

SANDOZ

**Regulations of the Board of
Directors, the Board
Committees and the
Executive Committee of
Sandoz Group AG**

Table of Contents

Section 1	<u>Scope of the Regulations, Organization in General</u>	3
Section 2	<u>General Provisions</u>	3
Section 3	<u>Meetings of the Board, the Board Committees and the Executive Committee</u>	4
Section 4	<u>Board of Directors</u>	5
Section 5	<u>Executive Committee</u>	9
Section 6	<u>Internal Audit</u>	10
Section 7	<u>Effectiveness, Amendments</u>	11
Appendix I	<u>Board Committees Charter</u>	12
Appendix II	<u>Independence Criteria for the Board and the Board Committees</u>	25
	<u>Abbreviations and Definitions</u>	28

All references to individuals apply to both male and female persons.

Section 1

Scope of the Regulations, Organization in General

Article 1

Scope

These Regulations govern the internal organization as well as the duties, powers and responsibilities of the following executive bodies and persons of the Company:

- Board and its Committees;
- Board Chair;
- Vice-Chair;
- Lead Independent Director;
- CEO;
- Executive Committee (including its sub-committees); and
- Internal Audit.

Article 2

Company Structure

The Company is a holding company, which directly and indirectly owns a global group of companies that conduct the Business. To ensure proper functioning of the Business in the interests of the Company, its shareholders and other relevant stakeholders, and to comply with various requirements imposed by relevant laws and regulatory authorities, the Board shall supervise and, where necessary and appropriate, provide overall strategic direction for the Business.

Section 2

General Provisions

Article 3

Duty of Care and Loyalty

Each Director and Executive is under the duty to carry out his/her responsibilities with due care and to safeguard and further the interests of the Group, the Company, its shareholders and other relevant stakeholders, including the creation of long-term value.

Article 4

Conflict of Interest

Each Director or Executive arranges his/her personal and business affairs so as to avoid an actual or apparent Conflict of Interest.

No Director or Executive shall participate in decisions and resolutions on matters which affect, or reasonably might affect, his/her interests or the interests of a person close to him/her as defined in the independence criteria set forth in Appendix II (but he or she may participate in the discussion). If the Director or Executive is in a position of a permanent Conflict of Interest or any other non-solvable situation that hinders him/her in carrying out his/her duties to the full, he/she shall offer his/her resignation.

Each Director or Executive must make a notification immediately, if the circumstances change so that it might affect or appear to affect the Director's or Executive's independence or in case of a Conflict of Interest. In case of a new mandate, notification must occur prior to accepting such new mandate.

Required disclosures include (but are not limited to):

- (i) a material change (or contemplated change) of his/her business or professional affiliations or responsibilities; and/or
- (ii) any change of circumstances that may affect or appear to affect his/her independence or give rise to a Conflict of Interest.

Disclosure must be made by:

- (i) the Board Chair to the Chair of the HC & ESGC;
- (ii) a Director or the CEO to the Board Chair; and
- (iii) an Executive to the CEO.

The Board Chair, the CEO and the Chair of the HC & ESGC, respectively, must review the disclosures and inform the Board, respectively the Executive Committee, with a corresponding proposal for appropriate mitigating measures, if any.

Article 5

Confidentiality

Each Director and Executive keeps at all times strictly confidential all information – except information already in the public domain – relating to the Company and/or the Group, which the member has learned during the exercise of the duties. This obligation and duty continue even after resignation or the expiration of the term of office.

Documents of the Company and/or the Group must be returned by the Director or Executive at the latest on the effective date of the resignation or upon expiry of the term of office, as the case may be. If required, e.g., in case of legal proceedings, the Director or Executive can access relevant documents at the office of the Corporate Secretary.

Section 3

Meetings of the Board, the Board Committees and the Executive Committee

Article 6

No Representation of Members

A Director or Executive who is not able to participate in a Board, Board Committee or an Executive Committee meeting may not be represented by another Director or Executive or any other person.

Article 7

Quorum, Majority Requirements

Unless stated otherwise in these Regulations, the presence in person, by telephone, by video conference or other technical means of a majority of the members is required for any meeting.

If the chair does not participate, the meeting will be chaired by the deputy or, in his/her absence, by any member appointed by the other members as ad hoc chair.

Resolutions require the affirmative majority of the votes cast. If an item is, however, not on the agenda, resolutions are passed by an affirmative

vote of at least two-thirds of the Directors or Executives present at a meeting.

In the event of a tie on any issue, (i) in a Board Committee, the full Board decides the issue, and (ii) in the Executive Committee, the CEO decides the issue.

These quorum requirements shall not apply for resolutions regarding the confirmation of a change in the share capital, to pass resolutions regarding the amendments of the Articles of Association entailed therewith and to adopt a report on a capital increase (as per article 12 lit. p of these Regulations). The quorum requirements shall also not apply for any other resolutions that must be issued as a public deed (i.e., require notarization by a notary public).

Article 8

Circular Resolutions

A proposal for a circular resolution must be communicated to all members, giving a deadline for responding, and is only deemed to have passed if:

- (i) more than two-thirds of all members cast a vote or give written notice that they abstain (written notice includes email notice);
- (ii) an absolute majority of all members casting a vote approve the proposed resolution; and
- (iii) no member requests a meeting within the deadline for responding in relation to the subject matter of the proposed resolution.

