



**ORGANISATIONAL REGULATIONS**  
(the "By-Laws")

of

**Idorsia Ltd**  
(the "Company")

## I. General

### Article 1 Basis

- 1.1 These By-Laws are adopted by the board of directors of Idorsia Ltd (the "**Board of Directors**" or "**Board**") pursuant to Article 17 of the Company's articles of association (the "**Articles of Association**").
- 1.2 These By-Laws and its annexes provide for the rules on the functions and competences of the following corporate bodies and persons:
  1. the Board;
  2. the chairperson (the "**Chairperson**"), the vice-chairperson (the "**Vice-Chairperson**"), the lead independent director (the "**Lead Independent Director**") and secretary (the "**Secretary**") of the Board;
  3. the standing committees of the Board (the "**Committees**");
  4. the chief executive officer ("**CEO**") and the Idorsia executive committee of the management ("**IEC**"); and
  5. the internal audit ("**IA**"),

and constitute at the same time the Company's fundamental organizational rules in the sense of Article 716b of the Swiss Code of Obligations.

### Article 2 Scope

These By-Laws shall ensure that the Company's business is guided, directed and managed according to clear and uniform principles.

## II. The Board of Directors

### Article 3 Function and Competences

- 3.1 The Board is, with reservation of the legal and statutory duties and competences of the Company's shareholders meeting (the "**Shareholders Meeting**") and the statutory auditors, the supreme executive authority of the Company.
- 3.2 The Board shall have the authority to perform all acts that the business objectives of the Company may entail.
- 3.3 The Board shall have the authority to pass resolutions in all matters of the Company which are not reserved to the Shareholders Meeting by law or the Articles of Association.

## Article 4 Duties

4.1 The Board has the legal and statutory duty to resolve on the following matters:

1. the ultimate direction of the business of the Company and the issuance of the necessary directives;
2. the determination of the organization of the Company;
3. the organization and the administration of the accounting, the financial control and of the financial planning of the Company;
4. the appointment and the removal of the members of the management;
5. the ultimate supervision of the persons entrusted with the management of the Company, namely in view of their compliance with the law, the Articles of Association and these By-Laws as well as with the directives of the Board;
6. the preparation of the annual report, the compensation report and any other report required by law, and of the Shareholders Meeting as well as the implementation of the resolutions adopted by the Shareholders Meeting;
7. the submission of a petition for debt-restructuring moratorium and the notification of the court, if liabilities exceed assets;
8. the decision to issue certificates for the shares as well as any decision regarding the transfer of shares according to Article 5 of the Articles of Association;
9. changes of the share capital of the Company and the respective certifications to the extent that this matter is within the competence of the Board according to the resolutions of the Shareholders Meeting and the provisions of the law as well as the adoption of the respective amendments of the Articles of Association and the decisions regarding supplementary contribution for shares not fully paid-in;
10. the examination of the necessary qualifications of the auditors;
11. the adoption, revision and amendment of these By-Laws and of its annexes;
12. any other powers and duties reserved to the Board by law or the Articles of Association.

4.2 In particular, the resolutions on the following matters shall be reserved to the Board:

1. the appointment and dismissal of the CEO of the company and of the other members of the Executive Committee;

2. the approval of the CEO's compensation upon proposal by the Nominating & Governance/Compensation Committee;
3. the approval of the Company's general compensation policy for its employees and the decision on possible exceptions therefrom as regards the hiring of the management as well as the compensation of the CEO and the managers reporting directly to the CEO;
4. the granting of signatory powers to the persons charged with the representation of the Company and its subsidiaries;
5. the adoption of the Company's stock option plans;
6. the formation, acquisition, merger, sale and liquidation of subsidiaries and branches of the Company;
7. the conclusion of merger agreements between the Company and another entity and the decision to wind up or liquidate the Company as well as decisions to propose to the Shareholders Meeting the merger, liquidation or winding-up of the Company;
8. the approval of the Annual Group Operating Budget (revenues and operating expenses) and the Annual Capital Budget (including operating, financial and equity-related items);
9. co-operations/alliances for the in-licensing of drugs over CHF 20'000'000 (budgeted) or CHF 10'000'000 (unbudgeted), based on a five year discounted payment
10. contracts with aggregate expenses over CHF 20'000'000, if not included in the annual budget;
11. individual capital expenditure items/projects over CHF 2'000'000, if not included in the annual capital budget;
12. the acquisition, sale and hypothecation of real estate over CHF 2'000'000;
13. individual credit lines or indebtedness which in the aggregate (annual) group-wide amount exceed CHF 2'000'000;
14. the issuance of public bonds, debentures and similar instruments which in the aggregate (annual) group-wide amount exceed CHF 5'000'000;
15. the acquisition and divestiture of Treasury shares which in the aggregate (annual) group-wide amount exceed CHF 5'000'000;

