

COMPENSATION AND NOMINATION COMMITTEE
REGULATION OF
POLYPHOR LTD

1. ADOPTION OF REGULATION

This regulation of the Compensation and Nomination Committee (the "Regulation") was adopted on 5 April 2018 pursuant to section 3.3 of the Organizational Rules of Polyphor Ltd (the "Company").

2. ESTABLISHMENT OF COMMITTEE

- 2.1 The Compensation and Nomination Committee (the "CNC" or "Committee") is established as a permanent committee of the board of directors (the "Board").
- 2.2 As further described in section 4 and 5, the CNC shall assist the Board in establishing the compensation of the members of the Board, the CEO and the Executive Management (*Geschäftsleitung*), and the guidelines for nomination and election of the members of the Board, its committees and the CEO.

3. COMPOSITION

- 3.1 The Committee shall be composed of at least three non-executive and independent members of the Board¹. The members of the CNC shall be individually elected by the Shareholders' Meeting from among the members of the Board of Directors for a term of one year until the next Ordinary General Meeting. Re-election is permitted. If there are vacancies on the Committee, the Board shall appoint substitutes from amongst its members for the remaining term of office.

4. DUTIES IN RESPECT OF COMPENSATION

The CNC shall have the following responsibilities:

- a) to draw up principles for compensation of members of the Board of Directors and the Executive Management and to submit them to the Board of Directors for approval;
- b) to propose to the Board of Directors the resolution to be submitted to the Ordinary General Meeting for the maximum total compensation of the Board of Directors and Executive Management;
- c) subject to and within the bounds of the maximum compensation approved by the Ordinary General Meeting, to request approval by the Board of Directors of the individual remuneration packages to be paid to members of the Board

¹ As defined in the Swiss Code of Best Practice for Corporate Governance, a director is deemed "independent" if he or she is serving in a non-executive role, was not a member of the executive management of the Company during the last three years, and has no or only minor business relations with the Company other than serving as a member of the Board.

- of Directors and members of the Executive Management;
- d) to request approval by the Board of Directors regarding the determination of the compensation-related targets for the Executive Management;
 - e) to request approval by the Board of Directors regarding the adjustments to the Articles of association relating to remuneration;
 - f) to prepare the Compensation Report and submit it to the Board of Directors;
 - g) to propose to the Board the contractual terms (if any) and compensation of the members of the Board (incl. the Chairman of the Board) and the CEO.
 - h) to determine, upon proposal by the CEO, the terms of employment, promotion or termination of the other members of the Executive Management (except for the CEO).
 - i) to determine, upon proposal by the CEO, the grants and awards under incentive-based compensation plans and equity-based plans, in each case consistent with the terms of such plans, provided that such grants and awards shall be within the bounds of the maximum compensation approved by the annual shareholders' meeting;
 - j) to evaluate the Executive Management's performance in light of the goals and objectives; and
 - k) To oversee annual evaluation of the Board and the Executive Management for the prior year.

5. DUTIES IN RESPECT OF NOMINATION

5.1 Board Director Nomination

The Committee shall establish and periodically review the qualification criteria for Board candidates with the goal of achieving a composition of the Board that collectively has the skills and experience needed to determine the strategy of the Company and oversee the management in executing the Company's strategy and achieving its objectives. It shall further conduct the search for Board candidates based on the qualification criteria established by the Committee and any other criteria that the Committee may consider appropriate, and recommend suitable candidates to the Board to be nominated for election by the shareholders.

5.2 Nomination of CEO and Board committees

The Committee shall be responsible for conducting the search for candidates for the position of the CEO and for the Board committees and shall recommend suitable candidates for evaluation and appointment by the Board.

The Committee shall also review and discuss with the Board corporate succession plans for the CEO and other members of the Executive Management of the Company.

6. COMMITTEE MEETINGS AND PROCEDURES

- 6.1 The Committee meets as often as business requires. Meetings are called by the chairperson, but may also be called by any other member of the Committee.
- 6.2 The chairperson (or in his/her absence a Committee member designated by the chairperson) shall set the agenda in consultation with the chairperson of the Board and preside at each meeting the Committee.
- 6.3 The chairperson or any other Committee member presiding the meeting in the absence of the chairperson shall designate a secretary to keep the minutes of the meeting, which shall be distributed to the members of the Committee for review and comment and approved at the next meeting. Any member of the Board shall receive a copy of the minutes of the Committee.
- 6.4 The chairperson, at his/her discretion, can invite other members of the Board, members of the Executive Management, or any person whose presence may be desirable or useful for the Committee's deliberations, to attend all or a portion of a meeting. Such person shall not participate in the discussions or deliberations of the Committee unless invited to do so and shall not be entitled to vote.
- 6.5 In discharging its responsibilities, the Committee shall have unrestricted access to the Company's management, employees, books and records, and may retain or obtain the advice of compensation consultants, legal counsel and/or other advisers. The Committee is authorized to, and must, have direct responsibility for the appointment, compensation and oversight of the work of such compensation consultant, legal counsel or other adviser retained by the CNC and the Company must provide for appropriate funding, as determined by the CNC, for payment of reasonable compensation to any such compensation consultant, legal counsel or other adviser.
- 6.6 Decisions of the Committee shall be taken in the same manner as decisions of the Board pursuant to the Organizational Rules of the Company.
- 6.7 The Committee may establish its own rules and procedures for notice and conduct of its meetings as long as they are not inconsistent with any provisions of the Company's Articles of Association, the Organizational Rules or this Regulation.

7. AMENDMENTS

This Regulation may be modified or amended at any time by a resolution of the Board.

5 April 2018