles of association as well as in adherence to provisions regarding capital protection.

The boards of directors may, at their discretion and in adherence to applicable legal provisions, delegate the management of the business in full or in part.

No special compensation for their activities as BoD members – insofar as permitted by law – shall be granted to BoD members of subsidiaries who are also employees of a company belonging to the Group and receive a salary therefor; this compensation is contained within the respective base salary.

The issuance and holding of qualifying shares shall be expressly waived if possible.

IX. Final provisions

1. Annexes

The Annexes constitute an integral component of these Regulations.

2. Emergencies

As an exception, these Organisational Regulations may be diverged from in justified cases.

3. Amendments to these Regulations

These Organisational Regulations may be modified, supplemented, or repealed at any time by the Board of Directors of Ypsomed Holding AG, provided all members agree. Should an amendment resolution not materialise, or if not all Board of Directors members are present, these Organisational Regulations may be amended by simple majority resolution at a Board of Directors meeting to be newly convened.

4. Notification

These Regulations shall be made available on the Company's intranet (but not to the homepage).

5. Coming into force

These Organisational Regulations were approved by the Board of Directors at its meeting of 20 May 2015 and shall come into force with immediate effect. They supersede the previous Regulations dated 21 August 2014.

The Chairman
of the Board of Directors
of Ypsomed Holding AG:

The Secretary
of the Board of Directors
of Ypsomed Holding AG:

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- Annex 1: Allocation of Powers and Responsibilities (version dated 21 August 2014)
- Annex 2: Organisation of the Accounting System, Financial Planning, and Control (version dated 21 August 2014);
in German only
- Annex 3: Enterprise Risk Management (ERM) (version dated 21 August 2014): *in German only*

ATTACHMENT 1

Allocation of Powers and Responsibilities within the Ypsomed Group

(Approved at the Board Meeting of 21 August 2014 (replaces version approved 26 January 2012))

Note: This document is an English translation of the German original and made for convenience only. The German document shall prevail in any case.

Abbreviations / Column Headings

CEO YPSN	Chief Executive Officer of Ypsomed Group (being simultaneously CEO of Yps AG)
DX	DiaExpert GmbH
D	Decision or implementation. Such decision or implementation will, in as much as legally permissible, be made by the decision-maker's representative if the former is not available. Each decision or implementation shall be documented in writing.
EB	Executive Board (entire Management Board or area manager, depending on the competences according to his job description).
EB DC	Executive Board of each Distribution Company.
EB Ytec / sro	Executive Board of Ypsotec AG (Ytec) or Executive Board of Ypsotec s.r.o. (sro).
MB YPSN	Management Board of the Ypsomed Group (being simultaneously the Executive Board of Yps AG)
MB	Management Board
I	Information/Input (to be brought in through the reporting line; the information/input must be brought in where indicated in the table below).
DCs	Distribution Companies of the Ypsomed Group: Ypsomed BV, Ypsomed AB, Ypsomed SAS, Ypsomed Pvt. Ltd, DiaExpert GmbH, Ypsomed Ltd UK, Ypsomed GmbH AT, Ypsomed S.r.l. (if a Distribution Company is not expressly excluded under a specific header).
BD	Board of Directors
BD YPSN	Board of Directors YPSN
Ypsomed Group	The Ypsomed Group includes all companies held directly or indirectly by YPSN.
Yps AG	Ypsomed AG
Yps GmbH	Ypsomed GmbH
YPSN	Ypsomed Holding AG

Notes

- The allocation of powers and responsibilities contains, in brackets, the respective company for which the application is made or the decision taken. If a company is not named in brackets, the company under the heading „D“ or „I“ is responsible.
- Even without the express mentioning of the obligation to inform or to make an input, each company is obliged to provide the Ypsomed Group with all information or input which may be important for a certain transaction.
- The competences of the MB of the Ypsomed Group and the BD of Ypsomed AG correspond to those of the EB of TecPharma Licensing AG and the EB of Ypsomed Distribution AG with the exception of competences relating to cross-group issues. The competences the BD of Ypsomed Holding AG and the CEO of the Ypsomed Group have with regard to the Ypsomed Group and Ypsomed AG also apply regarding TecPharma Licensing AG and Ypsomed Distribution AG.