16. the initiation and settlement of judicial and administrative proceedings and disputes exceeding CHF 3'000'000 in dispute value.

## Article 5 Delegation of Management

- 5.1 The Board hereby delegates the management of the business of the Company and its subsidiaries to the CEO in accordance with Article 17(2) of the Articles of Association.
- 5.2 The CEO may sub-delegate his/her functions and competences to the Company's other executives. The CEO shall inform the Board of any such sub-delegations unless it is for a particular matter only.
- 5.3 The CEO shall direct the activities of the other executives of the Company and issue the necessary directives.
- 5.4 The CEO shall be responsible for the reporting to the Board of Directors according to its directives and shall carry out the functions and responsibilities, which the Board of Directors may delegate to him/her.

## Article 6 Organization

- 6.1 The Board shall consist of a minimum of three and a maximum of nine members.
- 6.2 The members of the Board are elected individually by the Shareholders Meeting. Re-election is possible. The term of office ends with the conclusion of the next ordinary Shareholders Meeting (Article 16(1) of the Articles of Association).
- 6.3 Except for the election of the Chairperson and the members of the Nominating & Governance/Compensation Committee the Board shall constitute itself. The Board may appoint a Vice-Chairperson and/or a Lead Independent Director, if any. The Board shall appoint the Secretary, who need not be a member of the Board. The Secretary shall be entitled to participate in the deliberations and debates of the Board, but shall not vote, unless he/she is a member of the Board (Article 16(3) of the Articles of Association).

## Article 7 Convening

- 7.1 The Board shall meet upon invitation of the Chairperson or the Vice-Chairperson regularly and as often as necessary, but in any event at least four times per year and at any time on request of one of its members or of the statutory auditors.
- 7.2 The convening shall take place in writing, by e-mail or in other telecommunicated form at least 10 calendar days prior to the meeting. In urgent cases a meeting may be held on 48 hours' notice.

- 7.3 If a member requests that a meeting be called, it shall submit the respective request to the Chairperson or the Lead Independent Director, if any, and indicate the grounds for such a request. In such event the Chairperson or the Lead Independent Director, as applicable, shall convene the meeting within 10 calendar days after receipt of the respective request.
- 7.4 In the event that the Board is to resolve on the certification of a change in the share capital or on a supplementary contribution for shares not fully paid in as well as on the subsequent amendment the Articles of Association, no invitations have to be sent out and any one of the Board members shall be authorized to make the respective certifications before the notary.
- 7.5 Board Meetings may also be held, motions made and resolutions adopted by video or telephone conference or other similar communication technology.

## Article 8 Agenda

- 8.1 The items on the agenda of the meetings of the Board shall be determined by the Chairperson after consultation with the Lead Independent Director, if any, and the CEO.
- 8.2 The agenda of the meetings shall be communicated to the individual Board members, together with the convening notice and shall be accompanied by the materials belonging to the items on the agenda.
- 8.3 Each Board member is entitled to request that further items be added to the agenda, provided that such items are submitted to the Chairperson or the Lead Independent Director, if any, not later than 5 calendar days before the meeting. In such event, the Chairperson or the Lead Independent Director, as applicable, shall communicate the additional items on the agenda to other members before the beginning of the meeting.
- 8.4 No resolution shall be taken on items, which were not on the agenda of the meeting, unless all members consent to putting additional items to the agenda. Absent members can give such consent, by telephone or other similar communication technology or in writing (incl. via e-mail), subsequently to the meeting.

