

# 2021 | Corporate Governance Report

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# Corporate Governance Report

The Medartis corporate governance principles and rules are laid down in the [Articles of Association](#), the Rules for [Organizational Regulations](#), the Corporate Compliance System including the Code of Conduct, and the Charters of the Board Committees. Further, Medartis takes into account the recommendations of the Swiss Code of Best Practice for Corporate Governance, as in force at 31 December 2021.

As a basis of corporate governance disclosure, this report is in compliance with the Directive on Information relating to Corporate Governance published by the SIX Swiss Exchange (Directive), where Medartis' shares have been traded since the company's initial public offering in 2018. Additional information can be found in the Financial and Remuneration Report Sections of this Annual Report.

## 1. Group structure and shareholders

### 1.1 Group structure

- 1.1.1 Medartis Holding AG is incorporated as a stock corporation under the laws of Switzerland and headquartered in Basel, Switzerland. Medartis' principal executive offices are at Hochbergerstrasse 60E, 4057 Basel, Switzerland.
- 1.1.2 Medartis Holding AG, Basel, is listed on the SIX Swiss Exchange, Zurich, Switzerland (valor number: 38'620'023, ISIN: CH0386200239, SIX: MED). The market capitalization as per 31 December 2021 was CHF 1'538 million. The closing price on 31 December 2021 amounted to CHF 130.20. No other company controlled by Medartis Holding AG is listed on a stock exchange. For financial market participants, the Medartis Holding AG has obtained the following Legal Entity Identifier number (LEI) 506700VUSP6HG3F28846.
- 1.1.3 Medartis Holding AG has invested in a number of companies to support its strategic ambition of becoming a global extremities and head company leading in technology and innovation. A list of the subsidiaries and associates of the Medartis Group as of 31 December 2021 can be found in Note 1 of the Financial Report.

### 1.2 Significant shareholders

The table below shows shareholders and shareholder groups owning / representing more than 3% of the voting rights of Medartis as published on the reporting and publication platform of the Disclosure Office of SIX Swiss Exchange as of 31 December 2021.

Direct holder	Shares	% of voting rights
Dr. h.c. Thomas Straumann, Riehen, Switzerland	5'624'430	47.61%
NexMed Holding AG, Freienbach, Switzerland <sup>(1)</sup>	921'035	7.80%
Endeavour Medtech Growth LP, Guernsey, Channel Islands <sup>(2)</sup>	778'337	6.59%
Nordflint Capital Partners Fondsmaglerselskab A/S	709'056	6.00%
Willi Miesch, Küssnacht (SZ), Switzerland	617'917	5.23%

<sup>(1)</sup> NexMed Holding AG is beneficially owned by Dominik Ellenrieder, Chandolin, Switzerland.

<sup>(2)</sup> Endeavour Medtech GP Limited, Guernsey, Channel Islands, as general partner of Endeavour Medtech Growth LP, is exercising all the voting rights related to the shares. Further, no limited partner of Endeavour Medtech Growth LP indirectly beneficially owns the shares held by Endeavour Medtech Growth LP which represent 5% or more of the voting rights.

Further information on the share register incl. the prior year figures can be found in note 15 and 16 in the 'Notes to the financial statements' of the Financial Report section in this report. All information on disclosure notifications concerning the significant shareholders may be found on the [SIX Exchange Regulation website](#).

### 1.3 Cross-shareholdings

The company does not have any cross-shareholdings exceeding 5% of the holdings of capital or voting rights in any other company.

## 2. Capital structure

### 2.1 Capital

The ordinary share capital as of 31 December 2021 has a nominal value of CHF 2'362'873.60, consisting of 11'814'368 fully paid-in registered shares with a nominal value of CHF 0.20 each.

The **authorized share capital** as of 31 December 2021 has a nominal value of CHF 1'175'052.80, consisting of 5'875'264 shares with a nominal value of CHF 0.20 each.