A circular resolution must be recorded under a separate heading in the minutes of the following meeting.

Article 9

Secretary, Minutes

The Board and the Board Committees each appoint a secretary, who need not be a member of the respective body.

The secretaries of the Board and the Board Committees, and the Chief Legal Officer in case of the Executive Committee, keep the meeting minutes, which contain all resolutions adopted at the meeting and the key decision-making factors.

Article 10

Application to other Bodies

Articles 3 – 9 apply by analogy to all other management committees of the Company and their members.

Section 4

Board of Directors

Article 11

Independence

The majority of the Directors have to meet the independence criteria set forth in Appendix II.

Article 12

Duties of the Board

- 1 The Board is the ultimate executive body of the Company.

It shall resolve all Business matters which are not reserved to the authority of the General Meeting or to other executive bodies of the Company by law, the Articles, or these Regulations.

In particular, the Board has the following duties:

- a) The ultimate direction of the Business, including, without limitation, taking resolutions and giving directions or overall guidance regarding the following matters (where applicable, the duties of the Board are further defined and specified in internal regulations):
 - The strategy upon recommendation of the Executive Committee (including key ESG aspects).
 - The entry into new areas of activity and withdrawal from existing areas of the Business; acquisitions and divestments of companies, participations in companies or businesses, or incorporations or liquidations of companies or businesses, if such matters are of fundamental significance to the Business.
 - The opening and closing down of sites of fundamental significance to the Business.
 - The initiation and settlement of legal proceedings of fundamental significance to the Business.
 - The setting of financial targets.
 - The review and approval of corporate policies that are fundamental to the Group, as determined by the Board Chair and the CEO.
 - The adoption from time to time of further regulations and instructions regarding the organization of the Business and the duties and responsibilities of the executive bodies.
- b) The determination of the organization of the Company and the Group.
- c) The manner of governance of the Group.
- d) The regular review of the Group's culture.
- e) The review of the Group's risk management system and of the most significant risks and how these are managed.
- f) The determination of the Group's accounting system, financial controls and financial planning.
- g) The review and approval of the annual report of the Company and of the Group, including the Compensation Report and the annual reporting on non-financial matters.
- h) The proposal to the General Meeting (upon recommendation by the HC & ESGC) of candidates, and determination of duties and responsibilities and succession plans for:
 - Board Chair;
 - Directors;
 - Members of the HC & ESGC; and

- Independent Proxy.
- i) The appointment, removal, determination of duties and responsibilities, and succession plans of the following persons (subject to the powers of the General Meeting):
 - Vice-Chair;
 - Lead Independent Director;
 - Board Committee members (except for the HC & ESGC) and Committee Chairpersons;
 - CEO;
 - Executives;
 - Independent Proxy; and
 - Such other persons as the Board may determine, from time to time, as having significant impact on the Business.
- j) The composition of the Board, including the appropriate skills and experiences to be considered in succession planning.
- k) The designation of those persons who have signatory power for the Company and the manner in which such persons may sign on behalf of the Company.
- l) The ultimate supervision of the persons entrusted with the management of the Business, specifically in view of their compliance with laws, the Articles, these Regulations and other applicable regulations, directives and instructions.
- m) The preparations for the General Meeting and carrying out the resolutions of the General Meeting, including the preparation of the proposals to the General Meeting related to the compensation of the Board and the Executive Committee and to the Compensation Report, as per the Articles.
- n) The proposal of reorganization measures to the General Meeting if half the share capital is no longer covered by the Company's assets.
- o) The filing of a motion for debt-restructuring (*Nachlassstundung*) and notification of the court if liabilities exceed assets.
- p) The adoption of resolutions concerning the change of the share capital to the extent that such power is vested in the Board under a capital band (articles 653s ff. CO and article 5 of the Articles), as well as resolutions concerning the confirmation of capital changes and related amendments to the Articles. The adoption of such resolutions shall be exempt from the majority requirement outlined in article 7.
- q) The determination of (i) the compensation strategy and of the principles, structure and design of compensation plans for the Executive Committee, (ii) the long-term incentive/equity plans, (iii) the compensation of the Directors and of the CEO to be presented to the shareholders, and of the terms of employment of the CEO, (iv) the financial, strategic and operational targets of the Group and the Business Units and the evaluation of target achievement.

- r) The determination of the maximum aggregate amount or maximum partial amounts of compensation, in the event the General Meeting has not approved a proposal of the Board, as per the Articles.
- s) The determination of (i) whether or not a Director is independent, based on a proposal by the HC & ESGC, and (ii) whether or not the ARCC Directors meet the financial literacy and expertise standards.
- t) The decision on appropriate measures in case of a disclosure in accordance with article 4 of these Regulations.
- u) The approval of other business, if such business exceeds the authority delegated from time to time by the Board to the Board Committees or to the Executive Committee.

Article 13

Delegation of Management

Where not stipulated as a Board responsibility in the law, the Articles or these Regulations, the Board delegates the management of the Business to the Executive Committee, pursuant and subject to these Regulations.

Article 14

Meetings, Agenda

The Board meets at the invitation of the Board Chair as often as may be required.

