

**former version**

## **ROCHE HOLDING LTD**

### **Bylaws (*Organisationsreglement*)**

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#### **1. General**

- 1 These Bylaws are issued on the basis of Article 716 a and Article 716 b OR (*Swiss Code of Obligations*) and Articles 18 et seq., in particular Article 22 (3), of the Company's Articles of Incorporation.
- 2 They set out the duties and powers of the officers and bodies charged with managing the affairs of the Company.

#### **2. The executive bodies and officers of the Company**

The executive bodies and officers of the Company shall comprise:

- the Board of Directors (Board)
- the Chairman of the Board of Directors (hereinafter "Chairman")
- the Presidium of the Board of Directors, being made up of the Chairman and one or two Vice-Chairmen (hereinafter "Presidium")
- the Committees of the Board of Directors
- the Chairman of the Executive Committee (Chief Executive Officer, hereinafter "CEO")
- the Executive Committee
- the individual members of the Executive Committee
- further executive officers and bodies

### 3. **Principles of governance**

#### 3.1 Principle of delegation

All executive bodies and officers shall delegate their duties and powers, save where mandatory statutory provisions, the Articles of Incorporation or these Bylaws provide that an assignment of responsibilities is inalienable or inherent to a particular body or officer, to the hierarchically lowest possible business units, officers or bodies that possess the knowledge and expertise necessary to make appropriate decisions concerning the performance of those duties.

#### 3.2 Principle of competence

Every business unit and every officer or body shall possess all powers necessary for taking appropriate decisions within the areas of responsibility assigned to them.

#### 3.3 Reservation of powers

All executive officers or bodies shall be entitled, notwithstanding Article 3.1 and 3.2, above, at any time, either on an ad hoc basis or on the basis of a general reservation of powers, to intervene in the duties and powers of hierarchically subordinate bodies or officers and to take charge of affairs being conducted by such bodies or officers (“powers reserved”).

#### 3.4 Management of a group of companies

If the Company, whether by majority vote or by contractual arrangement, should combine other companies under the control of a single management, thereby forming a group of companies, the executive bodies and officers of the Company shall concurrently exercise the function of management of the group. The management of the group shall be carried out in accordance with the legal provisions applicable to each company in the group and with their respective articles of incorporation.

#### 4. **The Board of Directors**

##### 4.1 Election of officers

- 1 The Board of Directors shall elect a Chairman and one or two Vice-Chairmen for a one-year term of office in each case.
- 2 The Board of Directors shall elect a Secretary, who need not be a member of the Board.

##### 4.2 Meetings and resolutions

- 1 The Board of Directors shall meet as often as the Company's affairs require or upon the written request of one of its members.
- 2 Ordinary meetings of the Board of Directors shall be convened by the Chairman. An extraordinary meeting of the Board of Directors shall be convened by the Vice-Chairman or in case of two Vice-Chairmen by the senior (longer-serving) Vice-Chairman should any Board member request that a meeting be held without the Chairman.
- 3 Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the person chairing the meeting and by the Secretary.
- 4 One half of the members of the Board of Directors shall constitute a quorum.
- 5 Resolutions may be passed by a mail or telephone vote provided that two-thirds of the members of the Board of Directors agree to the resolution. The Chairman and the Secretary will record a resolution by telephone vote.

- 6 Resolutions of the Board of Directors shall be passed by a simple majority of votes cast. In the event of a tied vote, the vote of the person chairing the meeting shall count double.

#### 4.3 Duties and powers

- 1 The Board of Directors shall be responsible for the overall governance of the Company and of the Group and for overseeing the management of their affairs.
- 2 The Board of Directors shall have the following duties, which shall not be transferred or withdrawn:
  - a) the overall governance of the Company and of the Group, which shall include formulating their medium and long-term strategies and planning priorities, and laying down guidelines for corporate policy, together with the issuing of such instructions as may be necessary for the implementation thereof;
  - b) establishing the basic organisational structure;
  - c) defining the guidelines for accounting, financial controlling and financial planning systems;
  - d) taking decisions on transactions of substantial strategic significance;
  - e) appointing and removing those responsible for managing the Company's affairs and acting as its agents, in particular the members the Executive Committee and the CEO, and conferring signing powers;
  - f) overall supervision of the bodies and officers responsible for the management of the Company, in particular as regards observance of laws, the Articles of Incorporation, internal regulations and instructions;

- g) the preparation of the annual report and the meetings of shareholders and implementing its resolutions;
  - h) notifying the court in the event of over-indebtedness;
  - i) approving capital increases and amending the Articles of Incorporation accordingly;
  - j) checking the professional qualifications of the specially empowered auditors.
- 3 The Board of Directors shall delegate all other management functions in the manner provided by these Bylaws to the Chairman, the Presidium, the CEO, the Executive Committee or the members thereof, save where the law, the Articles of Incorporation or other provisions of these Bylaws otherwise provide.

