

Bystronic AG

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List of abbreviations

Group	Bystronic AG and its subsidiaries and shareholdings, which are referred to in these Regulations as Group companies
Regulations	Organizational Regulations for Bystronic AG
Group directives	General directives issued by the CEO for the Group
Business Units (BU)	Business Units EMEA, Asia, China, Americas, Service Business
BoD	Board of Directors
Chairman of the BoD	Chairman of the Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
BUH	Business Unit Head
Challenges	Strategic objectives, market developments, requirements in the areas of ESG (environmental, social, and corporate governance)

For ease of reading, only the masculine form is used throughout this document. Naturally, these formulations always refer to persons of any gender.

General information

Preface

In 1984 Bystronic unveiled a revolutionary laser cutting machine. It featured two groundbreaking innovations, namely an optics system that moves above the sheet metal, called “flying optics”, and a shuttle table for the sheet metal. Both innovations massively boosted the productivity of the still new laser technology and laid the foundations for Bystronic’s success.

Bystronic, which joined Conzzeta in 1994, has focused on laser-assisted sheet metal processing since it was founded in 1985; Bystronic Glass was sold in 2018. In recent years, laser technology has undergone a massive technological development. Higher laser output, adapted technologies, and accelerated cutting processes have led to huge efficiency gains in the metal processing industry. Bystronic itself has significantly expanded the value chain from the metal sheet to the finished product at the customer’s site thanks to acquisitions in the fields of sheet metal storage and bending, and by cooperating with suppliers of robots, automated in-house transport solutions, and welding systems. Bystronic gradually expanded its sales networks, first in Europe but also in America and Asia, and today has state-of-the-art factories in China, the United States, and several locations in Europe. Basic research is carried out in Europe, while adaptive developments take place on all continents. With advancing digitalization, the software-based interconnecting and optimization of all customer processes is now on the agenda. At the same time, there is a demand for modern maintenance solutions, the supply of spare parts and tools, and upgrades of existing systems. Bystronic created the necessary conditions for this in 2020 and is now ready to roll out its new solutions to the local subsidiaries and to consolidate them in 2021. In this process, Bystronic expects a gradual realignment of the current customer structure from job shops that operate as suppliers of metal parts towards comprehensively integrated suppliers of diverse components with flexible manufacturing capabilities for a wide range of customers.

Today, Bystronic occupies the global number 3 position with a market share of approximately 12%; we are striving to match the two leading suppliers in this market, and we also aim to establish a strong position in Asia and the United States.

The mere provision of sound technical solutions is no longer sufficient to satisfy stakeholders: Nowadays, both customers and shareholders expect solutions that take account of global challenges such as climate change, carbon emissions, water management, environmentally sound raw material sourcing, waste management, etc. The company must also be able to demonstrate how it can meet the future expectations of its stakeholders.

We are aware that every company has social obligations to fulfill, because people are at the root of its success as much as they are the target of its activities. Thus, we attribute the same level of importance to fundamental values such as concern for health and well-being, equal treatment, and talent development as to our strategic business objectives.

All these aspects of corporate governance, both with regard to current status and intended changes, should be addressed by Bystronic’s communications to the general public.

To ensure this conduct and to achieve these goals, the Board of Directors of Bystronic lays down the following Organizational Regulations.

1. Principles of the Organizational Regulations

- 1.1. The Board of Directors of Bystronic AG issues the following Regulations on the basis of Article 716b of the Swiss Code of Obligations and Article 20 of the Articles of Association of Bystronic AG. Mandatory legal provisions and the Articles of Association take precedence over these Regulations.
- 1.2. The Regulations supplement the applicable laws and the Articles of Association and define the functions, duties, and competencies of the bodies of Bystronic AG and the Group to the extent permitted by law.
- 1.3. All bodies and persons bear responsibility for the tasks assigned to them in accordance with these Regulations. By responsibility we understand not only accountability, but also preventative measures to ensure the timely achievement of agreed goals without causing undue undesirable side effects.