Invitations for Board meetings contain the meeting agenda and are sent out at least five business days in advance, except for urgent matters. Also, any Director may request a meeting for a specific purpose or the inclusion of a certain item on the agenda.

Article 15

Right to Request Information

Directors have full and unrestricted access to the management and employees of the Group in the execution of their duties.

Article 16

Independent Advisors

The Board has the authority to retain independent advisors for any matters within the scope of its responsibilities.

Article 17

Evaluation of Board Performance

The Board conducts an annual evaluation of the performance of the Board, of the Board Committees and of the Board Chair.

Article 18

Board Committees

The Board may establish ad hoc Board Committees and has the following permanent Board Committees:

- HC & ESGC (Human Capital & ESG Committee);
- ARCC (Audit, Risk and Compliance Committee); and
- SIDC (Science, Innovation and Development Committee)

The composition and duties of the permanent Board Committees are set forth in Appendix I.

Board Chair

Article 19

In addition to other duties described in these Regulations and the Articles, the Board Chair has the following duties:

- a) Provides leadership to the Board in its governance role, coordinating the tasks within the Board.
- b) Coordinates, together with the Chairpersons, the work of the Board Committees.
- c) Establishes and keeps a close working relationship with the CEO, providing advice and support while respecting the fact that the day-to-day management responsibility is delegated to the Executive Committee led by the CEO.
- d) Promotes effective relationships and communication between the Board, the CEO and the Executive Committee.
- e) Takes the lead in case of a crisis.
- f) Together with the CEO, ensures effective communication with shareholders, other relevant stakeholders and the general public.
- g) Works closely with the CEO in evaluating Executives and in establishing succession plans for key management positions.

Vice Chair

Article 20

The Board appoints one or more Vice-Chairs, with the following duties:

- a) Provides support and advice to the Board Chair.
- b) In case and as long as the Board Chair is incapacitated, the Vice-Chair assumes all of the Board Chair's responsibilities.
- c) Undertakes such specific additional duties or functions as defined by the Board from time to time.

Once a year, the Vice-Chair leads the Board's annual assessment of the Board Chair.

Lead Independent Director

Article 21

To support adequate control mechanisms, the Board can, if deemed appropriate and in the best interest of the Company, designate an experienced independent Director as Lead Independent Director with the following duties:

- a) Chairs the sessions of the independent Directors.
- b) Leads the independent Directors in case of a crisis or matter requiring their separate consideration or decision.
- c) Assumes such other duties as the Board deems appropriate (e.g., communication with shareholders and other stakeholders).

Every independent Director may request separate meetings of the independent Directors if the need arises.

The roles of the Vice-Chair and the Lead Independent Director can be held by two Directors or by one Director (combined role).

Executive Committee

Article 22

CEO

In addition to other duties that may be assigned by the Board, the CEO, supported by the Executive Committee, has the following duties:

- a) Overall responsibility for the management and performance of the Business.
- b) Leads the Executive Committee.
- c) Builds and maintains an effective Executive Committee and proposes adequate succession planning to the Board.
- d) Represents the Company, in coordination with the Board Chair, with major customers, financial analysts, investors and the media.

Article 23

Members of the Executive Committee

The Executive Committee is headed by the CEO. Its members are appointed and removed by the Board.

Article 24

Duties of Executive Committee

The Executive Committee is responsible for the management of the Business. In particular, and without limitation, the Executive Committee has the following duties:

- a) Regularly assess the achievement of the (financial and non-financial / ESG) targets for the Business.
- b) Submit proposals to the Board or to one of the Board Committees for approval of items, requiring such approval based on these Regulations or further internal regulations.
- c) Implement the decisions taken by the Board or the Board Committees.
- d) Prepare and submit quarterly and annual reports for the attention of the Board or the Board Committees, and keep the Board or the Board Committees informed of all matters of fundamental significance to the Business and / or that are relevant to allow the Board or the Board Committees to fully perform their duties.
- e) Implement modifications to the organization of the Business to ensure efficient operation of the Business and achievement of optimized consolidated results.
- f) Ensure appropriate external stakeholder management, including an effective internal and external communication strategy.
- g) Ensure that management capacity, financial and other resources are provided and used efficiently.
- h) Deal with such other matters as are delegated by the Board or a Board Committee to the Executive Committee.

Sub-committees of the Executive Committee

Article 25

The Executive Committee may delegate duties as stipulated in article 24 above to other executives and committees and may empower them to further delegate their responsibilities and authorities. Each such delegation must be in writing, and clear responsibilities and accountabilities must be established. The CEO ensures proper reporting to the Executive Committee as needed.

Section 6

Internal Audit

Duties of Internal Audit

Article 26

The Internal Audit has to:

- a) Carry out operational and system audits, assisting the Business Units and Cross-Business Units in the accomplishment of objectives by providing an independent approach to the evaluation, improvement, and effectiveness of their risk management and internal control framework. All Business Units, Cross-Business Units and subsidiaries of the Group are subject to audit.
- b) Prepare reports regarding the audits it has performed, and report to the ARCC and to the CEO material irregularities, whether actual or suspected, without delay.
- c) Perform such other functions and audits as assigned to it by the Board, the ARCC or the CEO.