## Article 9 Presence and Quorum

- 9.1 A meeting of the Board constitutes a quorum, if more than half of its members are present, except in case of Article 7.4 of these By-Laws.
- 9.2 The members of the Board may only vote in person, but not by proxy.

- 9.3 The Chairperson, or in his/her absence the Lead Independent Director, if any, or the Vice-Chairperson or another member of the Board specifically designated by the majority of the other members present at the meeting, shall direct the debate during the meeting and determine the persons who may attend the meetings as such or the deliberation of particular items on its agenda as guests.
- 9.4 The CEO shall be entitled to attend every meeting of the Board and to participate in its debates and deliberations with the exception of executive sessions. However, she/he shall not be entitled to vote, unless she/he is a member of the Board.

## Article 10 Resolutions

- 10.1 The adoption of resolutions and elections of the Board requires a majority of votes cast.
- 10.2 The Chairperson shall not have a casting vote in the event of a tie vote.
- 10.3 Resolutions may also be passed by written consent (circular resolutions, i.e., in writing, via e-mail or other forms of electronic transmission) to a motion, unless a member of the Board requests, within a reasonable time period determined by the Chairperson, oral deliberation. Such resolutions require the same majority as provided for in Article 10.1 of these By-Laws. In the event of resolutions being passed by electronic means, no signature shall be required, subject to any regulation to the contrary by the Board.
- 10.4 Minutes shall be kept of the deliberations and resolutions of the Board. Circular resolutions shall be recorded in the minutes of the next Board meeting. The minutes shall be distributed as drafts (by e-mail or otherwise) and shall be approved by the Board in the course of its next meeting.

## Article 11 Information

- 11.1 Each member of the Board is entitled to request information concerning all affairs of the Company. In the meetings, all members of the Board and all persons entrusted with the management of the Company's business, including but not limited to the CEO and the other executives attending the meetings of the Board, are obligated to furnish the requested information.
- 11.2 Outside the meetings of the Board, each member may request, upon authorization by the Chairperson or the Lead Independent Director, if any, information from the persons entrusted with the management of the Company's business concerning the course of business and, upon written request to the Chairperson or the Independent Lead Director, if any, concerning particular aspects thereof.

11.3 To the extent necessary to fulfil his/her duties, each member of the Board may request that the Chairperson or the Lead Independent Director, if any, authorizes the inspection of the books and records of the Company. If the Chairperson rejects a request for information, hearing or inspection, the Board shall decide whether to grant such request.

11.4 Notwithstanding the foregoing, individual resolutions of the Board may confer upon its members additional rights to request information and inspection.

## Article 12 Compensation of non-executive members of the Board

12.1 The non-executive members of the Board shall receive an annual retainer as determined by the Board upon recommendation by the Nominating & Governance/Compensation Committee, subject to prior approval by the Shareholders Meeting (Article 26(1) of the Articles of Association).

12.2 The non-executive members of the Board have the right to elect that part of their annual retainer be paid in shares. In addition, the Board may determine that part of the retainer be paid in the form of blocked shares, in which case it shall determine the conditions, including blocking periods. Allocation occurs at market conditions (Article 26(2) of the Articles of Association).

## III. The Chairperson and the Secretary

### Article 13 Chairperson

The Chairperson shall have the following duties:

13.1 to plan and direct the activities of the Board upon consultations, reports and motions of the CEO;

13.2 to convene and chair the meetings of the Board and to determine their agenda;

13.3 to ensure the information of the Board regarding the items of and according to Article 11 of these By-Laws;

13.4 to ensure the reporting by the CEO according to the directives of the Board.

### Article 13a Vice-Chairperson

If the Chairperson is prevented, the Vice-Chairperson assumes all his/her duties. In addition, the Vice-Chairperson shall serve as Lead Independent Director. In this function, the Vice-Chairperson shall be entitled to convene and chair meetings of the Board on his/her own if



necessary. If need be, the Lead Independent Director may decide that such meetings will be held only with the independent members of the Board.

### Article 14 Secretary

The Secretary shall have the following duties:

- 14.1 to keep the minutes of the Board;
- 14.2 to coordinate the taking of decisions on certifications regarding changes of the registered share capital and the respective amendments to the Articles of Association.