Administration	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Long-term strategies, business planning, visions	D				
Establishment and dissolution of companies	D				
Choice of companies' domicile			D		
Appointment and dismissal of BD members	D (Yps AG; Ytec)	D (Yps GmbH; DCs)		D (EB Ytec for sro)	
Appointment and dismissal of auditors	D (Yps AG; Ytec)		D (Yps GmbH; DCs)	D (EB Ytec for sro)	
Capital adjustments	D (Yps AG; Ytec)		D (Yps GmbH; DCs)	D (EB Ytec for sro)	
Fusions	D				
Convocation of GA*	D (YPSN)			D (EB Ytec for Ytec and sro)	E
Request to the GA regarding all other matters that fall under the jurisdiction of the GA according to law and statutes, particularly requests regarding the annual report (annual accounts, annual report and consolidated financial statements), allocation of the balance sheet profit and changes to the articles of association	D (YPSN)		D (Yps AG; DCs except for DX)	D (EB Ytec for Ytec and sro); I (sro)	D (Yps GmbH; DX); I rest of DCs
Monitoring of the enforcement of the decisions and instructions taken by the GA and the BD			D (YPSN; Yps AG; Yps GmbH; DCs)	D (EB Ytec for Ytec and sro); I (sro)	I
Decision as to ad hoc relevance		D	I (Yps AG)	I	I
Trade register entries			D (YPSN; Yps AG)	D	D
Maintaining contacts with authorities (without tax authorities and regulatory supervisory authorities) and business partners			D (Yps AG)	D	D
External communication: <ul style="list-style-type: none"> Cross-group communication In the context of day-to-day business (without financial figures) 	D	D	I (Yps AG)	I	I
Internal communication: <ul style="list-style-type: none"> Inter-group communication In the context of day-to-day business (without financial figures) 		D	I (Yps AG) D (Yps AG)	I E	I E
Business with associated persons and companies: <ul style="list-style-type: none"> of BD members of MB members 	D	D			
Business with associated persons and companies: <ul style="list-style-type: none"> of other staff members 		D			
Letters of comfort: <ul style="list-style-type: none"> for the benefit of group companies for the benefit of third parties 		D D			
Guarantees: <ul style="list-style-type: none"> for companies of the Ypsomed Group for companies outside the Ypsomed Group or individuals 		D D			

Administration	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Initiation of a complaint and conduct of a case: <ul style="list-style-type: none"> involving an amount in dispute of > TCHF 100 involving an amount in dispute of < TCHF 100 	D	D			
Responsibility if not otherwise regulated		D (Yps AG; Yps GmbH; DCs)		D (EB Ytec for Ytec and sro.)	D (EB Yps GmbH for DX)

* Convocation of GA and signing of annual accounts of Yps AG by BD Yps AG.

Technology	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Approval of own new F&E projects of a hitherto strategic nature: <ul style="list-style-type: none"> if budgeted if not budgeted 		D (Yps AG; Yps GmbH) D		D (Ytec AG)	
Approval of own new F&E projects of a new strategic nature	D (Yps AG; Ytec)				

Intangible Goods	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Initial registration / nationalization of patent applications			D		
Applying for / registering of brand names			D		
Applying for / registering of domain names			D		
FTO: <ul style="list-style-type: none"> Product approval Declarations to third parties 		D D			
Legal action regarding patents and brands			D		
Legal action regarding third party patents and brands			D		
Abandoning of existing patents		D			
Abandoning of patent-protected technology	D				
Entering into license agreements or purchasing of intangible goods (new technologies)	D				