#### 4.4 Right of information and reporting

- 1 Every member of the Board of Directors shall be entitled to seek information on all the Company's affairs in accordance with the following provisions.
- 2 At each meeting, the Board of Directors shall be briefed by the Chairman, by the CEO and by members of the Executive Committee designated by the Chairman or by the CEO on the Company's current business performance and on major events affecting the affairs of the Company or of Group companies. Any extraordinary developments that may arise shall be notified immediately to members of the Board of Directors in writing.
- 3 Outside of meetings, every member of the Board of Directors shall be entitled, on condition of notifying the Chairman in advance, to seek information from members of the Executive Committee concerning the Company's business performance and, subject to the Chairman's approval, concerning specific transactions.

- 4 To the extent necessary for the discharge of a duty incumbent on him, every member shall be entitled to request permission from the Chairman to inspect Company records and books of account.
- 5 If the Chairman turns down a member's request for information, consultation or inspection of documents, the matter shall be referred to the Board of Directors for decision.

#### 4.5 Remuneration

- 1 The Board of Directors shall fix the amount of emoluments to be paid to its members within the meaning of Article 24(1) of the Articles of Incorporation, but without prejudice to the following Paragraph 2 and 8(3) of these Bylaws.
- 2 The Chairman shall fix the special fees payable to members of the Board of Directors who carry out specific functions or who render services beyond the normal scope of their office.

### 5. **The Chairman of the Board of Directors**

- 1 The following duties and powers in particular shall be vested in the Chairman of the Board of Directors:
  - a) Convening, preparing and chairing meetings of the Board of Directors.
  - b) Preparing and supervising the implementation of the resolutions passed by the Board of Directors, save where a Presidium of the Board of Directors or a Committee of the Board of Directors shall have been established and the relevant functions delegated to it by these Bylaws.

- c) Exercising supervision over the affairs of the Company and the Group.

For this purpose, the CEO and the General Counsel (Internal Audit, Secretary to the Board of Directors) shall report directly to the Chairman. In addition, the Chairman shall meet regularly with the member of the Executive Committee designated as Chief Financial Officer (CFO) (once a month) and the other Members of the Executive Committee (three times a year).

The Chairman may also attend meetings of the Executive Committee in specific cases where this is deemed necessary for the discharge of his supervisory functions. He shall regularly be sent notices of meeting and copies of the minutes.

- d) Ensuring that the Group possesses an appropriate management and organisational structure.
- e) Exercising the powers reserved to the Board of Directors under Bylaw 3.3, above.
- f) Representing the overall interests of the Company and of the Group in dealings with third parties.
- g) Nominating all members of the Executive Committee and of the Enlarged Executive Committee and the General manager in the United States (Genentech).
- h) Proposing the compensation packages (including pension benefits and incentives such as stock options etc.) of the Executive Committee to the Remuneration Committee.

- i) Coordinating the work of the various Committees of the Board of Directors and ensuring that the Board of Directors as a whole operates as an integrated, cohesive body. The Chairman shall be sent all notices of meeting and copies of the minutes of Committee meetings and may attend such meetings provided he does not have a personal interest in any item of business on the agenda.
  - j) Such other duties and powers as may be specified in the Articles of Incorporation and in these Bylaws.
- 2 In addition, the Chairman shall have decision-making authority in urgent matters which fall within the purview of the Board of Directors, but which because of pressure of time cannot await resolution by the Board of Directors. In such cases, the members of the Board of Directors shall be apprised of the matter as quickly as possible and the relevant decision shall be recorded in the minutes of the next following meeting of the Board of Directors.

## 6. **The Vice-Chairmanship of the Board of Directors**

- 1 The Board of Directors shall elect one or two Vice-Chairmen from among its members.
- 2 If the Chairman is unavailable, his functions shall be carried out by the Vice-Chairman or in case of two Vice-Chairmen by the senior (longer-serving) Vice-Chairman.
- 3 The Vice-chairman/the senior (longer-serving) Vice-Chairman shall call for a meeting of the Board to be held without the Chairman at the request of any member of the Board of Directors. He may call such a meeting whenever he deems it necessary to do so.