Section 7

Share Register

Share Registrar

Article 27

The Board appoints one or more persons as Share Registrar. The Share Registrar may be a third person.

The Share Registrar shall properly keep the share register. In particular, the Share Registrar shall deal with all technical aspects of the share register and, subject to article 28, assess whether an applicant meets the prerequisites for registration. If deemed appropriate, the Board may enter into agreements with the Share Registrar detailing his or her duties and responsibilities.

Article 28

Other Decisions in Connection with the Share Register

The Board may delegate to the Share Registrar or to one or several Directors all other duties and responsibilities in connection with keeping of the share register, such as the decisions:

- (i) to refuse registration with voting rights in accordance with the Articles; and
- (ii) to deregister shareholders in accordance with the Articles due to a registration based on false information.

Section 8

Effectiveness, Amendments

Effectiveness,
Amendments

Article 29

These Regulations come into effect on October 4, 2023 and replace any former regulations of the Board, the Board Committees and the Executive Committee.

These Regulations may only be amended or replaced by the Board.

Gilbert Ghostine
Board Chair

Georg Frey
Corporate Secretary

Appendix I:	Board Committees Charter	
Section 1	General Provisions	13
Section 2	Roles and Responsibilities of the Board Committees	14
	– Roles and Responsibilities of the HC & ESGC	14
	– Roles and Responsibilities of the ARCC	17
	– Roles and Responsibilities of the SIDC	24

Section 1

General Provisions

These General Provisions contain organizational requirements for the Board Committees in addition to the rules set forth in the Regulations.

Article 1

Composition

The HC & ESGC, the ARCC and the SIDC each consist of a minimum of 3 members.

The Board elects the Chairpersons of the Board Committees.

Article 2

Independence,
Qualifications

Each Director of the HC & ESGC, ARCC and SIDC has to meet the independence criteria set forth in Appendix II.

Each ARCC member must further be financially literate, including at least one member who has accounting and related financial management expertise ("audit committee financial expert"), as such qualifications are interpreted by the Board in its business judgment.

The "audit committee financial expert" must have

- (i) an understanding of generally accepted accounting principles and financial statements;
- (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Group's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (iv) an understanding of internal control over financial reporting; and
- (v) an understanding of audit committee functions.

Article 3

Meeting
Participations and
Interactions

Each Board Committee may invite to its meetings other Directors, Executives and such other persons as the respective Board Committee deems appropriate to carry out its responsibilities. The Board Chair may attend the Board Committee meetings.

Special rules apply to the presence of the following persons at Board Committee meetings:

- (i) An Executive shall not be present during the decision on his/her own pay at a HC & ESGC meeting.
- (ii) Anyone with a personal interest in the matters to be discussed will be excluded from the HC & ESGC, ARCC and SIDC meeting, respectively.

Article 4

Advisors,
Investigations

The Board Committees shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The ARCC shall have the authority to conduct or authorize investigations into any matter within the scope of its responsibilities.

Article 5

Debriefings to the
Board

The Board Committees regularly report to the Board on its deliberations and decisions and on the items set forth in Section 2 of this Appendix I. Other matters will be reported as the Board Committees deem appropriate.

Section 2

Roles and Responsibilities of the Board Committees

Roles and Responsibilities of the Human Capital & ESG Committee (HC & ESGC)

Article 6

HC & ESGC's
Mission Statement

The HC & ESGC supports the Board in fulfilling its responsibilities with respect to the:

- (i) identification of individuals who are qualified to become (or be re-elected as) Directors;
- (ii) selection of the Executive Committee members, review of the succession pipeline and capabilities of the Executive Committee;
- (iii) compensation philosophy and strategy;
- (iv) design of compensation plans;
- (v) compensation of the Board Chair, the Directors and of the CEO and other members of the Executive Committee. The HC & ESGC has oversight of the remuneration policy for the wider employee population;
- (vi) preparation of the Compensation Report and other relevant disclosures;
- (vii) governance of the Company; and

- (viii) strategy regarding corporate governance, environmental, stewardship, sustainability and corporate social responsibility ("ESG Matters").

Pay for performance is one of the guiding principles of the compensation strategy of the Group. The Group aims to reward those associates who achieve competitive business results and exemplify the Group values and behaviors. The compensation strategy strives to strengthen the performance-oriented culture and to reinforce entrepreneurial behavior resulting in contributions that motivated and dedicated associates make to sustain superior business results whilst holding associates accountable for behavior that displays innovation, quality, performance, collaboration, courage and integrity.

Article 7

HC & ESGC's Roles and Responsibilities

The HC & ESGC has the following roles and responsibilities:

In General

1. Review periodically the Articles and the Regulations and recommend to the Board changes thereto with respect to good corporate governance and fostering shareholders' rights.
2. Regularly consult with the Board Chair in carrying out the duties of the HC & ESGC.
3. Set, in cooperation with the Chair and the CEO, the ESG standards and objectives for the Group.
4. Regularly discuss feedback from investors, proxy advisors and analysts concerning the Group's performance in ESG Matters.
5. Annually review the voting results of the General Meeting.
6. Prepare and annually review succession plans for the Board Chair, the Vice-Chair, the Lead Independent Director, Directors, Board Committee members, Board Committee Chairs and the CEO, and make proposals to the Board for the election and the re-election by the Board respectively by the General Meeting for Board Members, the Board Chair and the HC & ESGC members.
7. Make proposals to the Board for the election of the Independent Proxy by the General Meeting.
8. Recommend such other actions not set out below regarding the governance of the Group that are in the best interests of the Group, the Company's shareholders and other relevant stakeholders, as the HC & ESGC deems appropriate.

