

**ORGANIZATIONAL RULES OF
POLYPHOR AG
(ORGANISATIONSREGLEMENT)**

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1. BASIS

Based on Art. 24 of the Articles of Association of Polyphor AG and Art. 716b of the Swiss Code of Obligations, the board of directors has issued these Internal Regulations ("Organizational Rules"). The Organizational Rules govern the internal organization as well as the duties, powers and responsibilities of the following executive bodies and persons of Polyphor AG ("Company"):

- the board of directors (the "Board");
- the chairperson of the Board (the "Chairperson");
- the vice chairperson of the Board (the "Vice Chairperson");
- the committees of the Board (each a "Committee")
- the chief executive officer (the "CEO");
- the executive committee and its members (the "Executive Committee");
- the compensation and nomination committee of the Board (the "CNC");
- the audit and finance committee of the Board (the "AFC").

2. GENERAL PROVISIONS

2.1 Duty of Care and Loyalty

The members of the Board and the Executive Committee must perform their duties with all due diligence, and safeguard and further the interests of the Company and its shareholders.

2.2 Duty of Confidentiality

Each member of the Board or Senior Management must, at all times, keep strictly confidential all information relating to the Company of which the member has learned during the exercise of his/her duties, except information that is already in the public domain. This obligation continues after the expiration of the term of office or the resignation of the member. Business documents of the Company must be returned to the members at the latest on expiry of their term of office or their resignation.

2.3 Related Transactions

No member of the Board or the Executive Committee shall participate in the deliberations and resolutions on matters which affect, or reasonably might affect the interests of that member or of a person close to that member as further defined in the related party transaction regulation. All transactions and agreements between the Company, a Board member or the Executive Committee (or affiliated or related persons thereof) shall follow the related party transaction regulation of the Board and shall be approved by the Board.

2.4 Conduct and Conflict of Interest

Each member of the Board and the Executive Committee must conduct itself in full compliance with all applicable laws, rules and regulations and may not commit illegal or unethical acts.

Each member of the Board and the Executive Committee should arrange his/her personal and business affairs in order to avoid, as far as possible, conflicts of interest with the Company.

Each member of the Board or the Executive Committee must inform the Chairperson (or in case of the Chairperson being conflicted, the Vice Chairperson) without delay if a conflict of interest arises. The Chairperson, or Vice Chairperson, may request a decision by the Board regarding the seriousness of the conflict of interest. The Board decides without participation of the person concerned, whether to exclude such a member from the deliberation and/or decision to be taken.

For particular policies regarding conduct and conflicts of interest the Board shall enact a code of business conduct and ethics.

2.5 Quorum

Meetings may be held in any location determined by the chairperson of the respective body. Meetings may also be held and resolutions adopted by telephone or videoconference communication with access offered to all members of the respective body.

Unless stated otherwise in these Organizational Rules, the quorum for any meeting shall be half of the duly elected members.

No quorum is required, and the presence of one member is sufficient, when approving reports on capital increases and resolutions regarding the adoption (*Erhöhungsbeschluss*) and carrying out (*Feststellungsbeschluss*) of capital increases and the corresponding change of the Articles of Association (in particular art. 634a, 651 para 4, 651a, 652e, 652g and 653g CO).

2.6 Resolutions

Resolutions shall be taken by the majority of the votes passed (abstentions not counted). Each member of the Board shall have one vote. In case of a tie, the Chairperson (or if not absent or not voting, the person chairing the meeting) shall have the casting vote.

Resolutions may also be taken in writing (including mail, e-mail or telefax), unless one member of the Board requests an oral debate. The passing of such written resolution (also called circular resolution) requires as well majority of the votes passed (abstentions not counted), unless one members requests a resolution by a meeting / conference call.

2.7 Secretary and Minutes

The Board shall appoint a corporate secretary (the "Secretary"), who does not need to be a member of an executive body of the Company or a Shareholder.

The Secretary reports directly to the Chairperson.

The Secretary or a designated taker of the minutes shall keep the minutes of meetings, which shall contain all resolutions adopted at the meeting. The minutes shall be signed by the Chairperson and keeper of the minutes and shall be approved at the next physical meeting of the respective body.

2.8 No Representation of Members

A Board member who is not able to participate in a meeting of the Board or a Board committee may neither be represented by another member of the Board nor by any other person.

2.9 Participation of Non-Members

Persons who are not members of the Board, the committees of the Board or the Executive Committee may participate in meetings of such bodies if their expertise is required and if they have been invited by the chairperson of the body. Such persons shall not vote in any resolutions.

