

# **BASILEA PHARMACEUTICA AG**

## **Organisational Regulation**

### **1. Basis**

This regulation is based on Art. 716a and Art. 716b of the Swiss Code of Obligations (OR) as well as Art. 14 ss., in particular Art. 16 para 1 and 2 of the Company's Articles of Association.

### **2. Management Bodies of the Company**

The management bodies of the Company consist of:

- the Board of Directors
- the Chairman of the Board
- the Vice-Chairman of the Board
- the Board Committees
- the Chief Executive Officer (CEO)
- the Management Committee
- the members of the Management Committee
- further management bodies

### **3. Management Principles**

#### **3.1. Delegation Principle**

Unless otherwise provided by applicable mandatory law, the Company's Articles of Incorporation or this regulation, all management bodies delegate their tasks and competencies to the lowest body in the hierarchy, which based on its knowledge, competence and experience is able to handle the pertaining matter in an appropriate way.

### **3.2. Competency Principle**

Each management body has all authority required to take all appropriate decisions within its assigned tasks and competencies.

### **3.3. Powers Reserved**

All management bodies may in special circumstances, notwithstanding Art. 3.1 and 3.2 above, at any time generally or specifically assume tasks and competencies of their subordinated management bodies.

### **3.4. Reporting Principle**

Each management body shall regularly report to its superior management body about its material conduct and the results of business within its field of competence.

## **4. Board of Directors**

### **4.1. Constitution, Age Limit**

- 4.1.1. The members of the Board of Directors are elected by the annual general meeting ("AGM") for a (1) year term. The AGM appoints the Chairman and the members of the Compensation Committee for a period of office of (1) year.
- 4.1.2. The Board of Directors appoints the Vice-Chairman from among its members and the Board Secretary who does not need not be a member of the Board of Directors.
- 4.1.3. Each member of the Board of Directors shall resign effective as per the ordinary shareholders' meeting immediately following completion of his 70th year of age.

## 4.2. Meetings and Resolutions

- 4.2.1. The Board of Directors shall meet periodically as required by the course of business, as well as upon written request of one of its members. As a general rule, the Board shall have at least 4 meetings per year. Ad hoc meetings may be held by teleconference.
- 4.2.2. Meetings of the Board of Directors shall be convened and chaired by the Chairman or, in his absence, by the Vice-Chairman or another member of the Board of Directors.
- 4.2.3. Written notices convening meetings of the Board of Directors shall be sent with the agenda and the full documentation at least 7 days before the meeting is scheduled. In urgent cases, the notice period may be abbreviated.
- 4.2.4. The quorum for passing resolutions at a meeting of the Board of Directors is more than one-half of its members. No quorum is required for confirmation resolutions ("Feststellungsbeschlüsse") and adaptations of the Articles of Association in connection with capital increases (see Art. 651a, 652g and 653g OR).
- 4.2.5. The Board of Directors shall pass its resolutions with the simple majority of the votes cast.
- 4.2.6. Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the Secretary to the Board of Directors and submitted to the Board of Directors for approval.
- 4.2.7. Resolutions of the Board of Directors may also be passed by way of circulation (including telefax, email and other electronic data exchange) or by phone, video or other teleconference, unless one member of the Board of Directors demands a verbal discussion or a meeting.
- 4.2.8. A member of the Board shall abstain from voting, if a personal interest of himself or of a relative or friend or an interest of the represented shareholder or a business association with which he is affiliated is at stake in the decision to be taken. The Chairman may exclude certain directors from the deliberations of the Board if such measure is justified in the light of the conflict of interest of such director.