Finance and Accounting	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Business Plan	D		I (Yps AG)	I	I
Annual finance, profit and investment budgets	D		I (Yps AG)	I	I
Latest Estimate (half-yearly budget)		D	I	I	I
Expense budgets (quarterly)			D (Yps AG; Yps GmbH; DCs without DX)	D (EB Ytec for Ytec and sro); I (sro)	D (EB Yps GmbH for DX); I (Yps GmbH and rest of DCs)

Finance and Accounting	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Human resources budgets: Approval of new jobs / reoccupations		D	I	I	I
Annual accounts: <ul style="list-style-type: none"> • Preparation • Signing • Approval 		D	D (Yps AG)	D D (BD for Ytec; EB sro for sro)	D (exception: Ypsomed India Pvt. Ltd.: only in a commercial and fiscal context) D (BD DCs without DX; EB Yps GmbH and EB DX)
Consolidated financial accounts: <ul style="list-style-type: none"> • Preparation • Signing 	D		D		
Entering into and dissolving banking relations: <ul style="list-style-type: none"> • in CH • abroad 		D D			
Granting bank signatures: <ul style="list-style-type: none"> • Sole signatory • Joint signatory 	D	D (YPSN; Yps AG)	D (Ytec; Yps GmbH; DCs)	D (EB Ytec for sro)	
Bank loan agreements: <ul style="list-style-type: none"> • Entering into and termination • Amendment of conditions 		D D			
Issuing of credit cards		D			
Contacts to tax authorities: <ul style="list-style-type: none"> • Ypsomed Group transfer price concept • in the context of the normal course of business 			D D (Yps AG)	D	D
Tax declaration based on the approved annual accounts			D (Yps AG)	D	D
Tax assessments: <ul style="list-style-type: none"> • Audit • Objection 			D (Yps AG; Yps GmbH; DCs) D	D (EB Ytec for Ytec and sro); I (EB sro)	I

Working Conditions	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / EB sro	EB DCs / EB Yps GmbH
Enactment of work instructions and regulations (including fee arrangements): <ul style="list-style-type: none"> cross-group local 			D D (Yps AG)	D	D
Establishing framework employment conditions: <ul style="list-style-type: none"> cross-group local 			D D (Yps AG)	D	D
Entering into, amendment and dissolution of employment agreements: <ul style="list-style-type: none"> MB area managers 	D	D		D (EB Ytec for sro)	
Approval of human resources request		D			
Entering into, amendment and dissolution of employment agreements of other personnel: <ul style="list-style-type: none"> with wage costs over TCHF 250 (without bonus) middle management (business unit managers and area managers) lower management (team leaders) and other personnel 		D	D D (Yps AG)	D	D
Granting the right of individual signature, power of procuration and power to act	D (YPSN)		D (Ytec AG; sro; Yps GmbH; DCs)		
Loan guarantees to employees		E			

Agreements	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / EB Yps GmbH
Purchase, sale, taxing of real estate, including underlying executory agreements	D				
Purchase and sale of participations in companies	D				
Purchase and sale of companies and/or parts of companies	D				
Entering into and dissolution of significant partnerships (e.g., joint ventures, alliances)	D				
Participation in tenders				D	D
Distribution agreements		D			
Leasing transactions, incl. vehicle leasing		D			
Taking out loans (other than bank loans)		D			
Concluding of insurance agreements: <ul style="list-style-type: none"> Directors & Officers insurance agreements other insurance agreements 	D		D		
Real estate lease agreements			D (Yps AG)	D	D
Concluding cooperation agreements <u>outside</u> the current business activity:: <ul style="list-style-type: none"> decision in principle basic values of the agreement approval of agreement 	D	D D			
Conclusion of cooperation agreements with B2B partners regarding development and					