2. Organization

- 2.1. These Regulations cover the main duties and competencies of the following bodies and persons:
 - Board of Directors
 - Chairman of the Board of Directors
 - Audit Committee
 - Personnel Committee

 - Internal auditors

 - Executive Committee
 - Chief Executive Officer
 - Chief Financial Officer
 - Business Unit (BU) Heads / Head of Service Business
- 2.2. As the holding company, Bystronic AG is responsible for the overall management of the Group. These Regulations apply the principle of decentralized responsibility for results and leadership and delegate the operational management to the Executive Committee under the leadership of the CEO. The Executive Committee comprises the CEO, CFO, and BU Heads as well as other persons to be appointed by the BoD. The areas of responsibility described below are illustrative and are supplemented by the duties and competencies set out in the Allocation of Competencies in Appendix 2 to these Regulations.
- 2.3. The Group structure defined by the Board of Directors and the structure of the Business Units are set out in Appendix 1 to these Regulations. The Group companies are listed in the Annual Report.

Board of Directors

3. Composition and constitution of the BoD

According to Article 14 of the Articles of Association, the BoD consists of five to eight members. The BoD elects the members and the respective chairmen of its committees from among its members, unless this authority is reserved for the General Meeting. In addition, it appoints a deputy to the Chairman of the BoD to conduct urgent official duties in the event that the Chairman is prevented from doing so, and appoints a Secretary, who need not be a member of the BoD.

4. Duties and competencies of the BoD

- 4.1. The BoD is entitled to decide on all matters that do not fall within the competence of the General Meeting or the statutory auditors or that are regulated by the Articles of Association. Within the scope of these Regulations and the Allocation of Competencies in Appendix 2, and based on Article 20 of the Articles of Association, the BoD delegates certain duties and competencies to the Chairman of the BoD, its committees, the CEO, the CFO, and to the other members of the Executive Committee.
- 4.2. The BoD is responsible for the overall direction, supervision, and control of the Group and its management and monitors compliance with the provisions of the applicable legal regulations. At the proposal of the CEO, it decides on the strategic objectives of the Group and on the financial and human resources required to achieve these objectives. Furthermore, the BoD determines the Group's values and standards (Code of Conduct) and ensures that the obligations towards the shareholders and other stakeholders are met.
- 4.3. In particular, the BoD has the following non-delegable duties:
 - 4.3.1. Strategy
 - a) Supreme direction of the Group and definition of the objectives of the corporate policy and culture, approval of the Group's strategy;
 - b) Approval of the Group's strategic and financial objectives, taking into account current and expected challenges facing the Group;
 - c) Group risk assessment;
 - d) Decisions regarding the establishment of new business activities or the discontinuation of existing ones. Approval of acquisitions, mergers, divestments, or individual projects;
 - e) Passing of resolutions regarding contracts with Bystronic AG as a party pertaining to mergers, spin-offs, conversions, or asset transfers in accordance with the Merger Act;
 - f) Approval of all matters and decisions, unless these have been delegated to the CEO or the Executive Committee;
 - g) Establishment of principles for new challenges, such as environmental, social, and corporate governance concerns (see section 1);

4.3.2. Finances

- a) The design of the Group's accounting, financial control, and financial planning systems and the design of a comprehensive reporting system that is in line with the strategy;
- b) Approval of the applicable accounting standards, the financial control framework, and the internal control system, as well as any significant changes thereto;
- c) Annual assessment and approval of the budgets and medium-term planning of the Group and the Business Units, as well as of investments exceeding CHF 5 million proposed in writing on a case-by-case basis;
- d) Review and approval of the financial statements (annual and half-year) and reporting of the Group;
- e) Preparation of the Annual Report and the Remuneration Report;
- f) Notification of the court in the event of over- indebtedness;
- g) Assessment of liquidity in the context of the Group's objectives.

4.3.3. Organization

- a) Definition and review of the organization of the Group and the Executive Committee and issuing of organizational regulations for the Group;
- b) Review and approval of the leadership principles (Code of Conduct),
- c) Supreme supervision of the persons entrusted with executive management, including with regard to compliance with the law, the Articles of Association, regulations, and the implementation of the resolutions of the BoD and the General Meeting, and the identified future challenges.

This also includes the adoption of the remuneration systems and the concrete remuneration of the BoD, the CEO, and the Executive Committee;

- d) Appointment and dismissal of members of the Executive Committee.