### 4.3. Tasks and Competencies

- 4.3.1. The Board of Directors is entrusted with the ultimate direction of the Company and the supervision of the management. The Board of Directors shall attend to all matters, which are not delegated to or reserved for another executive body of the Company pursuant to law, the Articles of Association or this Organisational Regulation.
- 4.3.2. The Board of Directors has the following non-transferable and irrevocable duties:
- a) to ultimately manage the Company, including determining the mid- and long-term strategies and the guidelines for general company policies as well as to decide about matters of strategic relevance, and to issue the necessary directives;
  - b) to determine the basic organisation;
  - c) to organise the accounting, the financial control as well as the financial planning;
  - d) to appoint and recall the persons entrusted with the management and representation of the Company and to grant the signatory power;
  - e) to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with law, the Articles of Association, regulations and directives, financial control as well as compliance with business, ethical and other Company principles including safety and environmental protection;
  - f) to prepare the annual and the compensation report as well as the shareholders' meeting and to implement the latter's resolutions;
  - g) to inform the judge in case of insolvency;
  - h) to pass resolutions regarding the subsequent payment of capital with respect to non fully paid-in shares;
  - i) to pass resolutions on the increase in share capital, to the extent that these fall under the powers of the Board of Directors (Art. 651 para 4 OR) and on the confirmation of capital increases and the resulting amendments to the Articles of Association.

- 4.3.3. In specification and/or addition to its by law non-transferable and irrevocable duties (i.e. in essence strategy and strategic decisions, basic organisation, appointment and supervision of management, reporting to shareholders) as set forth in Art. 4.3.2 above, the Board of Directors retains the following decision making competencies:
- a) All M&A transactions;
  - b) Decision on annual budget and generally setting of financial targets and financial means to reach such targets;
  - c) Investments in PPE (property, plant and equipment) and corresponding divestments, which are not specifically mentioned in the budget approved by the Board of Directors, of CHF 500'000 or more. The Board of Directors shall be informed about such investments below CHF 500'000 only, if they amount to CHF 50'000 or more and are deviations from the approved annual budget;
  - d) R&D (research and development): General direction (e.g. therapeutic areas covered, therapeutic areas of priority), decisions at critical R&D milestones and all third party cooperations;
  - e) Manufacturing: General policy on own or third party contract manufacturing;
  - f) Business, marketing and sales: General policy, decision on establishment of own functions, cooperations with third parties;
  - g) Personnel matters: General hiring; proposals for AGM approval for the total maximum amounts of compensation (fixed, variable) for both BoD and Management Committee and any other benefits for members of the BoD or the Management Committee; appointment of the CEO and the other members of the Management Committee; fixing of the salaries and other benefits of all other employees; extraordinary cases of engagements of consultants; basic principles for the establishment; amendment and implementation of the Company's long-term incentive plans as well as for pension funds and for other employee benefits plans;
  - h) All communication to the shareholders meetings and all other communication to the shareholders and/or the public to be done by the Board as required by applicable laws or regulations, the Articles of Association of the Company or the present Organisational Regulation;
  - i) The hiring or appointing of relatives, friends and similar "related persons" as employees, consultants or other service providers require prior Board approval.

- 4.3.4. The Board of Directors fully delegates all other areas of management to the Chairman and the Vice-Chairman of the Board, and in particular to the Chief Executive Officer (CEO) and the Management Committee to the extent that the law, Articles of Association or other clauses of this Organisational Regulation do not provide otherwise.

#### **4.4. Right of Information and Reporting**

- 4.4.1. Each member of the Board of Directors is pursuant to the following rules entitled to be informed about all Company matters.
- 4.4.2. During each meeting of the Board of Directors the Chairman, (a) member(s) of the Management Committee and/or (an) other person(s) designated by the Chairman shall report to the Board of Directors about the current course of business and the important business affairs of the Company. Extraordinary events shall be brought to the attention of the members of the Board of Directors without delay, as a general rule by way of circulation. As for the rest, during meetings of the Board of Directors all members of the Board of Directors as well as of the Management Committee have to respond to requests for information.
- 4.4.3. Outside of meetings each member of the Board of Directors is entitled to be informed by every person with management functions about the course of business and about single matters.
- 4.4.4. To the extent necessary for the fulfilment of its duties each member of the Board of Directors may request the Chairman to allow the member to inspect the books and records of the Company.
- 4.4.5. If the Chairman rejects an application for information or inspection, the Board of Directors shall decide.