Agreements	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / EB Yps GmbH
delivery relations <u>within</u> current business activity:: <ul style="list-style-type: none"> offers Peak-Sales < CHF 10 Mio. turnover p.a. offers Peak-Sales > CHF 10 Mio. turnover p.a. basic values of development / delivery agreement approval of development / delivery agreement other agreements 		D D D D	D (decision of offer committee: Yps AG; Ytec; Ytec sro; Yps GmbH; DCs)	D (EB Ytec for Ytec and sro) D (EB Ytec for Ytec and sro) D (EB Ytec for Ytec and sro) D (EB Ytec for Ytec and sro)	
Entering into other executory agreements within current business activity: <ul style="list-style-type: none"> duration exceeding 2 years and contract value of over CHF 1 million (cumulative) otherwise 		D		D	D
Purchase of capital goods and entering into other obligations within the current business activity and: <ul style="list-style-type: none"> within an approved annual budget: <ul style="list-style-type: none"> purchase of investments outside of approved annual budget 	D: > CHF 5 Mio. D: > CHF 3 Mio.	D D		D (EB Ytec for Ytec up to TCHF 500; EB sro for sro up to TCHF 20; * D: EB Ytec for Ytec up to TCHF 50 *	D: EB Yps GmbH up to TCHF 200; EB DX up to TCHF 50; rest of EB DCs up to TCHF 20 *

* The superordinate company will approve the transaction in the case of higher amounts.

Regulatory	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / Yps GmbH
Product registration		I	D (Yps AG; Yps GmbH)	D (EB Ytec for tec and sro)	
Labelling			D (Yps AG; Yps GmbH)	D (EB Ytec; for Ytec and sro)	
Contact: <ul style="list-style-type: none"> supervisory authorities health insurance funds 			D (Yps AG; Yps GmbH; DCs) D (Yps AG)	D (EB Ytec for Ytec and sro); I (EB sro)	I D

Appearance of Subsidiary	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / Yps GmbH
Corporate design, brand and corporate identity		D			
Website			D		
Marketing means of communication (e.g. promotion material for mylife- and YDS-products): <ul style="list-style-type: none"> framework stipulations local additions 		I	D (Yps AG; Yps GmbH; DCs) D (Yps AG)	D (EB Ytec for Ytec and sro) D	D
Choice of premises (offices, warehousing)		D		D (EB Ytec for sro)	
Choice of IT infrastructure (internet provider, operating system, IT conditions)			D		
Procurement of infrastructure (telephone, VoIP, office furniture, IT equipment)			D (Yps AG)	D	D
Issuing of company presentation to third parties			D	D	D
Sale	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / Yps GmbH
Changes to the product			D (Yps AG; Yps GmbH; DCs)	D (EB Ytec for Ytec and sro)	I
Setting and/or altering of the product prices: <ul style="list-style-type: none"> OEM business (Ypsotec: own products) commercial goods (not mylife products, but DiaExpert 3rd party products) 		I (Yps AG)	D (Yps AG)	D (EB Ytec for Ytec and sro)	D
Setting and/or altering of delivery conditions			D (Yps AG; DCs)	D (EB Ytec for Ytec and sro)	D (Yps GmbH; DX); I (rest of DCs)
Participation in trade fairs and exhibitions			D (Yps AG)	D	D
Inclusion of new and discontinuance of existing product groups	D				
Information	BD YPSN	CEO YPSN	MB YPSN	EB Ytec / sro	EB DCs / Yps GmbH
Quarterly reporting and outlook on the rest of the financial year			D (Yps AG)	D	D
Marketing information (incl. (competitor) products, behaviour of competitors, brands, problems, result of contacts with authorities, contracts/contract negotiations)			D (Yps AG)	D	D
Notification of risks (probability of occurrence and financial impact)			D (Yps AG)	D	D

ANHANG 2

Ausgestaltung von Rechnungswesen, Finanzplanung und Kontrolle

(Fassung 21. August 2014)

1. Rechnungswesen

Für die Konzernrechnungslegung erfolgen die Einzelabschlüsse der Ypsomed Holding AG und ihrer Tochtergesellschaften nach SWISS GAAP-FER-Richtlinien. Wo SWISS GAAP-FER keine Regelung enthält, verweist das Rahmenwerk auf IFRS-Standards. Die Grundsätze werden jährlich im Geschäftsbericht dargelegt, soweit dies erforderlich ist.