## IV. The Standing Committees of the Board

### Article 15 Functions

- 15.1 The Board may appoint at any time one or more standing committees which shall advise the Board or, as the case may be, the CEO and the IEC, on specific matters relating to the functions of the Board and the IEC. Unless set forth otherwise in the applicable committees Charters or in the Articles of Association, such committees shall be composed of at least two members.
- 15.2 The Board may also, on the basis of a special resolution issued by the Board, delegate to such Committees particular matters for decision, implementation or supervision.

### Article 16 Standing Committees

- 16.1 The Committees shall be:
  - 1. a committee dealing with the nomination of Board members and with governance policies and principles for the Company and with all matters relating to compensation of the executives of the Company (the "**Nominating & Governance/Compensation Committee**"); and
  - 2. a committee dealing with the review of the internal control of the accounts, finances and risks of the Company (the "**Finance & Audit Committee**").
- 16.2 Their functions and duties shall be as determined by the Board from time to time and in particular by the regulations attached to these By-laws (**Annexes 1 and 2**).
- 16.3 Except for the Nominating & Governance/Compensation Committee whose members shall be elected by the Shareholders Meeting, the Committees (including the chairpersons) are appointed by the Board. The Board shall also appoint the chairperson

of the Nominating & Governance/Compensation Committee. The Committees meet as often as necessary and report to the Board on their activities at regular intervals.

## **V. CEO**

### **Article 17 CEO**

- 17.1 The CEO shall direct the activities of the other executives of the Company (management) and issue the necessary directives.
- 17.2 The CEO shall be responsible for the reporting to the Board according to its directives and shall carry out the functions and responsibilities, which the Board may delegate to her/him.
- 17.3 The CEO shall deliver to every Board member the following financial reports:
1. monthly within 15 calendar days from month end a summary report covering the commercial and financial developments of the preceding month (the monthly flash report);
  2. for the first three quarters of the fiscal year, quarterly within 45 calendar days from quarter-end and at least 2 calendar days prior to their release to the public, un-audited quarterly financial statements as proposed for public release;
  3. annually, within 60 calendar days from year-end and at least 5 calendar days before the Board meeting to which they are submitted for approval, audited financial statements, including footnotes and the proposed auditor's opinion.

## **VI. Idorsia Executive Committee (IEC) of the Management**

### **Article 18 Organisation and Functions**

- 18.1 The IEC shall consist of the CEO and the respective members of the management appointed by the Board upon proposal by the CEO.
- 18.2 The IEC may adopt its own internal rules of organization if it deems this to be necessary.
- 18.3 All important matters relating to the business of the Company are submitted to and discussed by the IEC.
- 18.4 The IEC shall meet regularly, in principle, at least once every quarter. Ad-hoc meetings can be convened for urgent matters.
- 18.5 The members of the IEC shall make proposals to the CEO who will take the final executive decision.

## Article 19 Extended EC (Idorsia Leadership Team)

- 19.1 The extended EC consists of the EC and additional members of the management appointed by the Board upon proposal of the CEO.
- 19.2 The extended EC deals with such matters of the business of the Company that require the support of the functions represented by the additional members of the management.

## VII. Internal Audit

### Article 20 Internal Audit

The Group's internal audit (if any) shall:

- 20.1 Carry out operational and system audits, assisting the organizational units in the accomplishment of objectives by providing an independent approach to the evaluation, improvement, and effectiveness of their risk management and internal control framework. All organizational units of the Group are subject to audit.
- 20.2 Prepare reports regarding the audits it has performed, and report to the Finance & Audit Committee and to the CEO material irregularities, whether actual or suspected, without delay.
- 20.3 Perform such other functions and audits as assigned to it by the Board, the Finance & Audit Committee or the CEO from time to time.

## Miscellaneous

### Article 21 Directors' and Officers' Liability Insurance

The Company shall provide at its own expense for appropriate Directors' and Officers' Liability Insurance during the tenure of the individual Board members.

### Article 22 Signing Authority

The Board shall determine and grant the signing authority for the Board, the CEO and for other persons to sign on behalf of the Company.