#### **4.5. Compensation**

The Board approves upon proposal of the Compensation Committee any compensation of the members of the Board or the Management Committee within the framework set by the law, the Articles of Incorporations and the relevant shareholder resolutions.

## 5. Chairman of the Board of Directors

### 5.1. Duties and Competencies

The Chairman of the Board of Directors has in particular the following duties and competencies:

- 5.1.1. Calling, preparing (with the assistance of the secretary to the Board and based also on the proposals of the CEO) and chairing the meetings of the Board of Directors;
- 5.1.2. Supervision of the implementation of the resolutions of the Board of Directors;
- 5.1.3. Regular supervision of the course of business as well as the CEO and the Management Committee. For this purpose the Chief Executive Officer (CEO), as required assisted by the Chief Financial Officer (CFO) and other members of the Management Committee, regularly reports to the Chairman. The Chairman shall receive the invitations and the minutes of the meetings and resolutions of the Management Committee as well as information on all other important matters between Board meetings. He is entitled to attend all meetings of the Management Committee.

### 5.2. Urgent Decisions

The Chairman of the Board of Directors shall make decisions on matters for which the Board of Directors is competent but due to urgency unable to pass a resolution in time. In such a case all members of the Board of Directors must be informed as soon as possible and the pertaining decision shall be recorded in the minutes of the following meeting of the Board of Directors.

## 6. Vice-Chairman of the Board of Directors

The Vice-Chairman shall exercise the powers of the Chairman in the Chairman's absence. If the Chairman resigns within the term of office or if the company lacks a chairman for another reason, the Vice-Chairman shall assume the position of the Chairman as substitute.

## 7. Board Committees

The Board of Directors may establish board committees as appropriate or required by the applicable laws or regulations. The duties and responsibilities of any committee and its members shall be set forth in this regulation or in a committee charter.

The Board of Directors enacts an Audit Committee Charter, a Compensation Committee Charter and a Corporate Governance & Nomination Committee Charter outlining the duties and responsibilities of such committees. The members of the Compensation Committee are elected by the AGM.

## 8. Chief Executive Officer (CEO)

### 8.1. Responsibilities

The Chief Executive Officer (CEO) is the head of the Management Committee and the other members of the Management Committee shall report to him. The CEO is responsible for all areas of the management of the business of the Company delegated by the Board, in particular the operational management of the Company.

### 8.2. Detailed Duties

The CEO has, subject to the competencies of higher management bodies and in addition to the management of organisational units reporting directly to him, in particular and without limitation the following duties:

- 8.2.1. Making proposals to the Board regarding matters constituting decision making competencies of the Board (in particular strategy and strategic decisions, appointment and basic organisation of management, basic organisation of the accounting, financial control and financial planning as well as preparation of the budget, annual accounts and annual report);
- 8.2.2. Implementation of the strategic goals and other decisions of the Board;
- 8.2.3. Setting of the operative focuses and priorities as well as procuring the necessary personnel and resources;
- 8.2.4. Preparing an IPO of the Company including the related communication to government or regulatory authorities, stock exchanges, potential investors, scientific and financial communities as well as the public;



