

AUDIT COMMITTEE CHARTER: VAT GROUP AG

Version 4.0 from May 16, 2023 E

The German version of the audit committee charter
is the governing version.



1. Purpose	3
2. Powers	3
3. Organization	3
4. Tasks and Duties	4
5. Reporting Obligations	5
6. Final Provisions	5

1. Purpose

The Audit Committee (AC) is a standing committee formally appointed by the Board of Directors.

The AC supports the Board of Directors in its supervisory function, namely with regard to financial reporting, compliance with the statutory provisions, risk management and reporting, the internal control system as well as the relationship with the external and the internal auditors.

2. Powers

In order to exercise its tasks as defined here, the AC has unlimited access to all relevant information. In order to properly carry out its work, the AC is authorized to request the information it needs from all Group employees and to invite members of the Group Executive Committee and other employees to attend AC meetings.

The AC is authorized to call in external advisors to provide support in carrying out its duties.

The AC submits proposals concerning its remit to the Board of Directors in order to support the Board's decision-making.

3. Organization

The AC consists of at least two (2) members who are elected by the Board of Directors from among its non-executive and independent members. A majority of the members of the AC, including the Chairman, must have an up-to-date and relevant understanding of corporate finance. At least one member of the AC shall have significant financial expertise. The Board of Directors also elects the Chairman of the AC.

The term of office of the Committee members corresponds to their term of office as members of the Board of Directors and runs for one year or until the next Annual General Meeting.

The AC meets upon invitation of its Chairman as often as business requires, but usually quarterly before the regular Board meetings. The Chairman determines who will participate. Members of the Board, the CEO and CFO, as well as the external or internal auditor can request an AC meeting. The invitation is sent to the entire Board of Directors, CEO and CFO as well to the external auditor for information.

The invitation to the meeting:

- is made in writing (including by e-mail) at least ten (10) working days in advance
- indicates the day, time and venue as well as the items on the agenda
- is followed by the relevant documents for the meeting at least seven (7) calendar days before the meeting

If the matter is urgent, shorter deadlines are acceptable; the Chairman shall determine whether a matter is urgent. Deviations from these formal requirements are permitted if all the members are present and agree. If all members are present, the meeting may also pass resolutions on matters that are not included in the agenda for the meeting.

Meetings using electronic communication (telephone, Teams, Zoom, etc.) are also acceptable.

The AC may pass resolutions and formulate proposals if at least half of its members are present in person or participate in the meeting using electronic communication.

A majority vote is required for the Committee to pass resolutions and formulate proposals to the Board of Directors. Abstentions do not count as votes. If votes are tied, the Chairman shall cast the deciding vote. If the vote is not unanimous, the breakdown of votes shall be made transparent to the Board.

Resolutions and proposals to the Board of Directors may also be made by circular letter, unless one of the members requests that the matter has to be discussed verbally.

The AC generally carries out a self-assessment of its performance once a year.

4. Tasks and Duties

The AC supports the Board of Directors in fulfilling its supervisory obligations where these concern financial reporting, compliance with the statutory and regulatory provisions, the internal control system as well as the work performed by external and internal auditors.

In particular, the AC has the following tasks and duties:

- (a) assessing the statutory and consolidated annual and interim financial statements as well as any non-financial disclosures linked to VAT's sustainability reporting;
- (b) proposing to the Board of Directors changes or amendments of accounting principles (e.g., the implementation of new accounting standards) at the request of the CFO;
- (c) discussing the results of the audits proactively with the external auditor and the CFO and issuing proposals or recommendations to the Board of Directors;
- (d) evaluating the external auditors and submitting a proposal to the Board of Directors for the election of the auditors at the Annual General Meeting;
- (e) (I) approving the audit plan as well as the respective budgets and fees of the external auditors; approving any non-audit services provided by the external auditor if the fee on an individual basis is equivalent to more than 10% of the total annual audit fees, or if all non-audit service fees taken together amount to more than 40% of the total annual audit fees; assessing the performance and effectiveness of the external auditors during the year;
(II) approving the audit plan as well as the respective budgets and fees of the internal auditors; assessing the performance, independence and effectiveness of the internal auditors during the year;
- (f) assessing the Internal Control System (ICS);
- (g) assessing the Enterprise Risk Management System and Report (ERM);
- (h) assessing the implemented IT and cybersecurity measures;
- (i) assessing compliance with statutory and regulatory provisions, organizational rules and corporate governance within the Group (compliance);
- (j) overseeing the Group's whistleblower process;
- (k) ensuring and monitoring that the Group is properly funded and financed;

- (l) assessing the annual business expenses incurred by the members of the Group Executive Committee based on the report of the internal audit;
- (m) reviewing talent development in the finance and corporate organization;
- (n) appraising tax planning, tax management and tax audits and their implications;
- (o) carry out other tasks and projects by order of the Board of Directors.

The topics to be dealt with by the AC on a quarterly basis are defined in the annual schedule (Annex 1). The Chairman is guided by this schedule, but is authorized to deal with other topics at his or her discretion.

5. Reporting Obligations

Minutes of the AC's discussions and resolutions must be kept and these must be signed by its Chairman and the secretary. Copies of the minutes are sent to all members of the Board of Directors, the CEO, CFO and the external auditor.

The AC also reports on its activities to the Board of Directors at the next regular Board meeting, or immediately if the matter is urgent.

The AC can submit proposals it deems suitable to the Board of Directors concerning all areas of its remit where measures or improvements are needed.

6. Final Provisions

These organizational rules enter into force upon adoption by the Board of Directors.

This AC Charter must be reviewed and amended, if necessary, every two years. The review shall take place during the first meeting after the corresponding Annual General Meeting.

Haag, Switzerland, May 16, 2023

The Chairman of the Board of Directors:

The Chairman of the Audit Committee:

Dr. Martin Komischke

Urs Leinhäuser

Annex 1

Standard Yearly Audit Committee Schedule

Schedule citations refer to the Organizational Rules of VAT Group AG.

Meeting 1 (Q1)

- Full-year business summary
- Annual financial statements of the Company and the Group
- Results of the annual audit from the external auditors
- Reports of the internal auditors and annual summary report
- Evaluation of the external auditors and budgeted fees
- Submission of any proposals or recommendations (approval of financial statements and election of external auditor) to the Board of Directors
- Compliance Report
- Update regarding non-audit fees of the external auditor
- Business expenses of members of the Group Executive Committee

Meeting 2 (Q2)

- Q1 business update
- Preview of half-year results and reporting
- Reports of the internal auditors
- Tax updates
- Compliance Report
- Update regarding non-audit fees of the external auditor

Meeting 3 (Q3)

- Q2 business update
- Half-year interim financial statements
- Finalization audit scope for group entities
- Reports of the internal auditors
- Reporting on Enterprise Risk Management (ERM) and Internal Control System (ICS)
- Compliance Report
- Insurance Program
- Reviewing talent development in the finance and corporate organizations
- Update regarding non-audit fees of the external auditor

Meeting 4 (Q4)

- Q3 business update
- Preview of annual results and reporting
- Results of interim audit from the external auditors
- Discussion of major judgment areas (incl. actuarial pension calculations and impairment test)
- Reports of the internal auditors
- Approval of audit plans of the internal auditors
- Compliance Report
- Update regarding non-audit fees of the external auditor

Contact

This Audit Committee Charter is available in English and in German.

For further information, please contact:

Michel R. Gerber

VP Investor Relations & Sustainability

T +41 81 553 70 13

investors@vat.ch

www.vatvalve.com/InvestorRelations

VAT Group AG

Seelistrasse 1

9469 Haag

www.vatvalve.com