

# **EXAMPLE PRODUCTION Ltd.**

## **Internal Regulation for the Business and Safety Risk Management Committee**

### **Purpose**

The Example Production Ltd. ("the EPL" )constitutes a Business and Safety Risk Management Committee ("the Committee") with following purpose:

- a) To determine and to assess business and safety risks within the EPL.
- b) To overview the process of business and safety risk management.
- c) To confirm mitigating actions including proper insurance cover are in place to reduce risks to acceptable levels.
- d) To report quarterly to the board of directors and to make propositions for further improvement of the risk management.

The Committee makes spot checks to fulfil their duties. The activity of the Committee does not and will not release other persons involved in the risk management from their responsibility. The CEO of EPL remains responsible for the company's risks.

### **Constitution**

The Committee shall be independent and objective. It will be composed of three to five members. Minimum three of them (including the chairman of the committee) should be non-executive directors. The CEO and the CFO of EPL are ex officio members of the committee. The members of the committee will be nominated by the Board of Directors for a term of one year; re-nomination is possible.

### **Meetings**

The Committee will meet quarterly and report to the Board of Directors to the time schedule established from time to time. In general, no quorum is required for meetings, but at least two thirds of the Committee must be present for taking a decision. Proposals to the Board of Directors and decisions must be taken by majority of votes with the casting vote of the chairman of the committee if necessary.

Meetings may be held by physical attendance, or by telephone. Resolutions may be taken by letter, fax or e-mail.

Minutes are to be drawn from each meeting of the Committee. The minutes will be kept by a secretary, who needs not to be a member of the Committee. The minutes have to be signed by the committee's chairman and the secretary. The minutes will be mailed to the members of the Committee and of the Board of Directors within 14 days after the meeting took place.

## Specific Responsibilities

The Committee has basically the following specific responsibilities:

- a) To ensure that EPL maintains a register of business and safety risks together with the mitigating actions to reduce the risks.
- b) To review the proper management of the identified business and safety risks. This includes the necessary Risk Management Process.
- c) To assist in the evaluation, in the instruction and in the supervision of the Head of Quality.
- d) To guaranty protection of data privacy.
- e) To supervise the conformity of all processes with the legal requirements.
- f) To report quarterly to the board of directors and to recommend measures for risk awareness and management.

Within the Risk Management Process the Audit Committee shall takeover the following responsibilities:

- a) To survey the Risk Management Process.
- b) To review existing insurances and overview correct payment of rates.
- c) To survey the mitigation of financial risks.
- d) To survey IT safety and security actions.
- e) To survey the system of whistleblowing

Within the Risk Management Process the Nominations and Remunerations Committee shall assume following responsibilities:

- a) Survey recruiting and successor planning.

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Approved by the Board of Directors: St.Gallen, 1<sup>st</sup> of February 2006

Chairman of the Board  
of Directors:

Chairman of the  
Committee:

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Dr. Felix Meier

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Hans Schmid