### Article 23 Duty to Abstain / Disqualification

- 23.1 All members of the Board are required to report the directorships and consulting agreements as well as any changes in directorships or consultantships and when there is a change in their principal employment to the Company's general counsel, who will report this to the Nominating & Governance/Compensation Committee.

- 23.2 The Board shall adopt the measures necessary to protect the interests of the Company. The members of the Board, of the Committees, of the IEC and of the extended IEC as well as the CEO shall abstain from participating in discussions and resolutions on matters involving a conflict of interest. A conflict of interest exists if the relevant person or a related person or legal entity has a financial or non-financial interest in, or is otherwise closely linked to, the matter and that interest or link would reasonably be expected to interfere with the relevant person's judgment if he/she would be called to vote upon the matter ("**Conflict of Interest**").
- 23.3 The members of the Board, of the Committees, of the IEC and of the extended IEC as well as the CEO shall inform the Chairperson and the Lead Independent Director, if any, about a potential Conflict of Interest. The relevant person and the Chairperson together with the Lead Independent Director, if any, shall amicably determine how to proceed. The Chairperson or the Lead Independent Director, if any, may release the relevant person from the duty to abstain. In case the Chairperson him/herself is involved in a Conflict of Interest, he/she shall inform all other Board members. The Board may release him/her from the duty to abstain.
- 23.4 If the relevant person fails to abstain voluntarily, the Chairperson may disqualify and exclude such person from the relevant meetings in case of an existing Conflict of Interest. If the Chairperson fails to abstain voluntarily, he/she can be disqualified and excluded from the relevant meetings in case of an existing Conflict of Interest if the majority of the other members of the Board demands so.
- 23.5 Each member of the Board, of the Committees, of the IEC and of the extended IEC as well as the CEO shall be denied access to information, in particular he/she can be excluded from all rights to information, if he/she is subject to a duty to abstain or disqualification pursuant to these By-Laws. The restriction of the rights to information shall be limited to those matters for which such duty exists.
- 23.6 The Chairperson shall decide on the restriction of access to information as well as the extent thereof. If the Chairperson him/herself is subject to a duty to abstain or disqualification pursuant to these By-Laws, or if he/she is incapacitated, then the Board shall decide on the restriction of information and its extent.

## Article 24 Non-Disclosure / Return of Documents

- 24.1 Members of the Board, of the Committees, of the IEC and of the extended IEC as well as the CEO shall not exploit or communicate to third parties knowledge of any confidential matters, such as manufacturing and business secrets, acquired during the course of their

office. To the extent necessary to safeguard the Company's interests, this obligation shall remain in effect after the termination of their office.

24.2 In addition, the members of the Board, of the Committees, of the IEC and of the extended IEC as well as the CEO undertake to treat as confidential and not to divulge to third parties any documents which they receive or which are brought to their attention while exercising their office. They shall return to the Company all company records and documents related to their function as officers of the Company upon termination of their office.

## Article 25 Final Provisions

25.1 These By-Laws shall enter into force as per June 13, 2024.

25.2 Revisions and amendments of the By-Laws require the majority of votes cast. The Chairperson shall have the casting vote in the event of a tie vote.

25.3 The Board and the CEO are entitled to issue executive regulations to these By-Laws.

On behalf of the board of directors

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Mathieu Simon, Chairperson

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Julien Gander, Secretary

**Annexes:** 1. Regulations of Nominating & Governance/Compensation Committee  
2. Regulations of Finance & Audit Committee

## Annex 1

### Charter of the Nominating & Governance/Compensation Committee

#### Purpose

The Nominating & Governance/Compensation Committee of Idorsia Ltd (the "**Committee**") supports the Board of Directors (the "**Board**") in questions relating to nomination and governance as well as in reviewing and establishing the Company's compensation strategy and policy and monitors Board and Executive Compensation to ensure it remains market competitive, within the applicable law and company compensation schemes. Within this framework, the Committee is responsible for the compensation strategy of the Idorsia Group, the design of the compensation plans, the compensation of the members of the Board and the IEC, and for the Compensation Report, and takes related decisions or submits related proposals to the Board for approval.

#### Composition of the Committee

The Committee shall consist of at least three but not more than five non- executive members of the Board. Members of the Committee ("**Committee Members**") shall be independent from and have no material relationship with Idorsia Group and shall not have been employed by the Group for at least three years.