## **7. The Presidium of the Board of Directors**

- 1 The Vice-Chairman or Vice-Chairmen and the Chairman shall together make up the Presidium of the Board of Directors, under the chairmanship of the Chairman.
- 2 The Presidium of the Board of Directors shall be responsible for preparing resolutions of the Board of Directors and for overseeing the implementation of the same, save where this function is carried out directly by the Chairman or by a Committee of the Board of Directors.
- 3 The Presidium shall be responsible for approving expenditures on or divestments of property, plant and equipment whose total value exceeds 100 million Swiss francs (discretionary authority). The Presidium shall submit a report and a proposal to the full Board of Directors for investments and divestments of this nature whose total value exceeds 200 million Swiss francs (advisory/preparatory capacity).
- 4 The Presidium of the Board of Directors shall perform the role of a Nomination Committee, in particular planning for the replacement of outgoing members and evaluating candidates for positions on the Board of Directors or on the Executive Committee (advisory/preparatory capacity).
- 5 The Presidium of the Board of Directors shall determine its own procedures. The Presidium may conduct votes by mail ballot or telephone as well as at its meetings.

## **8. Committees of the Board of Directors**

### **8.1 Audit Committee**

- 1 The Audit Committee shall consist of at least 3 individuals elected by the Board of Directors from among its external members.

- 2 The Audit Committee shall assist the Board of Directors in supervising the management of the Company, particularly with respect to financial matters. In particular, the Committee shall review in an advisory/preparatory capacity:
  - a) accounting systems and procedures;
  - b) the organisation and scope of financial controlling, including internal auditing;
  - c) financial reporting to shareholders and the general public as well as the relationship with the external auditors;
  - d) financial planning;
  - e) investments of liquid assets and financial investments, including investments of assets by the Company's post-retirement benefit plans (investment principles and policies, funding status, investment instruments, diversification, return on investments, etc);
  - f) longer-term business plans and strategy and communication of same in the Company's annual reports;
  - g) risk management, internal control systems, risk plans and risk assessment of the Executive Committee.
  
- 3 The Audit Committee shall submit its minutes to the full Board of Directors. The Chairman of the Committee shall report to the Chairman of the Board, either orally or in writing, at regular intervals about the activities and findings of the Committee.

- 4 The Audit Committee shall be authorised at any time, after notifying the Chairman of the Board, to inspect any documents which are relevant to the discharge of its duties (including internal and external audit reports, management responses to such reports and follow-up documents), to request full and detailed information from any party within the Company or Group or from the external auditors and to require them to attend its meetings. The Audit Committee may employ the services of independent consultants as it deems appropriate.
- 5 The Audit Committee may conduct votes by mail ballot or telephone as well as at its meetings.

## 8.2 Corporate Governance and Sustainability Committee

- 1 The Corporate Governance and Sustainability Committee shall consist of at least 3 individuals elected by the Board of Directors from among its members.
- 2 The Corporate Governance and Sustainability Committee shall assist the Board of Directors in matters relating to corporate governance, compliance and in promoting sustainable management of the Company's activities'. The Committee shall supervise compliance with internal business principles and principles of behaviour with respect to legal as well as safety and environmental matters. It shall act in an advisory/preparatory capacity.
- 3 The Corporate Governance and Sustainability Committee shall submit its minutes to the full Board of Directors. The Chairman of the Committee shall report to the Chairman of the Board, either orally or in writing, at regular intervals about the activities and findings of the Committee.
- 4 The Corporate Governance and Sustainability Committee may conduct votes by mail ballot or telephone as well as at its meetings.

### 8.3 Remuneration Committee

- 1 The Remuneration Committee shall have discretionary authority over matters within its remit and shall consist of at least 3 individuals elected by the Board of Directors from among its external members.
- 2 The Remuneration Committee shall decide on the remuneration of the Chairman and the CEO (who must not be present at the time). Furthermore, it shall be responsible for approving, upon proposal by the Chairman (other than in the case of his own compensation):
  - a) the Group's remuneration policy;
  - b) the compensation packages of members of the Executive Committee, those of certain other senior or special employees, and those of the general managers of the largest subsidiaries;
  - c) stock options, bonuses and similar profit-sharing schemes, and for approving in principle pension fund benefits and other post-employment benefit plans.
- 3 Committee members may not contribute to or attend meetings at which the Committee deliberates on or makes decisions affecting their personal interests.
- 4 The Remuneration Committee shall meet at regular intervals and not less than twice a year. It may conduct votes by mail ballot or telephone as well as at its meetings. The minutes of all Remuneration Committee meetings shall be made available to the Board.