Board Composition:

9. Regularly review and as necessary update the Board skills matrix.
10. Regularly review the composition and size of the Board to ensure the Board has the proper skills and experience and consists of persons with sufficiently diverse backgrounds and viewpoints.
11. Determine the criteria for selection of the Board Chair, the Vice-Chair, the Lead Independent Director, the Directors, the Board Committee members and Board Chairs. The HC & ESGC considers factors such as (i) personality, skills and knowledge; (ii) diversity of gender, age, nationality, ethnicity, viewpoints, professional backgrounds and expertise; (iii) business and other experience relevant to the Business; (iv) the ability and willingness to commit adequate time and effort to Board and Board Committee responsibilities; (v) the extent to which personality, background, expertise, knowledge and experience will interact with other Board Members to build a diverse and effective Board; and (vi) any disclosures made under article 4 of the Regulations, in particular whether existing board memberships or other positions held by a candidate could lead to a Conflict of Interest.
12. With the participation of the Board Chair, actively seek, interview and screen individuals qualified to become a candidate for the position as a Director, for recommendation to the Board.
13. Assess and recommend to the Board as to whether Directors should stand for re-election. For its assessment, the HC & ESGC considers factors such as those mentioned in item 10 of this article, the contributions to the Board and the Company, and the term limit.

Board Committees

14. With the Board Chair, make recommendations to the Board for the creation of additional Board Committees or a change in mandate or dissolution of Board Committees.
15. With the Board Chair, periodically review the composition of the Board Committees. When doing so, the HC & ESGC takes into account whether a Board Committee member is suitable for the tasks of the respective Board Committee, including an envisioned quorum of independent Committee members, if applicable.
16. With the Board Chair, periodically review the Chairs of the Board Committees.

Conflicts, Other Directorships and Board Memberships

17. Review directorships and consulting agreements of Directors for conflicts of interest.
18. Annually submit to the Board a proposal concerning the determination of the independence status of the Directors and the corresponding disclosure.

Remuneration

19. Develop a compensation strategy in line with the principles described in the Articles, and submit to the Board for approval.
20. Develop the principles and design of compensation plans, long-term incentive / equity plans, pension arrangements and benefits for the Executives and Directors, and submit to the Board for approval.
21. Support the Board in preparing the proposals to the General Meeting regarding the compensation of the Directors and the Executives.
22. Prepare the Compensation Report and submit to the Board for approval.
23. Propose to the Board the contractual terms (if any) and compensation of the Directors (including the Board Chair) and the CEO.
24. Determine, after consulting with the CEO, the terms of employment, promotion or termination of the other Executives (except for the CEO).
25. Develop the terms of, and administer, the Group's long-term incentive / equity compensation plans, including the weightings, payout curves and caps for the chosen performance measures.
26. Assess whether the Group's incentives for associates below Executive Committee level are appropriately aligned to business performance and do not encourage excessive risk taking.
27. Determine the critical performance measures (financial, strategic and operational) that inform how well the Group and its Business Units are performing in relation to the business strategy for incorporation into the incentive plans, as well as any measures relating to environmental, social and governance (ESG) matters.
28. Periodically review and propose to the Board for approval (a) peer group(s) of companies for executive compensation comparisons.
29. At the start of each performance period, approve the target total direct compensation levels and the mix of compensation (fixed / variable, short / long-term, individual / Group / Business Unit,

- cash / equity) for Executive Committee members and direct reports to the Board Chair taking into consideration pay and conditions for the wider population of Group associates.
30. At the end of each performance period, taking into consideration the Board's evaluation of the performance of the Group and Business Units against targets established at the beginning of the performance cycle, approve performance results under the incentive plans, evaluate individual performance, approve the amount of compensation earned by Executive Committee members and recommend the amount of compensation earned by the CEO to the Board for approval taking into account the overall performance of the Business and, if appropriate, making adjustments to the formulaic outcome of any incentive plans, within the plan Rules.
 31. Consider and decide whether there is a need for malus and / or claw-back provisions to be exercised and, if so, the extent and form of the malus and / or claw-back.
 32. Periodically assess the effectiveness of the executive short-term and long-term incentive plans in relation to the Group's strategic objectives, values and pay-for-performance principles.
 33. Work together with the Board Committees, to ensure that executive compensation is correctly aligned to performance and is not structured in a way that could lead to inappropriate risk taking.
 34. Annually assess the level of Board compensation against the peer group and other relevant companies and submit to the Board its recommendations for the compensation of Directors and the compensation and terms of employment of the Board Chair.
 35. Establish executive and director stock ownership guidelines (including a shareholding requirement and grace period for Board and Executive Committee members) and stock trading policies, and monitor compliance with such policies.
 36. Inform the Board about policies, programs and key decisions as well as statistical comparisons and benchmarking of compensation levels against key competitors and regularly report to the Board on the decisions and deliberations of the HC & ESGC.
 37. In collaboration with the Board Chair, oversee communication and engagement on executive compensation matters with shareholders and their advisors, including shareholder voting on Board and Executive Committee compensation, and assess the