The Committee Members are elected by the shareholders of Idorsia Ltd at the Annual General Meeting ("**AGM**"), while the chairperson of the Committee is appointed by the Board.

#### Duties of the Committee

The Committee shall perform the duties set out below as well as any other duties that are required by applicable law, corporate governance principles, stock exchange rules, or any other relevant rules or are delegated to the Committee by the Board:

##### A. Nomination & Governance

- a) to review considerations relating to Board composition, including size of the Board and the criteria for membership on the Board. The considerations relating to director qualifications shall include diversity, independence, experience, expertise and skills, as well as any other factors set forth in the Committee's policies regarding evaluation of director candidates;
- b) to identify qualified candidates to serve as members of the Board in consultation with the CEO;
- c) to review and consider candidates (in consultation with the CEO) who may be suggested by any director or executive of the Company, or by any shareholder if made in accordance with applicable law;
- d) to recommend to the Board qualified candidates for new or vacant positions on the Board;
- e) to recommend, after reviewing their qualifications, directors to serve as members of the various Committees;
- f) to review directorships and consulting agreements of Board members for conflicts of interest;
- g) to review and recommend corporate governance policies and principles for the Company, including those relating to the structure and operations of the Board and its Committees;

- h) to annually oversee an evaluation of the Board, assess the Board's contribution to the Company and consider whether additional powers and responsibilities of the Board are needed to allow it more effectively to oversee the business and affairs of the Company;
- i) to perform an evaluation of the CEO;
- j) to maintain an orientation program for new Board members and an ongoing education program for existing Board members;
- k) to make such recommendations to the Board as the Committee may consider appropriate and consistent with its purpose, and take such other actions and perform such services as may be referred to it from time to time by the Board, including the engagement of any outside advisor, at the Company's expense, it may deem necessary or appropriate.

**B. Compensation Principles and Policy**

- a) to recommend and review compensation policies and plans for approval by the full Board; and
- b) to review and assess the adequacy of this Charter and the compensation and compensation policy related provisions in the Articles of Association and to submit proposed modifications to the Board.

**C. Board Compensation**

- a) to review and propose to the Board the Board of Directors the Compensation Policy;
- b) to propose and recommend to the Board for approval by the AGM the aggregate maximum compensation of the Board for the term of office until the next ordinary AGM; and
- c) to propose to the Board the allocation of the aggregate Board compensation approved by the AGM.

**D. CEO and Direct Report Compensation**

- a) to recommend to the Board for approval by the AGM the aggregate maximum compensation of the executive management (being CEO and (Core) IEC) for the next financial year.
- b) to recommend to the Board for approval/set the compensation of the CEO and to set the annual performance targets and to determine target achievement of the CEO under the relevant compensation schemes.
- c) to review and approve the CEO's proposals for the direct reports' annual targets, achievement of targets and their compensation within the framework of the compensation schemes.

**E. Disclosure of Compensation Systems**

- a) to prepare the Compensation Report for approval by the Board; and
- b) to review compliance of the Compensation Report with the requirements of the Swiss Code of Obligations and the Ordinance against Excessive Executive Remuneration in listed Stock Corporations.

**F. Reporting to the Board**

- a) to Inform the Board about policies, programs and key decisions as well as statistical comparisons of compensation levels at key competitors and regularly report to the Board on the decisions and deliberations of the Committee.

## **G. General Responsibilities**

To assume other responsibilities assigned to it by law, the Articles of Associations and by the Board.

## **Organization**

### **A. Meetings**

- a) The Committee is convened by the chairperson of the Committee, or upon request of one of the Committee Members.
- b) The Committee shall meet in person or telephonically as often as it determines necessary, but no less than four times per year.
- c) The Committee shall record its resolutions. The Committee meeting minutes shall be presented to the full Board meeting by the chairperson . The keeping of Committee meeting minutes can be delegated to a member of the management.

### **B. Participants**

The chairperson, at his discretion, can invite any person to attend the meetings.

### **C. Authority**

- a) The Committee may request directly or indirectly information from all employees of the Idorsia group and all employees are obliged to cooperate.
- b) The Committee shall have the authority to retain an independent compensation consultant and to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.