The **conditional share capital for bonds and similar debt instruments** as of 31 December 2021 has a nominal value of CHF 1'056'957.20, consisting of 5'284'786 shares with a nominal value of CHF 0.20 each. The **conditional share capital for employee benefit plans** as of 31 December 2021 has a nominal value of CHF 105'327.80, consisting of 526'639 shares with a nominal value of CHF 0.20 each.

### 2.2 Authorised and conditional capital

#### Authorised capital

At the Annual General Meeting of 17 April 2020, the company's shareholders resolved to create authorized capital in the maximum amount of CHF 1'175'052.80, corresponding to 5'875'264 shares with a nominal value of CHF 0.20 each, or up to 49.7% of the capital issued and outstanding as of December 31, 2021.

The Board of Directors is authorized to increase the share capital in one or several steps until 16 April 2022 and to exclude pre-emptive rights of shareholders to subscribe new shares, subject to certain legal restrictions in accordance with the Swiss Code of Obligations. Subscription rights to new shares can be excluded if (i) the new shares are placed at market conditions, (ii) the new shares are used for acquisition, financing, or re-financing purposes or (iii) the new shares are used for the expansion of the shareholder base and/or to be placed with a new strategic partner. For further information, see articles 3a and 5 of the [Articles of Association](#).

#### Conditional capital for convertible bonds and similar debt instruments

At the Annual General Meeting of 17 April 2020, the company's shareholders resolved to create conditional share capital to be used for convertible bonds or similar debt instruments. The share capital may be increased by up to CHF 1'056'957.20 by the issuance of up to 5'284'786 shares with a nominal value of CHF 0.20 each, or up to 44.7% of the capital issued and outstanding as of 31 December, 2021.

Pre-emptive rights for the subscription of new shares upon conversion of instruments are excluded. Shareholders' advance subscription rights with regard to the new convertible bonds or similar instruments may be restricted or excluded by decision of the Board of Directors, subject to the provisions of the [Articles of Association](#). If advance subscription rights are excluded, (i) the instruments are to be placed at market conditions, (ii) the exercise period is not to exceed ten years from the date of issue of option rights and twenty years for conversion rights and (iii) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued. For further information, see articles 3b and 5 of the [Articles of Association](#).

### Conditional capital for employee benefit plans

At the Annual General Meeting of 19 February 2018, the company's shareholders resolved to create conditional share capital to be used for employee benefit plans. As of December 31, 2019, the outstanding share capital amounted to CHF 118'095.60 with the possibility to issue 590,478 shares with a nominal value of CHF 0.20 each. In 2020 and 2021, 27'619 registered shares and 36'220 shares respectively were created from conditional capital. The share capital outstanding as of December 31, 2021 can therefore be increased by up to CHF 105'327.80 by issuing up to 526'639 shares (4.5% of the existing capital issued). Further information can be found in articles 3c and 5 of the [Articles of Association](#) and in article 2.3 of this Corporate Governance Report.

The creation of conditional capital for employee benefit plans was proposed by the Board of Directors in connection with the company's IPO in 2018. This conditional capital allowed Medartis to establish its current, share-based long-term equity compensation plan to foster the important alignment of management's interests with the interest of the company's shareholders. Further information can be found in articles 3.1, 3.2 c) and 3.2 e) of the Remuneration Report of this report.

The Board of Directors considered the use of conditional capital for employee benefits appropriate while safeguarding the company's liquidity and investing into the strategic growth of Medartis. The maximum dilution potential of this capital is limited and is expected to be more than compensated for by the incentives it creates for plan participants to create long-term value for Medartis and its shareholders.

## 2.3 Changes in capital

The following table shows the changes in the nominal share capital and the number of shares issued over the past three financial years:

Date of share issuance registration	New nominal share capital (in CHF)	Total number of shares issued
20 December 2019	2'350'106	11'750'529 shares at CHF 0.20 each <sup>(1)</sup>
21 April 2020	2'355'630	11'778'148 shares at CHF 0.20 each <sup>(2)</sup>
During 2021	2'362'874	11'814'368 shares at CHF 0.20 each <sup>(3)</sup>

<sup>(1)</sup> On 20 December 2019, 9'522 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the Long Term Incentive Programme (LTI) of Executive Management Board members for the 2018 financial year.

