

Audit Committee Charter

for Sample Production Ltd.

Zurich

1. Objectives and purpose of the Audit Committee

The main task of the Audit Committee is to support the full Board of Directors in the performance of its financial management function (design of the accounting system, financial planning and financial controlling). In particular, it monitors the structures and processes in the finance and accounting functions and the audit performed by the external auditors to ensure that financial reporting and auditing is transparent and compliant with the law. The Audit Committee also assesses the effectiveness of the internal control system (ICS), risk management framework, compliance with legal and regulatory requirements (to the extent that these impact on accounting) and, where applicable, the effectiveness of Internal Audit.

In exercising its function, the Audit Committee maintains close and efficient communication with the full Board of Directors, the Executive Board, the external auditors and Internal Audit.

2. Membership

The members of the Audit Committee and its Chair are proposed by the Nomination Committee and elected by the full Board of Directors at the constituent meeting (generally the first meeting after the general meeting). The members of the Audit Committee must be members of the Board of Directors.

The Audit Committee comprises at least three members. The members should be non-executive and preferably independent members of the Board of Directors. The Chair of the company's Board of Directors may not be a member of the Audit Committee.

The secretary of the Board of Directors is also the secretary of the Audit Committee.

Every member of the Audit Committee has the necessary knowledge and experience of the company's and group's finance and accounting functions, and undertakes to complete the training required to successfully perform their role.

At least one member is a recognised expert with in-depth knowledge of finance and accounting, the accounting standards applied in the company/group and the audit process.

Members are elected for a term of one year and may be re-elected.

3. Mode of operation/meetings

The Audit Committee operates by way of meetings attended by the members of the Audit Committee. The members of the Audit Committee should attend all meetings of the committee.

Members of the Executive Board (in particular the CEO and/or CFO), the Head of Internal Audit and the lead external auditor may also be invited to attend meetings of the Audit Committee as required, but must attend once a year as a minimum.

The Head of Internal Audit and the lead external auditor are invited to present their planning and the findings of their audits to the Audit Committee.

The Audit Committee meets at least three times a year. The meetings are scheduled to coincide with the financial reporting process and the preparation of the financial statements. The first meeting usually takes place in autumn (focus: audit planning), the second at the end of the year (focus: findings of the interim audit, existence and effectiveness of the ICS, and discretionary decisions in the financial statements), and the third in spring (focus: annual financial statements and audit findings).

For a meeting to be quorate, a majority of all members must be in attendance.

The members of the Audit Committee arrange additional meetings as required. Invitations are sent out by the secretary at the instigation of the committee's Chair.

The Audit Committee holds a meeting with the external auditors at least once a year at which no members of the Executive Board are present (private session).

The Audit Committee meets with the company's Legal Counsel on a regular basis. Prior to each meeting, the Chair of the Audit Committee prepares the agenda.

The secretary of the Audit Committee sends the invitation, containing the agenda and any necessary documents, to the members at least one week prior to the meeting.

Brief minutes of each meeting are drawn up and sent to all members of the Board of Directors.

4. Rights of the Audit Committee

The full Board of Directors grants the Audit Committee the following rights within its responsibilities:

- The right to invite members of the Executive Board, management and employees to attend Audit Committee meetings where this appears appropriate;
- The right to consult experts (legal advisors, accounting specialists or other experts) as required and at the company's expense;
- Unrestricted access to the members of the Executive Board, management and employees;
- Unrestricted access to relevant information;
- Fees in accordance with the separate Compensation Regulations for the Board of Directors.

5. Tasks and responsibilities of the Audit Committee

5.1 General tasks

The Audit Committee has the following general tasks:

- To define the structures and processes for dealing with problems/questions submitted to the Audit Committee by the employees of the Sample Production Ltd., where these relate to accounting, the ICS and auditing;
- To define the process for dealing with enquiries and complaints received by the company in respect of accounting, the ICS and auditing;
- To draw up a proposal for the Board of Directors regarding the appointment of the external auditors.

5.2 In relation to the internal control system (ICS)

The Audit Committee must

- assess whether the Executive Board develops, follows and exemplifies an appropriate 'control culture', and in particular whether it constantly emphasises the importance of the internal control system and risk management framework;
- ascertain the existence and effectiveness of the internal control system implemented by the Executive Board for approving and recording transactions, and of the financial reporting process;
- understand the material controls (key controls) and processes implemented by the Executive Board to ensure that:
 - the quarterly/annual financial statements are derived correctly and in full from the accounts;
 - accounting standards are correctly applied;
 - the other requirements for the financial statements have been taken into account; and
 - they have been scrutinised by the Executive Board in advance.
- evaluate the general effectiveness of the internal control system and risk management framework and check whether the recommendations regarding the ICS proposed by Internal Audit and/or the external auditors have been implemented by the Executive Board;
- assess how the Executive Board ensures the security of the IT system and application programs, whether the necessary measures and preparations are in place to guard against/manage an IT system failure, and how the system is protected against fraud and misuse.