## Annex 2

### Charter of the Finance & Audit Committee

#### I. COMPOSITION OF THE COMMITTEE

The Finance & Audit Committee of Idorsia Ltd (the "**Committee**") shall be composed of non-executive and preferably independent members of the Board of Directors. The chairperson of the Committee is appointed by the Board.

A majority of members, including the chairperson, should have experience of finance and accountancy.

#### II. TASKS AND DUTIES

The Committee shall have the following tasks and duties:

##### A. Financial planning

Evaluate management's principles and proposals for, and formulate recommendations to the full Board in regard to:

- a) financial planning (capital structure, management of resources, inter-company financing)
- b) dividend policy
- c) accounting, reporting and disclosure
- d) capital market relations

##### B. Budget process and financial objectives

Review proposed concepts of financial objectives:

- a) cost of capital
- b) enhancement of shareholder value
- c) group and divisional objectives
- d) project objectives (capital expenditures and M&A projects)

##### C. Finance policy , operations and risk management framework

Review finance policy, operations and risk management framework in the following areas:

- a) treasury
- b) controlling
- c) insurance
- d) taxes
- e) investments and acquisitions

##### D. Periodic accounts

- a) Review the US GAAP and statutory financial statements prior to release
- b) Submit the annual financial statements to the Board of Directors for presentation to the General Meeting of Shareholders.

##### E. Audit process

- a) Supervise the activity of the company's IA function: appoint the Head of the IA department, discuss and approve annual mission plans, review IA's

resource requirement proposals, budget and financial discipline, review IA's cooperation with External Auditors ("EA").

- b) Discuss IA's reports and assure the implementation of their recommendations
- c) Select, evaluate and propose to the Board the EA to be nominated for approval by the annual Shareholder's meeting
- d) Review the terms of engagement of the EA, including their compensation and review their performance
- e) Evaluate independence of the EA and review all other relationships between the EA and the company
- f) Review the audit process, the results of audits, and make an independent assessment of the quality of the EA and IA control mechanism as well as the annual financial statements
- g) Discuss with the EA the results of their audits, any unusual items or disclosures contained in the audits, and the matters required by Statement on Auditing Standards no 61, as revised, including the following:
  - the initial selection of and changes in significant accounting policies
  - the methods used to account for significant or unusual transactions and the effects of significant accounting policies in controversial or emerging areas
  - the process utilized by management to formulate significant accounting estimates and the basis for the EA's conclusions regarding the reasonableness of these estimates
  - audit findings and recommendations, including audit adjustments that either individually or in the aggregate have a significant effect on the audit
  - the EA's responsibility for other information presented with the audit results, such as a management report on financial status
  - any disagreements with management, whether or not satisfactorily resolved, concerning matters that individually or in the aggregate may be significant to the Company's financial status or the EA's report
  - significant issues discussed with management with regard to the initial or recurring retention of the EA
  - any serious difficulties encountered in dealing with management during the performance of the audit
- h) assess the effectiveness of the EA and IA control mechanism as well as how the two bodies cooperate

#### **F. Compliance**

- a) Oversee in material respect the Company's compliance with applicable financial and securities laws
- b) Supervise procedures implemented to ensure compliance with the applicable financial and securities laws

### **III. ORGANIZATION**

#### **A. Meetings**

- a) The Committee is convened by the chairperson of the Committee, or upon request of one of the Committee Members.
- b) The Committee shall meet in person or telephonically as often as it determines necessary, but no less than four times per year.

- c) The Committee shall record its resolutions. The Committee meeting minutes shall be presented to the full Board meeting by the chairperson. The keeping of Committee shall be kept by the Head of IA, in his absence by a member of the IA team.

**B. Participants**

The chairperson, at his/her discretion, can invite any person to attend the meetings. At least once a year, a meeting shall be held with the external auditor without the presence of the CFO, the Head of IA or the CEO.

**C. Authority**

- a) The Committee may request information directly or indirectly from all employees of the Idorsia group and all employees are requested to cooperate.
- b) The Committee shall have the authority to retain external advisors and to approve the advisors' fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.