- voting results on executive compensation matters of the most recent General Meeting.
38. Be kept informed of the remuneration of the workforce and related policies and keep abreast of any developments.
 39. Annually assess the engagement and performance of compensation consultants or other outside advisors engaged by the HC & ESGC and their independence in relation to any potential conflicts of interest and manage the rotation / renewal of such advisors.
 40. Keep abreast of regulatory and corporate governance best practice requirements regarding Board, Executive Committee and other senior executive compensation.
 41. Keep abreast of market trends and consideration of external factors that may influence pay in terms of design, structure, quantum, disclosure, etc.
 42. Establish an annual calendar of activities for the upcoming year, including special projects to be undertaken by the HC & ESGC.
 43. Review and re-assess the adequacy of articles 10-11 of this Appendix I and submit proposed changes to the Board for approval.
 44. Assume other responsibilities assigned to it by law, the Articles and the Board.

Sustainability

45. Oversee the Group's strategy and governance on sustainability, including access to medicine and healthcare, global health, environmental sustainability (including climate change), human capital management and other material aspects of ESG Matters that are relevant for the Group's compliance with applicable laws, performance or reputation (unless covered by another Board Committee).
46. Bi-annually review and discuss the Group's performance against relevant ESG reporting frameworks and indices.
47. Regularly review and discuss emerging trends with respect to sustainability and ESG Matters.
48. Regularly advise the Board and provide counsel to the management on sustainability.
49. Assist the Board in monitoring the compliance by the Group with legal and regulatory requirements on ESG Matters.

50. Assess, in particular, the accuracy, completeness and compliance of the aspects of ESG Matters in the Company's compensation report and recommend to the Board for approval.
51. Review the Company's report on non-financial matters and propose it to the Board for approval and for proposal to the General Meeting.
52. Review other non-financial reports with respect to accuracy, completeness and compliance of measured disclosures to the extent they are subject to assurance, and submit to the Board for review.
53. Define, in collaboration with the Executive Committee, and approve, Group policies relating to environmental and social matters, covering, e.g., supply chain management, diversity inclusion and equity, employee health and safety, human rights, and monitor compliance with such policies.
54. Oversee and assess the Group's internal systems and controls with respect to risks related to ESG Matters, the Company's and the Group's compliance with legal obligations related to ESG Matters and policies issued by the Company.
55. Oversee the internal and external (if any) evaluation processes regarding the Company's and the Group's climate impacts (including, but not limited to, CO₂ emissions), review and examine the results of such evaluations and, based thereon, issue recommendations to the Board.

Roles and Responsibilities of the Audit, Risk and Compliance Committee (ARCC)

Article 8

ARCC's Mission Statement

The ARCC assists the Board in monitoring the:

- (i) integrity of the financial statements of the Group;
- (ii) the solvency of the Group;
- (iii) External Auditor's qualifications and independence;
- (iv) performance of the Internal Audit function and of the External Auditor;
- (v) compliance by the Group with legal and regulatory requirements (other than the ones relating to ESG Matters, quality assurance or patient safety);
- (vi) overseeing the Group's risk management system and processes; and
- (vii) reviewing the Group's risk portfolio and related actions implemented by management.

ARCC's Roles and Responsibilities

Article 9

The ARCC has the following roles and responsibilities:

Regarding the External Auditor:

1. Annually evaluate the qualifications, performance and independence of the External Auditor, including considering whether the External Auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the External Auditor's independence, taking into account the opinions of management and Internal Audit.
2. Ensure rotation of the audit partners of the External Auditor at least every five years. Consider whether, in order to ensure continuing auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.
3. On behalf of the Board, which has fully delegated this task to the ARCC, (1) select and nominate the External Auditor for election by the General Meeting; and (2) be responsible for the supervision and compensation of the External Auditor (including the resolution of any disagreement between management and the External Auditor regarding financial reporting).
4. On behalf of the Board, which has fully delegated this task to the ARCC, pre-approve all auditing services, internal control-related services and non-audit services permitted under applicable statutory law, regulations and listing requirements to be performed for the Group by its External Auditor.
5. Obtain and review a report from the External Auditor at least annually regarding (1) the External Auditor's internal quality-control procedures; (2) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; (3) any steps taken to deal with any such issues; and (4) all relationships between the External Auditor and the Group.
6. Discuss with the External Auditor the results of their audits, any unusual items or disclosures contained in the audits and the matters required by standards enacted or declared applicable by the Swiss Federal Audit Oversight Authority (FAOA), and request a formal written statement from the External Auditor documenting such discussion.

Regarding Internal Audit

7. On a quarterly basis, review the significant reports to management, prepared by the Internal Audit department and management's responses and supervise the remediation of open audit issues.
8. Review periodically the adequacy of the organizational structure, budget and appointment or replacement of the senior Internal Audit executives.
9. Discuss with the CEO, as needed, the Internal Audit department's responsibilities, staffing and any recommended changes in the planned scope of the Internal Audit.