9. **The Chairman of the Executive Committee (Chief Executive Officer, CEO)**

- 1 The Board of Directors appoints the CEO and shall, upon proposal by the Chairman, define his executive functions.
- 2 The duties of the CEO shall, subject to the powers reserved to the higher-ranking executive bodies and in addition to the management of the business units for which he is directly responsible, in particular include the following:
  - a) The implementation of the strategic objectives, the setting of operating priorities and the allocation of the necessary human and material resources.
  - b) The management, supervision and coordination of the other members of the Executive Committee.
  - c) The convening, preparation and chairing of meetings of the Executive Committee.
  - d) Briefing the Chairman or the Board of Directors on the Company's affairs. The CEO may also delegate this task to other members of the Executive Committee.
  - e) Management development for the Group.
  - f) Taking decisions on matters in which divisions, functions and/or Group companies have overlapping interests.
  - g) Appointing all directors and managers of subsidiaries (except as provided in Bylaw 5(1) (g) above).

## 10. **The Executive Committee**

### 10.1 Composition

The members of the Executive Committee shall be appointed by the Board of Directors upon proposal by the Presidium.

### 10.2 Duties and powers

The scope of the duties and powers of the Executive Committee shall comprise the following specific matters:

- a) Investments, leasing transactions or divestments that exceed CHF 10 million and submitting proposals in respect of investments in or divestments of property, plant or equipment having a total value in excess of CHF 100 million.
- b) Operating transactions, including transactions concerning intellectual property rights, with a commercial value in excess of CHF 5 million.
- c) Drawing up the five-year plans and the budgets of the various divisions and functions.
- d) Setting the annual salary and wage parameters for employees, which shall be coordinated in the case of Group companies based in the Basel area.

## 11. **The members of the Executive Committee**

### 11.1 Demarcation of areas of responsibility

- 1 The Chief Executive Officer shall define the precise scope of the area of responsibility for each member of the Executive Committee.
- 2 Notwithstanding the foregoing, responsibilities may be assigned directly to members of the Executive Committee under these Bylaws.

### 11.2 Specific duties of members

- 1 The members of the Executive Committee shall be individually responsible for the business areas (divisions or functions) assigned to them.
- 2 In particular, the individual members of the Executive Committee shall have the following duties:
  - a) To attain the prescribed strategic, operating and quantitative objectives within their division/function and in the individual business units comprising same.
  - b) Preparing and assuming responsibility for the budget for their area.
  - c) Establishing and overseeing a management and organisational structure adequate to the needs of their area, in accordance with the principles of delegation and competence.
  - d) Responsibility for the wages and salaries of the employees in their area within the parameters set by the Executive Committee (Bylaw 10.2(d)), subject to the salary-setting powers of the Remuneration Committee (Bylaw 8.3(2)).

- e) Overseeing global business performance within their area and issuing the necessary instructions and directives, in particular as regards compliance with the statutory obligations relevant to their area.
  - f) Representing the interests of their area and the business units comprised within it in relation to other divisions/functions and in relation to higher-ranking executive bodies or officers.
  - g) Regular reporting on business performance to the Chief Executive Officer and reporting important matters immediately and simultaneously to the Chairman and the Chief Executive Officer.
- 3 The member of the Executive Committee designated as Chief Financial Officer (CFO) shall be responsible for implementing and overseeing the execution of the Company and Group policies and guidelines relating to financial planning, accounting and financial controlling issued by the Board of Directors pursuant to Bylaw 4.3(2)(c) and in particular for the investment of liquid assets, the proper financing of the Group and the Group companies and the establishment of the necessary control mechanisms.

## 12. **Further executive officers and bodies**

The delegation of executive duties and powers to subordinate bodies and officers shall be effected by means of instructions issued within their respective divisions and functions by the relevant Executive Committee members.



13. **Entry into force of the Bylaws**

These Bylaws were approved by the Board of Directors at its meeting of 5 March 2013 and will become effective immediately. They replace the previous Bylaws (*Organisationsreglement*) dated 4 December 2009.

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