

AUDIT AND FINANCE COMMITTEE REGULATION
OF
POLYPHOR AG

1. ADOPTION OF REGULATION

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

2. ESTABLISHMENT OF COMMITTEE

The Audit and Finance Committee (the "AFC" or "Committee") is established as a permanent committee of the board of directors (the "Board of Directors" or "Board").

- 2.1 According to Article 716a of the Swiss Code of Obligation (CO) and the Organizational Rules, the Board of Directors is ultimately responsible for the general policies and management of the Company, amongst others for the accounting, financial controls, and financial planning. The Audit and Finance Committee prepares recommendations to the Board of Directors that may be approved by the Board of Directors.

3. COMPOSITION

- 3.1 The Committee shall be composed of at least three non-executive and independent members of the Board¹. The majority of the members of the AFC, including the Chairman, should be experienced in finance and accounting.
- 3.2 The members of the AFC shall be individually elected by the Board 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. The Board may remove and replace members of the AFC at any time. 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 FINANCE AND ACCOUNTING

- 4.1 The Audit and Finance Committee shall make an independent assessment of the quality of external auditors, the financial statements and the internal controls and assists the Board in fulfilling its duties to supervise management.
- 4.2 In particular, the AFC has the following duties and responsibilities:
- a) assess the effectiveness and independence of the external auditors (the statutory auditors and group auditors) and the internal auditors;
 - b) assess the effectiveness of the cooperation between external and the CFO;
 - c) make a quality assessment of the financial risk management framework and monitor its implementation within the Company;
 - d) decide upon audit work outside the regular audit of the yearly accounts, including operational audits and system audits;

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.

- e) review the individual and consolidated financial statements and discuss these with the chief financial officer and, separately with the responsible person(s) of the external auditors;
- f) decide whether the statutory and consolidated financial statements are to be recommended to the Board for presentation to the annual general meeting of shareholders;
- g) assess the performance and the fees charged by the external auditors and ascertain their independence;
- h) review the scope of the prospective external audit and the estimated audit fees;
- i) take notice of all comments including on critical accounting policies and practices from the external auditors;
- j) support the Board of Directors in preparing the decision on appointment and/or removal of the external auditors;
- k) discuss with the CFO any legal matters (including the status of purchase, financial and business development agreements) that may have a material impact on the Company's financial statements or could materially impact the Company's balance sheet;
- l) evaluate the CFO's principles and proposals for, and formulate recommendations to the Board of Directors in regards to financial planning; and
- m) review finance policy and operations in treasury, controlling, insurance, taxes and investment and acquisitions.

5. COMMITTEE MEETINGS AND PROCEDURES

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 The chairperson, at his/her discretion, can invite other members of the Board, the CFO or other 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.
- 5.5 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 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 legal counsel or other adviser retained by the AFC and the Company must provide for appropriate funding, as determined by the AFC, for payment of reasonable compensation to any such legal counsel or other adviser.

- 5.6 Decisions of the Committee shall be taken in the same manner as decisions of the Board pursuant to the Organizational Rules of the Company.
- 5.7 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.

6. AMENDMENTS

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

5 April 2018