Regarding Financial Reporting and Internal Controls

10. Review and discuss with management and the External Auditor the Company's and Group's half-year and annual financial statements (including the sections on operating and financial review and prospects) to consider significant financial reporting issues and judgments made in connection with the preparation of the Company's and Group's financial statements and the corresponding financial results releases, including any significant changes in the Company's or Group's selection or application of accounting principles.
11. On behalf of the Board, which has fully delegated this task to the ARCC, approve the Company's and Group's half-year financial statements for the first half of each calendar year and the corresponding financial results releases. The Board remains responsible for the approval of the annual financial statements of the Company and the Group and of the corresponding results releases.
12. Annually review and discuss with management and the External Auditor their assessment of the effectiveness of the Group's internal controls, disclosure controls and procedures for financial reporting and whether any changes are appropriate in light of such assessment.
13. Review and discuss (1) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data, including any material weaknesses in internal controls; (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal

controls; and (3) any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regards to significant deficiencies and material weaknesses.

14. Review the non-financial data contained in the Company's half-year and annual reporting.
15. Review such other matters in relation to the Group's accounting, auditing, financial reporting and compliance with law and internal policies other than regarding ESG Matters, quality assurance and patient safety.

Regarding Risk Management

16. Ensure that the Group has implemented an appropriate and effective risk management system and process.
17. Ensure that all necessary steps are taken to foster a culture of risk-adjusted decision-making without constraining reasonable risk taking and innovation.
18. Review with management and Internal Audit the identification, prioritization and management of the risks, the accountabilities and roles of the functions involved with risk management, the risk portfolio and the related actions implemented by management.
19. Inform the Board on a periodic basis on the risk management system and on the most significant risks and how these are managed.
20. Review such other matters in relation to the Group's risk management as the ARCC may, in its own discretion, deem desirable in connection with its responsibilities described above.
21. Annually review updates on cyber security.
22. Keep itself up to date on risk management best practices. The Chief Ethics, Risk and Compliance Officer, or his/her designee, is expected to update the ARCC at least once a year on developments in this area.

Regarding Significant Legal Matters and Regulatory Risks

23. Review major issues regarding the status of the Group's material legal matters, as well as major legislative and regulatory developments that may have significant impact on the Group, and get updates on such developments from the Chief Legal Officer at least annually.

Regarding an Effective Compliance Program

24. Twice a year, review the processes and procedures used by management to execute an effective compliance program, and compliance by Sandoz associates with those Group policies falling into the subject matter expertise of the ARCC.
25. Review updates from the Company's SpeakUp office twice a year regarding whistleblowing activities and trends.
26. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Group regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Group of concerns regarding questionable accounting or auditing matters to the SpeakUp office.
27. Annually review updates from Health, Safety & Environment.

Other

28. Every other year, review the Group's tax policy.
29. Bi-annually, hold closed sessions with the External Auditor, the Chief Financial Officer and the Head Internal Audit, respectively.
30. Annually review the financial literacy of each ARCC member to determine whether he/she meets the applicable legal standards, confirm the audit committee financial expert, and propose to the Board the appropriate determination and its disclosure.
31. Annually review and reassess the adequacy of articles 8-9 of this Appendix I and submit proposed changes to the Board for approval.

Roles and Responsibilities of the Science, Innovation and Development Committee (SIDC)

Article 12

SIDC's Mission Statement

The purpose of the SIDC is to assist the Board in its oversight of matters relating to business development, innovation and investments in development and regulatory and emerging technologies.

Article 13

SIDC's Roles and Responsibilities

The SIDC has the following roles and responsibilities:

1. Provide counsel to the Board and the management team in the area of technology, application of technology and new business models.
2. Review and make recommendations to the Board on internal and external investments in innovation (e.g., potential acquisitions, alliances, collaborations, and equity investments).

3. Assist the Board with oversight and evaluation of management's development and implementation of the Group's technology and innovation strategies and its alignment with the Group's overall strategy and objectives.
4. Stay updated, and inform the Board on a periodic basis, about emerging scientific trends, development and regulatory programs and opportunities and activities critical to the success of the product development pipeline.
5. Review, evaluate and advise the Board regarding the quality, direction, and competitiveness of the innovation pipeline.
6. Review and discuss significant emerging science and technology, programs, issues, and trends.
7. Review such other matters in relation to the Group's science/development and regulatory, technology and innovation programs as the SIDC may, in its own discretion, deem desirable in connection with its responsibilities.
8. Review updates with regards to quality assurance / patient safety twice a year.
9. Conduct periodic self-evaluations of the SIDC's performance.

Appendix II

Independence Criteria for the Board and the Board Committees

Independence of the Directors

The HC & ESGC annually submits to the full Board a proposal concerning the determination of the independent status of all Directors. For purposes of such assessment, the HC & ESGC considers all relevant facts and circumstances of which it is aware.

In order to be considered independent, a Director shall not have any material relationship with the Group other than his / her service as a Director.

