



Rules and Regulations

Human Resources Committee (HRC)

OC Oerlikon Corporation AG, Pfäffikon (Oerlikon)

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1. Role and Authority

1.1. Role

The Human Resources Committee (HRC) shall support the Board of Directors of Oerlikon (BoD) with regard to matters related to Human Resources including those set forth in the Articles of Association.

1.1.1. Re Compensation

The HRC shall prepare and submit proposals to the BoD for deliberation and approval regarding:

- the compensation policies for BoD members;
- the group-wide compensation policies.
- the objectives of the Executive Chairman

The HRC shall set, subject to BoD approval and, where legally required, by the annual General Meeting of shareholders:

- The compensation of the members of the Board of Directors, incl. the Executive Chairman for his BoD role, prepared by the Chair of the HRC;
- The compensation of the Executive Chairman for his executive role, prepared by the Chair of the HRC;
- The compensation of the members of the Executive Committee, other than the Executive Chairman, incl. fixed and variable compensation, prepared by the Executive Chairman
- The aggregate amount of
 - the maximum total compensation of the Board of Directors,
 - the maximum fixed compensation of the Executive Committee,
 - the variable compensation of the Executive Committee prepared by the Chair of the HRC

The HRC shall approve:

- the objectives and the performance contracts of all EC members other than the Executive Chairman, prepared by the Executive Chairman. Prior to the performance assessment of the CFO, the HRC is required to consult the Audit & Finance Committee (AFC); the Annual Pay Plan for the Group;
- eligibility of employees in equity programs and allocation of equity instruments.

The HRC shall assist the BoD in:

- monitoring the reasonableness of Oerlikon's internal guidelines and organization in respect of corporate and stock exchange transparency and disclosure laws and regulations (incl. management transactions). It shall submit relevant proposals to the BoD for improvement, if necessary.
- checking the laws and regulations on disclosures to be made in the notes to the (consolidated) financial statements and the compensation report and submit relevant proposals to the BoD, if necessary.
- preparing the compensation report.

The HRC shall continuously assess the reasonableness of the relevant compensation policies and review them for relevant improvements. It shall check them for compliance with: (i) the basic principles of the Swiss Code of Best Practice in Corporate Governance; and (ii) in particular, but without limitation, the following criteria of relevance:

- the amount of the compensation varies according to consolidated profits and individual performance;
- the compensation is competitive;
- the compensation is consistent with the values and long-term strategy of the Oerlikon Group;
- the compensation is consistent with the shareholders' interest in the long-term success of the Oerlikon Group;
- the compensation is easily comprehensible; and
- the effects of options or of any other share related compensation on share prices have adequately been taken into account.

When setting individual compensation packages for BoD and EC members, the HRC shall in particular, but without limitation, examine market data of competitive companies, trend analysis and the performance of the Oerlikon Group. Further, it shall set the share price related to new issues of EC management share schemes, respectively.

When setting individual compensation packages for BoD members, each member of the HRC shall withdraw from deliberations in respect of its own compensation.

1.1.2. Re Performance Assessment

The HRC shall assist the Chairman of the BoD in the preparation of proposals to the BoD regarding:

- the performance assessment of the BoD members.

The HRC shall prepare and submit proposals to the BoD for deliberation regarding:

- the performance assessment of the Executive Chairman and
- the performance assessment of all EC members other than the Executive Chairman, prepared by the Executive Chairman. Prior to the performance assessment of the CFO, the HRC is required to consult the Audit & Finance Committee (AFC).

When preparing the performance assessment of BoD members together with the Chairman of the BoD, each member of the HRC shall withdraw from preparations in respect of its own performance assessment. Furthermore, BoD members, including the Executive Chairman, as well as EC members are in principle not present for discussions around their own performance.

1.1.3. Re Appointments and Succession Planning

The HRC supports the BoD and the Executive Chairman in preparation of proposals to the BoD regarding:

- the nomination of new BoD members;
- the nomination of a BoD member as Chairman, Executive Chairman, Vice-Chairman and Lead Director of the BoD, respectively;
- the nomination of BoD members as members of BoD Committees;
- the appointment of the Corporate Secretary; and
- the succession planning related to BoD members.

The HRC shall prepare and submit proposals to the BoD for deliberation regarding:

- the succession planning related to and the appointment and dismissal of the Executive Chairman and

- the succession planning related to and the appointment and dismissal of EC members other than the Executive Chairman, prepared by the Executive Chairman.

The HRC shall provide guidance and active support on the following areas:

- Performance/Potential Assessment of Key Positions and High Potentials;
- Senior Leadership Development (including Executive Education);

The HRC together with the Executive Chairman prepares proposals regarding BoD succession planning, taking into consideration the relevant individual requirement profiles, the composition of the BoD as a whole and the committees to be composed. It shall also evaluate and notify the Chairman of the BoD about third party suggestions for BoD candidates, if any (even if from outside Oerlikon Group).

1.1.4. Re Human Resources in General

The HRC shall submit proposals to the BoD for deliberation regarding:

- the grant of signature power for Oerlikon as proposed by the EC and prepared by the Group Legal Counsel (GLC);
- general guidelines regarding signature power for Oerlikon Group companies as proposed by the EC and prepared by the GLC; and
- general basic principles for pension plans of the Oerlikon Group.

1.1.5. Re Specific *Ad hoc* Assignments

The HRC shall perform specific personnel and compensation related ad hoc consulting assignments from the BoD, if any, such as, e.g., the supervision of the implementation of new or amended compensation policies by the EC.

1.2. Authority

The HRC shall be a permanent committee of the BoD within the meaning of Art. 716a Para. 2 Swiss Code of Obligations. As a separate advisory group, independent from the EC, it shall advise the BoD and exclusively follow the BoD's instructions.