4.3.4. General Meetings

- a) Calling of Annual General Meetings and Extraordinary General Meetings;
- b) Passing of resolutions regarding motions submitted to the shareholders;
- c) Implementation of the resolutions adopted by the shareholders.

5. Meetings of the BoD

- 5.1. The BoD convenes as often as business requires, but at least five times a year. The meeting schedule is defined prior to the beginning of the financial year.
- 5.2. The BoD meetings are called by the Chairman of the BoD. Any BoD member or the CEO may request the Chairman of the BoD to call an extraordinary meeting and to place specific items on the agenda.

- 5.3. The Chairman of the BoD, or in his absence his deputy, shall give written notice of a meeting, as a general rule at least seven days prior to the date of the meeting, announcing the agenda items.
- 5.4. Meetings are chaired by the Chairman of the BoD, or in his absence by his deputy, or in the absence of the latter, by another BoD member designated by the attending BoD members.
- 5.5. By decision of the Chairman, the BoD may hold meetings with the participation of members of the Executive Committee and internal or external specialists. As a general rule, the CEO, CFO, and the Secretary of the Board of Directors, and periodically and when their motions are discussed, the BU Heads, attend the meetings in an advisory capacity. At the request of a Board member and by majority vote of the BoD, individual topics may be discussed in the absence of these persons.
- 5.6. At the end of the BoD meeting, the BoD usually deliberates in a closed session.
- 5.7. Meetings may be held in person or by telephone or video conference.
- 5.8. The minutes contain all BoD resolutions and summarize the BoD's deliberations in a general manner. Dissenting opinions and votes of BoD members are recorded in the minutes at the request of those BoD members. The minutes shall be signed by the Chairman of the BoD and the Secretary.

6. Resolutions of the BoD

- 6.1. The BoD has a quorum provided that the majority of its members are present. Votes within the BoD are cast openly. An absolute majority of those members in attendance is required. In the event of a tie, the BoD member chairing the meeting has the casting vote.
- 6.2. Unless a member requests oral deliberation, resolutions may also be adopted by written approval on the basis of a written submission; in this case, an absolute majority of all members of the BoD shall apply.

7. Information rights of the BoD

- 7.1. BoD members shall have access to all information necessary for the fulfillment of their duties.
- 7.2. During BoD meetings, BoD members may request information on all matters of the Group, irrespective of the meeting agenda, and the Chairman of the BoD or any Executive Committee members in attendance must provide information to the best of their knowledge and belief.
- 7.3. Outside of BoD meetings, BoD members may request the Chairman of the BoD to grant access to documents or obtain information from internal or external auditors or employees of the Group. The CEO shall be informed accordingly.

8. Self-evaluation of the BoD

At least once a year, the BoD shall review its own performance and the performance of its committees.

9. Chairman of the Board of Directors

The Chairman of the BoD has the following duties:

- 9.1 He coordinates the activities of the BoD, issues invitations to BoD meetings and sets the agenda. In conjunction with the CEO, he makes the necessary preparations.
- 9.2 He ensures that the BoD receives the necessary level-appropriate information and documents in good time prior to its meetings to enable it to form its own opinions, deliberate, and pass resolutions.
- 9.3 He chairs the General Meetings and the BoD meetings.
- 9.4 Together with the committee chairs, he coordinates the work of the committees and is entitled to attend committee meetings.
- 9.5 He supervises the implementation of the decisions of the BoD and the General Meeting.
- 9.6 If an urgent decision of the BoD is required, he may initiate the necessary precautionary measures in the interest of the company. Thereupon, he shall immediately convene a BoD meeting or a telephone conference of the BoD in order to effect a decision of the BoD.