3. BOARD OF DIRECTORS

3.1 Organization

The Board of Directors shall consist of at least three and not more than seven members. The General Meeting individually elects the members of the Board of Directors for a term of one year until the end of the next Ordinary General Meeting, if he does

not resign or is not replaced during his term. The members of the Board of Directors may be re-elected without limitation.

It is the Board of Director's duty to lead the Company and to supervise the management. The Board of Director represents the Company and attends to all affairs which are not assigned to any other body of the Company by law, the Articles of association or Regulations.

3.2 Chairperson and Vice-Chairperson

The Chairperson is elected by the general meeting of the shareholders (the "General Meeting") for a term of office until completion of the next ordinary General Meeting. If the office of the Chairperson is vacant, the Board shall appoint a new Chairperson from among its members or alternatively the General Meeting shall designate another Chairman for the remaining term of office.

The Board shall appoint from its members the Vice Chairperson.

3.3 Board Committees

The Board has established two standing committees as further described below in section 7 to 9. The members of the AFC are elected by the Board for a term of one business year until the end of the next ordinary General Meeting. The members of the CNC are elected by General Meeting from among the members of the Board of Directors for a term of one business year until the end of the next ordinary General Meeting, provided that the particular member does not resign or is not replaced during the term. If there are vacancies on any Board Committee, the Board of Directors shall appoint from its members suitable substitutes for a term of office until completion of the next annual General Meeting. The Board may establish other permanent or non-permanent committees from time to time as the Board deems necessary or appropriate to assist the Board in discharging its duties. Unless not specified in these Organizational Rules, the duties of such committees will be established in a regulation or specified in the Board resolution creating such committee.

Unless specifically stated otherwise in a Board-approved regulation or decision, all committees shall not pass any resolutions but rather prepare and recommend resolutions to be passed by the full Board.

3.4 Meetings

Meetings shall be called as often as required by the ordinary course of the business. A person designated by the Chairperson shall call the meeting and the meeting shall be chaired by the Chairperson. In the event the Chairperson is prevented from doing so, the Vice Chairperson and in the event he/she is prevented from doing so, any other member of the Board shall chair the meeting. In case of urgency, any member of the Board may request an immediate meeting. This request must be made as far in advance as possible. A statement of the reasons is necessary.

The yearly meeting calendar indicating the meeting dates shall be fixed prior to the start of the calendar year. The final meeting dates shall be notified at least one month in advance.

The Chairperson prepares the Board meetings, including the development of the agenda and the preparation and distribution of the meeting materials to be provided

to the Board members in advance of the meetings. The Chairperson can delegate the preparation and distribution of the meeting materials to anyone named by the Chairperson.

The meetings shall be formally called in writing or by e-mail at least one week prior to the meeting including the agenda and all material necessary for a proper preparation of the meeting. In urgent matters, these formal requirements do not need to be met. In such a situation, the Board may pass a resolution if a majority of its members confirms the urgent character of the matter.

If all members of the Board who are present agree to do so, they may also pass resolutions on matters which were not properly notified. Resolutions may be passed via telephone or videoconference. Resolutions may also be passed by way of circulation, provided that no member requests oral deliberation

Minutes are kept of the board's discussions and resolutions and signed by the Chairperson and the minute-taker.

If the CEO is simultaneously member of the Board, the Board holds on an as needed basis discussions in board meetings without the presence of the CEO.

3.5 Function and Powers of the Board

The Board has the power to make decisions on all matters which are not vested in General Meeting or delegated to any other corporate body or person by Swiss law, the respective Articles of Association or these Organizational Rules.

The Board delegates management entirely to the CEO unless Swiss law, the respective Articles of Association or these Organizational Rules provide otherwise.

The Board supervises, monitors and controls the management. The Board enacts guidelines for business policy and is regularly informed about the course of business.

The Board is entitled to pass resolutions concerning all matters which are not reserved or entrusted to the General Meeting or another organ of the corporation by law, the respective Articles of Association or these Organizational Rules.

Once per year the Board of Directors shall assess its proper performance as well as the performance of the CEO.

3.6 Non-transferable and Irrevocable Duties

Pursuant to the Swiss Code of Obligations and the Articles of Association, the Board has the following non-transferable and inalienable duties:

- a) the ultimate direction of the business of the Company and the power to give the necessary instructions;
- b) the determination of the organization of the Company;
- c) the administration of accounting, financial control, and financial planning;
- d) the appointment and removal of the persons entrusted with the management and representation of the Company and grant of signatures;
- e) the ultimate supervision of the persons entrusted with the management of the

Company, namely in view of their compliance with the law, the Articles of association, regulations and instructions;

- f) the preparation of the business report and the Meetings of Shareholders and to carry out the resolutions adopted by the General Meeting;
- g) the preparation of the compensation report and to request approval by the General Meeting regarding compensation of the Board of Directors and the Executive Committee;
- h) the approval of the strategic plan and the financial medium-term plan as well as annual budget;
- i) the approval of capital increases and amendment of the Articles of Association;
- j) the preparation of the compensation report and request approval by the General Meeting regarding compensation of the Board and the Executive Committee; and
- k) the notification of the court if liabilities exceed assets.