- 8.2.5. Ensure the Company's compliance with its obligation to disclose price sensitive facts (ad-hoc publicity). The CEO previously consults the Chairman of the Board of Directors, if the circumstances allow such a consultation. The other members of the Board of Directors shall be informed at the latest when the disclosure is made;
- 8.2.6. Investments in PPE (property, plant and equipment) and corresponding divestments which are below the level for Board approval as well as preparing applications for investments and divestments requiring Board approval;
- 8.2.7. Key decisions in research, development, finance, human resources, cooperations and other important operational matters, which do not require Board resolution, as well preparing such applications for such decisions requiring Board resolution;
- 8.2.8. Organising the Management Committee within the frame set by the Board;
- 8.2.9. Managing, supervision and coordination of the other members of the Management Committee;
- 8.2.10. Calling, preparing and chairing the meetings of the Management Committee;
- 8.2.11. Information of the Chairman and the Board of Directors about the course of business;
- 8.2.12. Periodic reporting (general overview) to the Board about all consultants working for the Company;
- 8.2.13. Timely information of the Board about material litigation cases and all potential material legal problems;
- 8.2.14. Resolving conflicts between managers or managing bodies directly or indirectly reporting to the CEO.

## 9. Management Committee

### 9.1. Composition

The members of the Management Committee are appointed by the Board of Directors.

The Management Committee comprises the following members: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Medical Officer (CMO), Chief Scientific Officer (CSO), and Chief Technology Officer (CTO).

### 9.2. Duties and Competencies

The Management Committee advises, assists and supports the CEO in performing his duties and competencies. The CEO can delegate duties and competencies to the Management Committee and/or (a) certain member(s) of the Management Committee.

## 10. Members of the Management Committee

### 10.1. Determination of Duties and Competencies

The duties and competencies of each member of the Management Committee are determined by the Chief Executive Officer (CEO) within the frame of this Organisational Regulation as well as taking into consideration of Art. 10.2 below.

### 10.2. Detailed Duties

- 10.2.1. Each member of the Management Committee is solely responsible for its assigned functions and departments.
- 10.2.2. The members of the Management Committee have in particular the following duties:
  - a) Achieving the set strategic, operative and quantitative goals of their functions and/or departments;
  - b) Budget establishment proposal and compliance for their functions and/or departments;

- c) Establishment and supervision of a proper management and organisational structure of their functions and/or departments within the frame set by this Organisational Regulation and the directives of higher management bodies;
  - d) Salary- and benefits responsibility within the policies and frame set by the Board and other higher management bodies;
  - e) Supervision of the course of business of their functions and/or departments as well as issuing the necessary directives, including with respect to compliance with law in their area of responsibility;
  - f) Representation of their functions and/or departments vis-à-vis other functions and/or departments as well as higher management bodies;
  - g) Regular reporting about the course of business to the Chief Executive Officer (CEO).
- 10.2.3. The Chief Financial Officer (CFO) is responsible for the implementation and supervision of the organisation and principles of the accounting function, the financial control as well as the financial planning set by the Board of Directors pursuant to Art. 4.3.2(c), in particular the investment of the liquid funds, adequate financing of the Company as well as the establishment of the necessary controlling and auditing functions.
- 10.2.4. All investments in PPE (property, plant and equipment) and corresponding divestments below the thresholds for Board of Directors competence (see Art. 4.3.3(c) above) must be approved by the competent individuals outlined in the more detailed signatory rules as approved by the Board of Directors.

## 11. Further Management Bodies

The delegation of management responsibilities to lower level management bodies is determined by directives issued by the CEO and/or by the members of the Management Committee.

## **12. Signatory Powers**

The Board of Directors determines the persons, within or outside its body, who are entitled to bind the Company with their signatures. It further determines how the signature is to be used. Only signatory powers jointly at two shall be granted and only authorised signatories who may have to sign notarised documents shall be registered with the register of commerce (“Handelsregister”).

## **13. Confidentiality, Return of Documents**

All members of management bodies must not during and after their term of office disclose any non-public information, which they have obtained in connection with their function, to any third party. Upon termination of their function they must return to the Company all documents, which they have obtained in connection with the pertaining function.

## **14. Effectiveness**

This Organisational Regulation has been adopted by the Board of Directors in the meeting of February 11, 2021 and shall be effective as of February 11, 2021 replacing and superseding any former Organisational Regulation.