10. Committees of the BoD

- 10.1. The BoD may form committees from among its members to the extent that the law does not vest this right in the General Meeting. It forms an Audit Committee to deal with finance and auditing matters and a Personnel Committee to deal with matters relating to HR and remuneration. The Personnel Committee consists of the members of the Remuneration Committee elected by the General Meeting. In addition to its duties as the Remuneration Committee, it is assigned additional tasks. The following rules apply subject to legal provisions.
- 10.2. The BoD appoints the chairmen of its committees and, in the case of the Audit Committee, also its members.
- 10.3. The committees are composed of at least two members of the BoD.
- 10.4. The term of office begins with the Annual General Meeting and expires with the conclusion of the subsequent Annual General Meeting.
- 10.5. The BoD determines the duties of the committees. The committees report on their activities, results, and motions during the subsequent BoD meeting. In the case of significant events, the BoD is informed immediately. The overall responsibility for the tasks assigned to the committees remains with the BoD. However, to the extent that the BoD has granted a committee decision-making authority in matters that lie outside the non-transferable powers of the BoD (Art. 716a CO), the committee in question bears sole responsibility for these decisions. As a general rule, no specific decision-making responsibilities are transferred to committees. They thus bear the responsibility for preparing decision-making and in-depth consideration of the matters for which they are responsible, and submit motions to the BoD or inform the BoD of their conclusions. Brief minutes of the meetings are kept outlining the decisions taken.

10.6. The committees convene at the request of their chairmen as often as business requires. As a general rule, the Chairman of the BoD and the CEO, and in the case of the Audit Committee also the CFO, attend the meetings in an advisory capacity. Any member of a committee may request that a meeting or the deliberation of individual topics be conducted in the absence of members of the Executive Committee. The minutes of the committee meetings are submitted to the BoD.

10.7. Audit Committee

10.7.1. The Audit Committee Chairman and at least one other member should have prior experience in finance and accounting.

10.7.2. The Audit Committee convenes at the invitation of its Chairman as often as business requires, but at least three times a year. As a general rule, the CEO and the CFO attend the meetings in an advisory capacity. At the invitation of the Chairman of the Audit Committee, the company's external or internal auditors also take part in the meetings or the deliberations on individual agenda items. Any member of the Audit Committee may request that these individuals be heard by the Committee on specific matters.

10.7.3. The main duties of the Audit Committee are:

- a) Review and proposal to the BoD on the design of the accounting, financial control, and financial planning systems;
- b) Critical analysis of individual and consolidated financial statements (Annual Reports and Half-Year Reports). Discussion of these reports with the CFO, internal auditors, and the statutory auditors. Submission of motions to the BoD regarding these reports;
- c) Assessment of the effectiveness and performance of the statutory auditors, their remuneration, and their independence. Decision on the granting of additional mandates to the statutory auditors over and above the auditing mandate. Preparation of the BoD's proposal to the General Meeting regarding the selection of the statutory auditors. Definition of the auditing mandate. Assessment of the reports of the statutory auditors (in particular the audit report and the comprehensive report as defined by Art. 728b CO) and discussion of these reports with the statutory auditors;
- d) Assessment of the effectiveness of the internal controlling system including risk management, compliance, and internal audit. Deliberation and determination of the audit program of the internal auditors. Receipt of internal audit reports and discussion of these reports with the internal auditors. Reporting to the BoD;
- e) Approval of the Group's acquisition assessment methodology and case-by-case assessment of major acquisitions for the attention of the BoD;
- f) Assessment of pension plans and the associated risks;
- g) Assessment of additional Group solutions relating to finance, such as treasury, taxes, dividend flow of the direct subsidiaries of Bystronic AG, etc.;
- h) Assessment of initiatives of the BoD regarding finance and accounting, such as the achievement of specific financial targets and key performance indicators (KPI); briefing of the BoD on the achievement of targets.