5.3 In relation to accounting

The Audit Committee must

- gain an overview of the areas exposed to the biggest financial risks and ascertain how these risks are handled;
- scrutinise the material problem areas in relation to accounting and reporting, in particular the use of estimates, discretionary decisions by the Executive Board, early adoption of accounting standards, etc. (carry out plausibility checks on assumptions, assess alternative presentation options, etc.);
- keep track of the latest developments in legal and regulatory requirements, accounting standards and audit principles, and assess their impact on the company/group's accounting;

- appraise the process defined by the Executive Board for the periodic preparation of the financial statements and audit with regard to feasibility, timing issues, any special requirements of the Audit Committee or Board of Directors, etc.;
- scrutinise the interim and annual financial statements before they are approved by the Board of Directors and published;
- ensure that the statements made in press releases and analyst presentations are clear and consistent with the information and figures published in the financial statements;
- meet with the Executive Board and the external auditors to discuss the financial statements, the application of accounting principles, discretionary decisions and the audit findings;
- ensure that material adjustments, differences of opinion with the Executive Board, sensitive accounting standards and their application are discussed with the external auditors;
- submit a proposal to the Board of Directors on approving the annual/consolidated financial statements and dealing with the findings of the audit conducted by the external auditors;
- scrutinise the other elements of the annual report to ensure the information is comprehensible and consistent.

5.4 In relation to compliance with legal and regulatory requirements

The Audit Committee must

- monitor the effectiveness and implementation of controls designed to ensure compliance with the law and with regulatory requirements;
- assess the results of investigations conducted either on behalf of or by the Executive Board itself in connection with breaches of the law, and also ensure that measures are implemented in accordance with the findings of such investigations;
- request regular reports from the Executive Board and the company's Legal Counsel on compliance with requirements that have a material impact on the annual/consolidated financial statements and the business principles underlying compliance with the law and with regulatory requirements;
- ensure that all regulatory requirements relevant to the company have been met during the preparation of the annual/consolidated financial statements;

- obtain information about the findings of any audits conducted by stock exchange regulators and how these are dealt with.

6. Cooperation with the external auditors

The Audit Committee

- assesses whether the external auditors comply with licensing and professional requirements (including an assessment of the knowledge and experience of the lead auditor and audit team);
- assesses the independence of the external auditors and potential conflicts of interest;
- assesses the performance of the external auditors on an annual basis and makes a recommendation to the Board of Directors on the continuation/termination of their mandate;
- assesses the audit plan proposed by the external auditors (scope, priorities, deadlines, etc.) in relation to the company's current situation, forthcoming regulatory changes and any other requirements, and where necessary agrees areas and processes to be specifically considered by the external auditors;
- discusses all problems arising during the audit with the external auditors, including any refusal or restriction of access to required information and other restrictions to the agreed scope of the audit;
- ensures that all material findings and recommendations of the external auditors and the Executive Board's response to these findings are communicated to and discussed by the Audit Committee and that corresponding measures are put in place;
- discusses with the external auditors whether the accounting and measurement principles applied are appropriate for the company in question and whether they were applied in a rather aggressive, balanced or overly conservative manner in preparing the financial statements;
- discusses all topics that, in the opinion of the Audit Committee and the external auditors, should be dealt with in a separate meeting at which the members of the Executive Board are not present (private session);

- monitors the principles for the awarding of mandates to the external auditors that do not relate to the audit itself, to avoid any potential impact on their independence and ensure compliance with regulatory requirements, and grants prior approval for such mandates where necessary;
- ensures that the company adheres to applicable requirements when recruiting managers who had previously acted as one of the company's external auditors (particularly with regard to any 'cooling off' periods).

7. Internal Audit

The Audit Committee

- assesses the activities, resources, organisation and integration of Internal Audit and ensures that its function is not impaired by unwarranted restrictions and obstacles;
- participates in the appointment, promotion or dismissal of the Head of Internal Audit and discusses the quality of the work done by Internal Audit staff with the external auditors (drawing on the results of the periodic review by external consultants);
- meets regularly with the Head of Internal Audit to discuss matters that the Audit Committee and/or Internal Audit believe should be dealt with confidentially between these two bodies (i.e. without the involvement of the CEO and CFO);
- ensures that all material findings and recommendations of Internal Audit and the Executive Board's response to these findings are communicated to and discussed by the Audit Committee and that corresponding measures are put in place;
- assesses the audit plan proposed by Internal Audit for the coming year, ensuring that the core areas and material risks are covered and that there is adequate coordination between the activities of Internal Audit and those of the external auditors.

8. Reporting

The Audit Committee

- provides the full Board of Directors with regular updates on its activities and makes recommendations for agenda items relating to its area of activity;

- ensures that the full Board of Directors is kept informed about all matters that could have a material impact on the financial situation of the company/group and on the business environment;
- prepares the reports required by law, the regulatory authorities or the full Board of Directors, in particular the report on its own activities and responsibilities, which is published in the section of the annual report on corporate governance.

9. Assessment of its own effectiveness

The Audit Committee

- evaluates its own performance - both that of each individual member and of the Audit Committee as a whole - at regular intervals and defines any measures that may be required;
- assesses the achievement of the tasks defined in its remit and reports the results to the full Board of Directors.

10. Assessment of remit

The Audit Committee

- reviews its own remit on an annual basis and discusses any necessary amendments with the full Board of Directors;
- ensures that the remit and any amendments are always approved by the Board of Directors.

11. Entry into force

These regulations were approved by the Board of Directors on (date) and entered into force with immediate effect.

Place, date

BoD Chair

BoD Secretary