Massgebend sind für die handelsrechtlichen Rechnungslegungen die Gesetzgebung des Schweizerischen Obligationenrechts bzw. des Landesrechts der Tochtergesellschaften.

2. Informations- und Kontrollinstrumente

Das Informations- und Kontrollinstrumentarium der Ypsomed Gruppe besteht aus einem Management-Reporting (Management Review, Quartalsberichte) und einem Finanz-Reporting, das auf dem Konzernrechnungswesen gemäss SWISS GAAPFER (und wo keine Regelung besteht, auf IFRS) beruht.

Ein umfassender Konzernabschluss (Erfolgsrechnung, Bilanz, Geldflussrechnung) mit Budgetvergleich, die Einzelabschlüsse aller Konzerngesellschaften sowie konsolidierte Erfolgsrechnungen und ausgewählte Führungskennzahlen werden quartalsweise erstellt. Dieses Instrumentarium steht Geschäftsleitung und Verwaltungsrat quartalsweise zur Verfügung.

Dem CEO stehen zudem ausgewählte Finanzzahlen auf monatlicher Basis zur Verfügung. Er hat jederzeit Einsicht in sämtliche Unterlagen und Informationen. Der Geschäftsleitung stehen ebenfalls ausgewählte Finanzzahlen auf monatlicher Basis zur Verfügung.

Des weiteren dienen strategische Planungsunterlagen dem Verwaltungsrat und der Geschäftsleitung als Führungsinstrumente zur Steuerung des Unternehmens.

3. Zusätzliche Informationen Verwaltungsrat

Wenn immer möglich und sinnvoll ist das Reporting durch grafische Darstellungen zu unterstützen.

Der Verwaltungsrat wird quartalsweise anlässlich der periodischen Sitzungen zusätzlich schriftlich informiert über mindestens folgende Punkte:

- Deckungsbeitragsrechnungen
- Übersicht Ausschuss

Der Verwaltungsrat wird halbjährlich anlässlich der periodischen Sitzungen zusätzlich schriftlich informiert über mindestens folgende Punkte:

- Liquiditätsplanung

Der Verwaltungsrat wird jährlich zusätzlich schriftlich informiert über mindestens folgende Punkte:

- Anpassungen Langfristplanungen

- überfällige Kundenguthaben
- interne Auditberichte TG's
- IT / ERP-Audit-Berichte

4. Finanzplanung

Die Finanzplanung umfasst im wesentlichen:

- Budgetierung (Erfolgsrechnung, Cashflow und Planbilanz)
- Investitionsbudget

5. Verantwortung

Für Rechnungswesen, Finanzplanung und -kontrolle ist der CFO zuständig.

6. Organisationsreglement

Diese Regelung bildet einen integrierenden Bestandteil des Organisationsreglementes.

ANHANG 3

Enterprise Risk Management (ERM)

(Fassung 21. August 2014)

1. Ziele

Das ERM System verschafft einen umfassenden Überblick des unternehmerischen Risikos als Ganzes und zeigt als Frühwarnsystem im Detail die Opportunitäten als auch die einzelnen strategischen, rechtlichen, finanziellen, betrieblichen und produktrelevanten Risiken und deren möglichen Auswirkungen auf die Unternehmung in Bezug auf dessen Zielerreichung auf. Das Chancen- und Gefahrenpotenzial wird durch den raschen Technologiewandel, durch das rasche Wachstum der Ypsomed-Gruppe und die sich verändernden wirtschaftlichen Rahmenbedingungen massgeblich bestimmt.