10.8. Personnel Committee

- 10.8.1. The Personnel Committee Chairman and at least one other member must be experienced in remuneration matters.
- 10.8.2. The Personnel Committee convenes at least twice a year. The Chairman of the BoD and the CEO attend the meetings in an advisory capacity, except when the Committee is determining their own remuneration.
- 10.8.3. The main duties of the Personnel Committee are:
 - a) Motion to the BoD regarding the remuneration rules of the BoD and the Executive Committee;
 - b) Review of the permissibility of all remunerations;
 - c) Proposal to the BoD for remuneration motions to the General Meeting;
 - d) Motion to the BoD for the annual remuneration of the members of the BoD, the CEO, and the other members of the Executive Committee;
 - e) Preparation of the Remuneration Report and discussion of the report with the statutory auditors; submission of motion to the BoD;
 - f) Assessment of equity interest and option plans as well as bonus plans and other performance-related remuneration with regard to compliance with the relevant provisions of the Articles of Association as well as the allocation of variable remuneration in cash or as options and equity interest to members of the Executive Committee; submission of motion to the BoD;
 - g) Motion to the BoD for the definition of the principles of the selection process of candidates for election to the BoD and the Executive Committee and preparation of the selection of candidates;
 - h) Preparation of medium- to long-term succession planning for BoD and Executive Committee members;
 - i) Proposal on nominations for the attention of the BoD for the CEO, CFO, and members of the Executive Committee;
 - j) Monitoring of training and employee development measures;
 - k) Assessment of the organization and the executive staff at the next management level below the Executive Committee and of the talented internal employees and the measures taken to assist in their development;
 - l) Assessment of all measures implemented by the EC with regard to the challenges relating to the social concerns and corporate governance concerns, in particular gender diversity, equal pay for men and women, etc.;
 - m) Assessment of employee retirement benefits;
 - n) Proposal, if necessary, and monitoring of compliance with corporate objectives in the field of human resources;

- o) Issuing of guidelines on the acceptance of mandates outside the Group by members of the Executive Committee and submission of motions to the BoD on a case-by-case basis.

Executive Committee

11. Executive Committee

- 11.1. The Executive Committee manages the Group under the leadership of the CEO, develops solutions for the Group's current and future challenges, and executes resolutions of the BoD.
- 11.2. The Executive Committee consists of the following persons:
 - 11.2.1. CEO
 - 11.2.2. CFO
 - 11.2.3. BU Heads / Head of Service Business
 - 11.2.4. Other persons appointed by the BoD.
- 11.3. The CEO proposes the members of the Executive Committee to the Personnel Committee. These are appointed by the BoD upon the motion tabled by the Personnel Committee.
- 11.4. The Executive Committee convenes at the invitation of the CEO as often as business requires, but at least six times a year. As required by the business in hand, internal and external specialists attend the meetings in an advisory capacity. Meeting minutes shall be kept.
- 11.5. The main duties of the Executive Committee are:
 - 11.5.1. Active, forward-looking, and deliberative business management with regard to Bystronic's current and future challenges, in particular developments of solutions to achieve the short-term and longer-term objectives;
 - 11.5.2. Preparation of the budget for the cash flow planning and strategic financial planning and submission of a motion to the BoD;
 - 11.5.3. Annual assessment of the progress of the corporate strategy based on the achievement of milestones;
 - 11.5.4. Every 2 – 3 years: Revision of the Group strategy and BU strategies for the attention of and authorization by the BoD and for communication to the employees;
 - 11.5.5. Implementation of the resolutions of the BoD and the General Meeting;
 - 11.5.6. Preparation and implementation of Group directives, in particular with regard to environmental, social, and corporate governance (ESG);
 - 11.5.7. Definition of the training and further education of senior and top management; talent development etc. within the framework of a multi-level training strategy and talent development program – taking into account the principles of ESG (11.5.6.);
 - 11.5.8. Definition of product and market strategies, their (continued) development, roll-out plans, and market launches in consideration of the market share targets;

11.5.9. Establishing and actively applying a corporate identity;

11.5.10. Duty to act responsibly (legally, risk-based, resource consumption, ESG principles).

11.6. If, in an urgent matter, a necessary resolution of the BoD cannot be fulfilled in time, the Executive Committee or its members, in consultation with the immediate supervisor or his deputy, are authorized and obligated to take the appropriate measures, whereby the BoD must be informed immediately.

11.7. The mandate of a member of the Executive Committee ends upon termination of his employment, dismissal, or resignation from the Executive Committee, but no later than when he reaches retirement age.

12. Chief Executive Officer (CEO)

12.1. The CEO bears the comprehensive responsibility for the operational management of the Group. Even if a competency is assigned to the BoD, the CEO, together with the Executive Committee, must take the deliberative initiative and develop emerging business opportunities or solutions to new challenges to the point where they are ripe for decision.

The CEO manages the Group's affairs within the framework of the corporate policy, Group strategy, strategic financial planning, and the budget, executes the resolutions of the General Meeting and the BoD, and monitors the implementation of decisions taken.