3.7 Additional Duties and Competences

The following business transactions (as also specified in Annex 6.1) need the prior approval of the Board:

- a) Any mergers, acquisitions, partnerships, alliances, licensing transaction with a size and/or Project NPV above CHF 2 million;
- b) adopt a yearly operating budget and investment budget and any material change to any such budget as amended from time to time (material being a decision leading to a projected increase or decrease of 10% or more on total costs or total revenues) and engage in a transaction which would result in such a material deviation from the budget;
- c) hire or dismiss the CEO and hire, dismiss or promote any other existing or new C-level executive officer and their compensation based on the proposals of the CNC;
- d) establish principles of employee benefits, employee pension fund, employee insurance;
- e) initiate or pursue legal actions, litigation or other official proceedings of material significance in terms of financial exposure or risk (whereby management may take protective and interim measures regardless of the significance);
- f) approve any borrowing guarantee or any other form of security provided by the Company for any third party, grant any surety or any indemnity to a third party, in each case exceeding CHF 250'000;
- g) approve the establishment or closure of branches, subsidiaries, agencies, administrative or representation offices, both in Switzerland and abroad;
- h) review and approve any arrangement for any joint venture or partnership by the Company or for any acquisition by the Company of any equity interest in another company or undertaking or the acquisition of any business or part thereof from another undertaking exceeding CHF 500'000;

- i) acquire, encumber and sell real estate and approve any lease for real property with yearly costs for the Company of more than CHF 200'000 or nine years of duration;
- j) approve the creation of any mortgage, charge, lien, encumbrance or other third party right over any of the Company's IP assets;
- k) approve and/or ratify all obligations and agreements entered into outside the ordinary course of business;
- l) adopt and amend a stock option plan; and
- m) approve any transactions with a member of the Board, the Executive Committee or a shareholder or a person related thereto.

3.8 Reporting and Access to Information

The CEO informs the Board of all current matters (see below 5.4)

Every single member of the Board may at any time request information about all matters of the Company and presentation of the records and books to the extent such information is required to exercise the Board's decisions.

Between Board meetings, each Board member may, upon authorization by the Chairperson, request information from the persons entrusted with the management of the Company's business concerning the course of business and particular aspects thereof.

To the extent necessary to fulfill his/her duties, each Board member may request that the Chairperson authorize an information, hearing or inspection regarding the books and records of the Company by an independent person. If the Chairperson rejects a request for information, hearing or inspection, the Board shall decide whether to grant such request.

3.9 Signatory Powers

The Board regulates the signatory power of the Company and grants such authorization; it shall generally only grant signatory power to so that two authorized signatories are required to sign together.

3.10 Remuneration

As remuneration of the above stated obligations and responsibilities of the Board, the members of the Board shall receive a board fee, a fixed basic remuneration, a fixed committee fee for work in a committee of the Board of Directors, a possible additional compensation of the Board of Directors for the preceding business year; and an equity-based remuneration, in each case within the global amount determined by the General Meeting. In addition, the members of the Board shall be reimbursed for their expenses.

Special services rendered by individual members, in particular the activity of the specifically delegated members of the Board pertaining to the management or supervision may be rewarded by the Board in an appropriate manner.

4. THE CHAIRPERSON

The Chairperson of the Board, and in his/her absence or incapacity the Vice Chairperson, shall have the following duties and powers:

- a) prepare, call and chair the Board meetings, including organize the agenda and the meeting materials provided to the Board members in advance of the meetings;
- b) chair the General Meetings;
- c) supervise the execution of the resolutions adopted by the Board or the General Meeting;
- d) ensure the information and reporting by management;
- e) any other matters assigned or delegated to the Chairperson by statute, the respective Articles of Associations, Organizational Rules or Board resolution; and
- f) after informing the CEO, attend meetings of the executive bodies of the Company of which he is not a member.

5. THE CEO

5.1 Basic principle

The CEO chairs and leads the Executive Committee. The CEO assists the Chairperson to prepare the meetings of the Board and implements its resolutions. The CEO can be a Board member or not a Board Member. If the CEO is a Board member, he/she can neither be member of the CNC nor of the AFC.

The CEO is vested with all powers necessary for the performance of his/her duties, subject to the constraints of the overall budget.

5.2 Appointments

The CEO is appointed and dismissed by the Board, based on the proposals of the CNC. The employment terms of CEO are determined by the Board upon proposal of the CNC.