2. Organisation des ERM

ERM ist ein operativer Management Prozess als integraler Bestandteil des Unternehmungsführungsprozesses, der fortlaufend und dynamisch die gesamte Organisation und deren Prozesse einbezieht, und der von Mitarbeitern auf sämtlichen Stufen ausgeführt wird. Dieser Management-Prozess ist im Prozesshaus definiert, und wird im Rahmen des E-Testings den massgebenden Mitarbeitern (v.a. Kaderpersonen) geschult. Der CEO sorgt dafür, dass die gesetzlichen Anforderungen hinsichtlich der Risikobeurteilung und der Existenz und Angemessenheit des damit verbundenen internen Kontrollsystems (ICS) in den operativen Geschäftsprozessen erfüllt werden. Diesbezügliche Erfordernisse werden – auch im Hinblick auf 'best practice' – aufgrund der Methodik des 'COSO II ERM Framework' und weiteren damit verbundenen Hilfsmittel umgesetzt. Es wird ausdrücklich auf dieses umfassende Rahmenwerk verwiesen, welches im Detail – nebst weiteren Bestandteilen – sämtliche nachfolgenden Punkte dieses Anhangs regelt.

3. Berichterstattung

Als Basis der internen Berichterstattung zu Risiken dient die Gesamtheit des 'Management Information System' (MIS) aus allen Bereichen. Diese werden regelmässig - oder sofern bei den Verwaltungsratssitzungen traktandiert - mit den damit verbundenen Geschäften/ Transaktionen vorgestellt.

Der Head Internal Auditing / ICS informiert unabhängig der im 'Management Information System' (MIS) gezeigten Risiken jährlich mindestens zweimal schriftlich den Verwaltungsrat, über die wichtigsten Risiken der Gruppe (anorganische Risikobeurteilung). Jede Berichterstattung gibt Auskunft, wie auf Chancen (Wahrnehmen/ Verzichten) respektive Gefahren (Vermeidung, Reduktion, Teilung resp. Überwälzung oder Selbst-Tragen) eingegangen wird.

4. Aufgaben des ERM Systems

Der ERM System-Prozess ist darauf ausgelegt, potentielle Ereignisse mit Auswirkung auf die Organisation frühzeitig zu identifizieren, zu bewerten und die wesentlichen Erkenntnisse den Führungsorganen aufzubringen, und/oder gemäss den Vorgaben der Risikobereitschaft (Risk Appetite) präventiv zu behandeln. Das ERM System wird laufend überwacht und verbessert und ist darauf ausgerichtet, die Zielerfüllung sowohl innerhalb der Bereiche als auch in den übergreifenden Funktionen in der Ypsomed-Gruppe zu unterstützen. Somit wird diesbezüglich eine angemessene Sicherheit für den Verwaltungsrat und fürs Management geschaffen.

Das ERM System beeinflusst den Umfang des ICS bezüglich des MIS mit den entsprechenden Steuerungs- und Kontrollmassnahmen.

5. Interne und externe Risikokommunikation

Die interne Kommunikation bezüglich Risiken 'bottom-up' erfolgt durch standardisierte Reports oder spezifische Analysen jeglicher Art, welche direkt oder indirekt Abweichungen und somit mögliche Problembereiche aufzeigen. Diese Berichte als Teil des umfassenden MIS sollen wenn immer möglich auf dem ERP-System basieren, oder aber zumindest mit diesem verifiziert und abgeglichen sein. Weitere Bestandteile dieses MIS als Beispiele umfassen Sitzungsprotokolle der GL (inkl. GL-Gremien) und des Verwaltungsrats.

Die Aktivitäten der operativen Risk Manager (Geschäftsprozess-Eigner) und diejenigen des ERM Koordinators (Head Internal Auditing/ICS) wie z.B. Control Self Risk Assessments (CSRA) stellen andererseits intern eine 'top-down' Kommunikationsmöglichkeit bezüglich des ERM dar, womit eine Sensibilisierung bezüglich Risiken gefördert und ein ausgeprägtes Risikobewusstsein als Teil der Unternehmenskultur erreicht wird.