He submits proposals to the BoD addressing the Group's strategic challenges, including the ESG requirements.

He ensures that the objectives set by the BoD for the Group and the Business Units are in line with the objectives of the Executive Committee members. He is responsible for ensuring that the Group as a whole achieves its objectives and that the Business Units develop in line with the defined objectives.

He also ensures succession planning and appropriate training for the Group's top management. He is responsible for human resources planning and development, including its human and social aspects.

The CEO plays a leading role in advising and supporting the BoD in its decision-making regarding corporate policy, strategy, opportunities, and risks. He establishes a risk management system that is adapted to the risk profile of the Group and the Business Units and monitors compliance with the Bystronic Group's Code of Conduct.

In consultation with the Chairman of the Board of Directors, he represents the Group in dealings with important investors, the media, and other stakeholders, as well as with the general public.

12.2. The CEO leads and supervises the members of the Executive Committee and the chiefs of staff and supports them and the other functions in creating appropriate management structures in the management levels below the members of the Executive Committee / chiefs of staff including adherence to the ESG principles and he approves the definitive structure and the appointment of the management staff.

12.3. The CEO ensures that he himself and his subordinates act responsibly (legally, risk-based, resource consumption, ESG principles).

- 12.4. The CEO ensures that the Chairman of the BoD and the BoD are informed in a timely – immediately in the event of an emergency – and appropriate manner of his own initiative. During each meeting, he informs the BoD of the current development of the operations of the Group and the Business Units as well as about significant developments, projects, and risks. This information includes:
- 12.4.1. Business development and key indicators of the Group and the Business Units;
 - 12.4.2. Deviations from the budget and strategic financial plans based on analyses of the development of the Group's main markets, as well as measures to achieve the targets;
 - 12.4.3. Preparation of the annual risk report;
 - 12.4.4. Preparation of written motions for major projects; subsequent assessment of the implementation performance, for example in the context of acquisitions, investments, etc.;
 - 12.4.5. Changes and motions regarding the appointment and dismissal of Executive Committee members. Determination of the heads of the Group staff functions;
 - 12.4.6. Information on all matters that are material to the supervisory or control duties of the BoD.
 - 12.4.7. Motion to approve a deputy among the members of the Executive Committee;
 - 12.4.8. Succession planning for members of the Executive Committee and approval of their deputies.
- 12.5. The CEO ensures monthly reporting to the BoD (KPI, financial reports, comments, additional reports relating to ESG). The BoD determines the scope and depth of reporting.

13. Chief Financial Officer (CFO)

- 13.1. The CFO is responsible for the Group's financial reporting and financial planning in compliance with accounting standards and internal and external regulations. He ensures that the quarterly, half-year, and annual reports are prepared in accordance with regulations and are transparent, and he verifies the plausibility of quarterly forecasts, budgeting, and planning.

He is responsible for safeguarding the Group's liquidity and ensuring adequate financing. He is responsible for cash management and ensures the achievement of the cash flow targets.

He supports the CEO, the Executive Committee, and the BU Heads with the achievement of their objectives as well as in all controlling and financial matters, in particular in the context of strategic projects and transactions. He identifies operational deviations on the path towards target and strategy achievement and submits proposals to correct these deviations.

- 13.2. The CFO is responsible for providing a fundamentally autonomous opinion, which is independent of the CEO, regarding the Group's current business practices, in particular the attainability of financial and operational targets and the achievement of the requirements of the Code of Conduct within the Group and the Business Units. In the event of divergent opinions on the part of the CFO, the CEO is not entitled to protest a lack of loyalty, but must accept the CFO's independent opinion. In matters of major consequence and where the assessments continues to diverge, the CEO must inform the Chairman of the BoD.

13.3. The CFO bears the overall and technical responsibility for the financial functions of treasury, controlling, accounting & reporting, and taxes of the Group. Within the scope of the treasury management, he has the authority to determine the financing structure of the Group companies as well as the principles and framework conditions of payment terms, accounts receivable and accounts payable management for transactions with third parties and in inter-company relationships.

He submits proposals to the Audit Committee regarding the application of accounting standards, standards for external financial reporting and disclosure, as well as principles of the ICS and he reports on its compliance within the Group companies. In coordination with the CEO, he maintains relations with financial analysts, investors, and the financial media.