I. Material Relationships

1. *A Director will not be considered independent if*

- the Director or his / her immediate Family Member owns more than 10% of the stock of the Company;
- the Director has received direct compensation (other than for former service as an interim Board Chair) of more than USD 120,000 p.a. (other than dividends or Board / Board Committees fees and retirement or deferred pay for prior service, provided such compensation is not contingent in any way on continued service from the Group within the last three years);
- a Family Member has received direct compensation of more than USD 120,000 p.a. (other than compensation received for service as an employee other than executive officer) from the Group within the last three years;
- the Director is, or has been within the last three years, an employee of the Group;
- a Family Member is, or has been within the last three years, an executive officer of the Group;
- the Director is a current partner or employee of the External Auditor of the Group;
- a Family Member is a partner of the External Auditor or is an employee of the External Auditor and works on the Group's audit;
- the Director or a Family Member is a former partner or employee of the External Auditor who personally worked on the Group's audit during the last three years;
- the Director or a Family Member is, or has been within the last three years, employed as an executive officer of an enterprise while any of

- the present Executives serves or has served on that enterprise's compensation committee;
- an enterprise has made payments to or received payments from the Group for goods, property or services in an amount that exceeds, in any of the last three fiscal years, the greater of USD 1 million or 2% of the enterprise's consolidated gross revenues, and
 - the Director is a board member or employee of that enterprise or holds more than 10% of the shares in that enterprise; or
 - a Family Member is a board member or executive officer or holds more than 10% of the shares in that enterprise.
2. *In addition to the independence criteria set forth above for all Directors in Section 1, an ARCC Director will not be considered independent if*
- the ARCC Director or his / her spouse, minor child, minor stepchild, or child or stepchild sharing the ARCC Directors' home, accepts any salary or consulting, advisory or other compensatory fee (other than Board / Board Committee compensation) from the Group;
 - the ARCC Director is a partner, a member, an officer such as a managing director, executive officer or occupies a similar position in an enterprise that provides advisory services such as accounting, legal, investment banking or financial advisory services to the Group;
 - an ARCC Director simultaneously serves on the audit committees of more than two public companies other than the Company's, then the HC & ESGC must determine that such simultaneous service would not impair the ability of such Director to effectively serve on the ARCC.

II. Immaterial Relationships

Unless the HC & ESGC concludes in its assessment to the contrary, a relationship is presumed not to impair the independence of a Director if

- the Director or a Family Member received from the Group, during the last fiscal year, personal benefits (other than the coverage of travel expenses incurred by a Family Member in connection with meetings of the Board) having an aggregate value of less than USD 5 000;
- a Family Member is an employee but not an executive officer of the Group, unless the Family Member is an ARCC Director's spouse, minor child, minor stepchild or child or stepchild sharing the ARCC Director's home;
- the Director or a Family Member is a board member or executive officer of a non-profit organization and the Group's contributions to

such organization did not exceed, in any of the last three fiscal years, the greater of USD 1 million or 2% of the organization's consolidated gross revenues;

- an enterprise in which the Director or a Family Member is a director, executive officer or employee has been indebted to the Group in connection with a transaction in the ordinary course of business or in an amount that did not exceed USD 100,000 during the last fiscal year;
- the Director or a Family Member serves on the board of another enterprise at which an Executive or another Director also serves as board member.

The enumeration of relationships mentioned in this Section II is merely exemplary. The fact that a particular relationship is not listed does not mean that the relationship affects the independence of a Director.

Abbreviations and Definitions

ARCC	Audit, Risk, and Compliance Committee
Appendix I	Appendix I to these Regulations which forms an integral part of these Regulations (Board Committee Charters)
Appendix II	Appendix II to these Regulations which forms an integral part of these Regulations (Independence Criteria for the Board and the Board Committees)
Articles	Articles of Association of the Company
Board	Board of Directors of the Company
Board Chair	Chair of the Board
Board Committee(s)	Any or all committees of the Board
Business	Business operations conducted by the Group
Business Unit(s)	Any or all operating business units of the Group
Chairperson(s)	Any or all Director(s) who chair(s) a / the Board Committee(s)
CO	Swiss Code of Obligations
Company	Sandoz Group AG
Compensation Report	Compensation Report of the Company
Conflict of Interest	Any personal interest, or the interest of a closely related person or company, that a Director or Executive might have in a particular matter which does or might be regarded to conflict with the interests of the Company or the Group
Cross-Business Unit(s)	Any or all organizational unit(s) across Business Units and supporting the Business Units
Director(s)	Any or all member(s) of the Board
ESG	Environmental, Social and Governance
Executive Committee	Executive committee of the Company
Executive(s)	Any or all Executive Committee member(s)
External Auditor	The Group's external auditor
Family Member	An immediate family member of a Director, i.e., including a person's spouse, parents, children, stepchildren, siblings, mother-, father-, brothers-, sisters-, sons- and daughters-in-law and anyone (other than domestic employees) who share such person's home
General Meeting	General meeting of shareholders of the Company
Group	Sandoz Group AG and its subsidiaries
HC & ESG	Human Capital and ESG Committee
SIDC	Science, Innovation and Development Committee
Independence Criteria	Independence criteria set forth in Appendix II

Lead Independent Director	Lead independent director of the Board
Regulations	These Organizational Regulations of the Company, including Appendix I and Appendix II which form an integral part of these Regulations
Share Registrar	One of more persons appointed by the Board as the share registrar of the Company
Vice-Chair	Vice-chair of the Board