Unless expressly stated in the present HRC Rules and Regulations, the Organizational and Governance Rules ("OGR") and the Attachment A to the OGR's respectively:

- the HRC shall not have any authority to decide matters in lieu of the BoD; and
- may prepare, review or investigate matters of HR relevance and submit relevant proposals to the BoD for deliberation, but must not itself take resolutions beyond recommendations, proposals or motions to be submitted to the BoD for deliberation.

2. Information, Investigation and Reporting

- 2.1 Information and Investigation. The HRC's right to access, information and investigation shall be unlimited within the entire Oerlikon Group, but may not be exercised autonomously. The exercise of said rights must always be notified to the Chairman of the BoD or, in the Chairman's absence, the Vice-Chairman. The Chairman of the BoD shall arrange for access, information and investigations, affable to the staff and in compliance with all applicable mandatory local protective rights. The Chair of the HRC shall coordinate HRC services with the Chair of the AFC, where appropriate.
- 2.2 The right to access and information referred to in Section 2.1 shall particularly include the right to: (i) comprehensive information from the external and internal auditors, the EC as well as all staff

members of the Oerlikon Group, the right to access any and all documents, records and data carriers, necessary or useful to perform the responsibilities of the HRC, and the right to inspect relevant reports.

- 2.3 Right of Investigation. The right of investigation referred to in Section 2.1 shall particularly include the right of the HRC to perform or arrange investigations within the Oerlikon Group which are necessary or useful for the performance of HRC responsibilities. The HRC may, with prior consent of the Chairman of the BoD, engage external advisory services, if any.

The HRC shall review and assess information obtained and related comments or recommendations of the Executive Chairman, other members of the EC and of external advisors, if any, and shall present its findings and recommendations to the BoD.

- 2.4 Reporting. The HRC shall verbally report to the BoD at BoD meetings and immediately in urgent cases. Between meetings it shall ensure good flow of information between the BoD and the HRC. It shall be up to the Chairman of the BoD, and in his absence the Vice-Chairman to decide whether or not releasing information on reports, recommendations and decisions of the HRC to anyone outside the BoD other than the necessary addressee(s) of a relevant HRC decision, if any.

3. Composition and Procedure

- 3.1 Composition. As a rule, the HRC shall be composed of at least three members of the BoD. Members of the HRC are not eligible if performing any executive management duties within the Oerlikon Group whilst in office, or having significant business relations with Oerlikon or the Oerlikon Group, or having been members of the EC in the preceding three years. These independence requirements correspond to the provisions of the Swiss Code of Best Practice for Corporate Governance, as amended from time to time.
- 3.2 Appointment, Procedure and Term of Office. The members of the HRC are elected by the General Meeting of shareholders. If there are vacancies, the BoD shall appoint the missing members from among the members for the remaining term of office. The BoD shall appoint the Chair of the HRC and shall determine the procedure, if required. The term of office of a member of the HRC corresponds to its term of office as a member of the BoD. Where possible, the members of the BoD shall rotate to a certain degree as members of the HRC.

4. Meetings, Resolutions, Minutes

- 4.1 Meetings. The HRC shall convene by invitation of its Chair as often as business requires, however, as a rule, at least three times annually for at least the following agenda, respectively:

November/December:

- proposals to the BoD regarding relevant adjustments to compensation policies, if any, for the BoD and the EC;
- approval of the Annual Pay Plan for the Group
- determination of performance targets for the next year

January/February:

- preparation of the performance assessment of BoD members together with the Chairman;
- performance assessment of EC members and determination of EC members' (variable) compensation for the past year (subject to approval of the respective maximum aggregate amounts of compensation of the BoD and of the EC by the General Meeting of shareholders);

- determination of EC member's fixed and BoD members total compensation for the following year (subject to approval of the respective maximum aggregate amounts of compensation of the BoD and of the EC by the General Meeting of shareholders);
- determination of performance and bonus payout
- proposal to the BoD regarding the BoD's proposal to the General Meeting of shareholders regarding the maximum aggregate amounts of compensation of the BoD and of the EC;
- LTI participation and allocation (subject to approval of the respective maximum aggregate amounts of compensation of the BoD and of the EC by the General Meeting of shareholders).

June/July:

- Proposals to the BoD regarding interim performance assessment of EC members and relevant succession planning;
- Preparation and assistance related to the Chairman's interim performance assessment of BoD members and relevant succession planning;

September:

- Review of performance/potential/risk assessment of key positions and high potentials and their development plans.

4.2 Additional Participants. Additional persons, such as other BoD members or certain EC members may be invited, if required.

4.3 Resolutions. Resolutions of the HRC shall require the simple majority of casted votes at a meeting attended by a majority of the HRC members in person or by electronic means. In the event of an equality of votes, the Chair shall have the casting vote. Resolutions may be passed in writing or by electronic means unless a member requests an oral debate within 48 hours of receipt of the notification of the proposal. Resolutions in writing or by electronic means shall require the approval of the majority of HRC members. The HRC members shall not be bound by their votes in the HRC while voting on HRC motions as members of the BoD.

4.4 Minutes. At the HRC meetings, minutes shall be taken on the resolutions passed bearing the signature of the Chair and the minute-taker. In case of resolutions passed by electronic means without being signed electronically, such resolutions shall be incorporated into the next minutes ordinarily signed. The minutes shall be copied to all members of the BoD.

5. Entry into Force

These Rules and Regulations have been approved by the BoD on March 21, 2023 and become effective on March 21, 2023. This version replaces the version dated December 13, 2017.

Pfäffikon, March 21, 2023

For the Board of Directors:



Prof. Dr. Michael Süss, Chairman of the Board