13.4. Under the supervision and on behalf of the Audit Committee, he coordinates the tasks of the statutory and internal auditors and implements the resolutions of the Audit Committee.

13.5. The CFO reports to the CEO. He is obligated to inform the CEO, or in his absence the Chairman of the BoD, of significant problems in his sphere of responsibility in a timely manner.

14. BU Heads / Head of Service Business

14.1. Each BU Head is responsible for the overall operational management and for the financial results of his Business Unit within the framework of the Group objectives set by the BoD-approved BU strategy, the strategic financial planning, and the budget. He is familiar with the markets and the global future market potentials and prepares proposals to the CEO on how these can be rapidly leveraged within the framework of the objectives, in particular with regard to financial and ESG objectives, and based on a realistic assessment of opportunities and risks. He implements the resolutions of the BoD concerning his Business Unit as well as the instructions of the CEO and CFO. He ensures that his personal objectives and the objectives for his sphere of responsibility are achieved.

14.2. The BU Head reports to the CEO. He is obligated to inform the CEO, or in his absence the Chairman of the BoD and the CFO, about significant problems in his Business Unit in a timely manner.

Internal audit

15. Scope, responsibilities, competencies, and reporting of the internal auditors

15.1. The internal auditors perform the internal operational auditing function within the Group. They report to the Chairman of the Audit Committee. The coordination of the implementation of audit tasks is delegated to the CFO.

15.2. The internal auditors carry out audits within the Group in accordance with the audit concept proposed by the Audit Committee and defined by the BoD.

15.3. The audits cover the following areas on a rolling basis:

15.3.1. Effectiveness of selected operational processes at the level of the Group, the Business Units, and selected Group companies, in particular with regard to the guidelines of the Group and the relevant Business Units;

15.3.2. Effectiveness of governance and risk management policies and processes;

- 15.3.3. Effectiveness of internal control processes such as the dual control principle, whereby the controls must not significantly restrict the entrepreneurial conduct of the executives;
 - 15.3.4. Reliability and comprehensiveness of financial and operational information;
 - 15.3.5. Compliance with legal, statutory, and internal regulations.
- 15.4. The internal auditors prepare reports with recommendations for the attention of the local management and the Audit Committee. The local management issues an opinion on the recommendations and takes immediate corrective action if in agreement with the recommendations. If the local management rejects a recommendation and the internal auditors and the CEO / CFO uphold it, it is implemented by order of the Audit Committee via line management.

Specific rules

16. Signatory power

- 16.1. The principle of signing authority “joint signature by two” applies throughout the Group. The persons authorized to sign are determined by the legally competent body.
- 16.2. The members of the BoD are authorized to sign on behalf of Bystronic AG jointly by two. Additional authorized signatories, also “jointly by two”, may be appointed by the BoD at the request of the CEO.

17. Conduct of members of the BoD and the Executive Committee

The members of the BoD and the Executive Committee are obligated:

- 17.1 To perform their duties diligently and in the interest of the Group and in compliance with the Bystronic Group’s Code of Conduct;
- 17.2 To disclose significant business relationships and to avoid or immediately disclose potential conflicts of interest;
- 17.3 To maintain confidentiality regarding information relating to the Group. This obligation to maintain confidentiality shall continue to apply even after leaving office, for as long as the information remains confidential.

18. Effective date and transitional provisions for business divisions that are to be divested

These Organizational Regulations were adopted by the BoD on May 19, 2021. They enter into force on May 19, 2021. They replace the version dated March 12, 2021.

For the business divisions “FoamPartner” and “Mammut” which are to be divested, these Regulations laid down here by the BoD of Bystronic AG shall also apply mutatis mutandis to the two business divisions that are being divested until the closing of the sale. Special provisions applicable to these two business divisions are set out in Appendix 3 Allocation of competencies in the context of the strategic transformation.

Zurich, May 19, 2021

Appendices

Appendix 1: Organizational Chart

Appendix 2: Delegation of Authority Bystronic AG

Appendix 3: Delegation of Authority in the context of the strategic transformation

This is a translation of the original German version. In case of discrepancies the German version shall prevail.