Zwischen der Ypsomed und externen Anspruchsgruppen findet durch hinreichende Kommunikationskanäle bilateral ein offener Informationsaustausch statt. Die von externer Seite kommunizierten Informationen finden in der Regel schnell Eingang in entsprechende Abweichungskennzahlen und Berichte. Solche Informationen bestätigen intern generierte Informationen oder zeigen aber Probleme auf.

6. Revision und Auditierung des ERM Systems

In Anlehnung an die Standards des 'The Institute of Internal Auditors' (THEIIA.ORG) oder weitere regulative Vorgaben werden nebst dem fortlaufenden internen Monitoring auch periodisch interne und externe Beurteilungen des ERM-Prozesses bezüglich Wirksamkeit und Qualität angestellt.

Von gesetzgeberischer Seite liegt es an der Revisionsstelle, die Existenz resp. die Durchführung einer Risikobeurteilung zu prüfen.

7. Umgang mit Risiken in der Unternehmungsführung

Erkannte Risiken werden klassifiziert, bezüglich Eintretenswahrscheinlichkeit und Auswirkung eingeschätzt und mit dem entsprechenden Toleranzwert – sofern definiert – verglichen, der in der Zielsetzung 'Risiko-Bereitschaft' definiert ist. Sobald ein Toleranzwert überschritten ist, müssen Massnahmenergriffen werden, wobei deren Wirksamkeit sowie die Einhaltung der Risikovorgaben erneut überprüft werden. Eine Risikobeurteilung erfolgt bei allen materiellen Geschäften wie z.B. Offerten an OEM-Kunden, Verträge mit Kunden/ Lieferanten, Entwicklungsprojekte, IT-Systeme, Infrastruktur, etc.. Bezüglich des Umgangs mit Risiken hinsichtlich Managemententscheidungen siehe auch Kapitel 3. Berichterstattung.

8. Risikomanagement in Krisensituationen

Es ist das Bestreben der Unternehmung, dass im Rahmen des ERM-Prozesses Risiken erkannt und beherrscht werden.

Sollte dennoch eine Krisensituation entstehen, ist es das klare Ziel der Unternehmenspolitik, für einzelne mögliche Krisen (Grossereignisse) entsprechende Massnahmenpläne zur Verfügung zu haben, welche regelmässig überarbeitet und soweit möglich getestet und geschult werden. Folgende Prozesse/ Pläne werden auf definierte Bereiche (Standorte, Produkte, Infrastruktur, etc.) erarbeitet und laufend ergänzt:

- BCM – Business Continuity Management
- DRP – Disaster Recovery Plan

Die vorgenannten Pläne sollen aufzeigen, wie die Aufrechterhaltung der betriebsnotwendigen Geschäftsprozesse der Organisation unter Einschluss aller dafür benötigter Ressourcen während und nach dem Eintritt eines

Schadensereignisses zu wirtschaftlich sinnvollen Bedingungen sichergestellt und zeitnah betrieben wird. Das Notfallkonzept (BCM) definiert generisch alle relevanten Prozesse und Schritte, nach welchen im Falle eines Schadensereignisses vorzugehen ist. Dabei soll als Hauptfokus die interdisziplinäre BCM-Fachkompetenz bei Schlüsselpersonen geschaffen werden, damit bei einer Krise auf dieses Expertenteam zurückgegriffen werden kann. Das auf dem BCM-Prozess abgestimmte und primär auf IT-Prozesse ausgerichtete DRP beschreibt die Rückkehr zum Normalbetrieb nach einem möglichen Eintritt des Zwischenfalls.

Der Einsatz weiterer, noch zu definierender Pläne für Krisensituationen ist im Rahmen der Risikobeurteilung zu prüfen. Zudem existieren weitere Weisungen, welche die Einberufung von Krisenstäben für mögliche Notfallsituationen, wie z.B. dem Quality & Compliance Board, vorsehen.

9. Organisationsreglement

Diese Regelung bildet einen integrierenden Bestandteil des Organisationsregle