5.3 Responsibilities and Duties

The CEO shall be responsible for:

- a) the development of the business concept and the strategy of the Company to the attention of the Board;
- b) the operative management of Company;
- c) the organization and direction of the Executive Committee, in particular, supervise and coordinate the activities of the Executive Committee with reference to the business of the Company;
- d) the financial results of the Company;
- e) the implementation of the strategic orientation and other resolutions determined by the Board;
- f) ensuring that the passed resolutions are assigned to the individual members of the Executive Committee for execution and monitor the implementation of such resolutions;
- g) representing the Company vis-à-vis the shareholders and maintains the relations with shareholders and investors in concert with the Chairman;

- h) representing the Company vis-à-vis the public and media, in concert with the Chairman; and
- i) the compliance with all legal requirements of the capital markets (he/she may delegate this responsibility to the CFO).

5.4 Reporting to the Board of Directors

The CEO informs the Board at each meeting of all current matters, material developments in the Company's business and material deviations from the budget. In addition, CEO informs the Board between meetings without delay of any developments in the Company's business that materially alter the risk profile of the Company as well as any other matters outside the ordinary course of business. If requested by the Board, the CEO provides monthly written updates to the other members of the Board.

6. THE EXECUTIVE COMMITTEE

6.1 Principles

The Executive Committee consists of the CEO, as its Chairman, the chief financial officer (the "CFO"), the chief medical officer (the "CMO") and any other C-level executive officer.

Minutes of agreed action items shall be kept by the Executive Committee, and shall be forwarded to the Chairperson and, if requested, to the members of the Board.

6.2 Appointments

The members of the Executive Committee are appointed or dismissed by the Board after evaluation by the CNC based on the CEO's proposals.

The employment terms of the members of the Executive Committee are determined by the Board upon proposal of the CNC.

6.3 Duties and responsibilities

The CEO is responsible for the organization and mode of operation of the Executive Committee. Accordingly, duties and responsibilities within the Executive Committee are determined by the CEO. Within the scope of these Organizational Rules, the members of the Executive Committee (other than the CEO) take over individual tasks and are individually responsible to the CEO for the performance of the tasks allocated to them.

Each member of the Executive Committee has the right to have his/her views heard directly by the Board.

6.4 Incapacity of CEO

If, and so long as, the CEO is incapacitated, the Chairperson shall assume the function of the CEO until the Board designates another member of the Board or the Executive Committee to assume the duties of the CEO.

7. AUDIT AND FINANCE COMMITTEE

7.1 Tasks of the AFC

The Audit and Finance Committee shall monitor (i) the integrity of the financial statements, (ii) the independent audits in compliance with applicable legal and regulatory requirements, (iii) the accounting and financial re-reporting processes, and (iv) the internal control, risk and compliance management processes of the Company.

7.2 Constitution of the AFC

The AFC shall consist of three or more non-executive and independent members of the Board, who are recommended to the Board by the CNC. The Board appoints the members of the AFC. The members of the AFC, including the chairperson, shall be independent. The AFC shall enact its own charter.

7.3 Information for the Board

The chairperson of the AFC informs the members of the Board on a regular basis and notifies extraordinary incidents immediately.

All members of the Board receive the minutes of the AFC.

8. COMPENSATION AND NOMINATION COMMITTEE

8.1 Tasks of the CNC

The Compensation and Nomination Committee ("CNC") shall assist the Board in establishing the compensation policy and the compensation of the members of the Board, the CEO and the Executive Management. It shall further identify suitable Board candidates and candidates for Executive Committee and make recommendations to the Board on Board and committee compositions, including the Board and committee chairpersons and the size of the Board.

In discharging its responsibilities, the CNC has unrestricted access to the Company's management, employees, books and records, and may consult with outside advisors.

8.2 Constitution of the CNC

The CNC shall consist of three or more non-executive and independent members of the Board, who are appointed by the General Meeting. The chairperson shall be appointed by the Board. The members of the CNC, including the chairperson, shall be independent. The Committee shall enact its own charter.

8.3 Information for the Board

The chairperson of the CNC informs the members of the Board on a regular basis and notifies extraordinary incidents immediately.

All members of the Board receive the minutes of the CNC.

9. CODE OF CONDUCT AND INSIDER TRADING POLICY

The Board shall enact a Code of Conduct and Insider Trading Policy which shall be mandatory for all persons mentioned therein.

10. FINAL PROVISIONS

These Organizational Rules were adopted by the Board at the date written below and

enter into force at the first day of trading at the SIX Swiss Exchange. In individual cases, the Board of Directors may at any time adopt resolutions that deviate from these Regulations. In the event of general changes, it should amend these Regulations.

Allschwil, 5 April 2018