<sup>(2)</sup> On 21 April 2020, 27'619 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the Long Term Incentive Programme (LTI) of Executive Management Board members for the 2019 financial year and from the "Restricted Share Plan for the Board" of Board of Directors members for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021. These 27'619 registered shares have not been registered in the commercial register as per 31 December 2020. Therefore, the share capital registered in the commercial register as per 31 December 2020 has a nominal value of CHF 2'350'105.80, consisting of 11'750'529 fully paid in registered shares with a nominal value of CHF 0.20 each.

<sup>(3)</sup> Between 21-27 April 2021 a total of 21'879 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the Long Term Incentive Programme (LTI) of EMB for the 2019 financial year for non-Swiss residents and for 2020 for Swiss residents as well from the "Restricted Share Plan for the Board" of BOD members for the period from the AGM 2021 to the AGM 2022. 7'912 shares were created as part of the Employee Share Participation Plan (ESPP) on 1 November 2021. In the course of the year, an additional 6'429 shares divided into four transactions were created due to the CEO buy-out award as explained in more detail in the Remuneration Report 2019. The aforementioned shares have not been registered in the commercial register as per 31 December 2021 and therefore the commercial register at year-end 2021 has a nominal value of CHF 2'355'629.60, consisting of 11'778'148 fully paid in registered shares.

## 2.4 Shares and participation certificates

Medartis Holding AG has no other categories of shares than one category of registered shares, which are fully paid in, with one share bearing one vote. There are no restrictions on the transferability of the shares.

Each share duly entered in the share register entitles the shareholder to one vote. On 31 December 2021, 9'608'578 shares representing 81.3% of the issued capital were registered in the share register. The total number of shareholders registered amounted to 2'217. All shareholders may be represented at the General Meeting by a proxy. Proxies and directives issued to the independent voting representative may be given either in writing or online. Other voting representatives must have a proxy signed by hand by the shareholder. The Board of Directors decides whether proxies shall be recognized. The independent voting representative is elected by the General Meeting for a term of office until the end of the next AGM and can be re-elected. In the case of a vacancy, the Board of Directors shall designate an independent voting representative for the next General Meeting.

Shareholder structure<sup>1</sup> on 31 Dec 2021:

Number of shares	Number of shareholders	Cumulative share of all registered shares
1 – 10 shares	84	0%
11-100	769	0.5%
101-1'000	1'073	3.9%
1'001-10'000	162	4.6%
10'001-100'000	24	7.0%
>100'000	5	84.0%
<b>Total</b>	<b>2'117</b>	<b>100.0%</b>

<sup>1</sup> Non-registered or undisclosed shares are not considered in this table. They represent 18.7% of all issued shares.

## 2.5 Dividend-right certificates

Medartis Holding AG has not issued any dividend-right certificates.

## 2.6 Limitations on transferability and nominee registrations

The company keeps a share register of the registered shares in which the owners and beneficiaries are entered with their names and addresses. In relation to the company, the shareholder or beneficiary is deemed to be the person entered in the share register. Upon request, purchasers of shares shall be entered in the share register without limitation as shareholders with voting rights if they expressly declare that they have acquired the shares in their own name and for their own account.

The transfer of registered shares requires the approval of the Board of Directors, which may delegate this authority. Approval shall be granted if the purchaser discloses his name, nationality and address on a form provided by the company and declares that he has acquired the shares in his own name and for his own account.

If the purchaser has acquired the registered shares as a nominee, the following applies: If the nominee has been approved by the Board of Directors, such nominee shall be entered in the share register as a shareholder with voting rights. If the nominee has not been approved by the Board of Directors, the Board of Directors may refuse to recognize such nominee as a shareholder with voting rights if the beneficial owner has not been disclosed. In this case, the nominee shall be entered in the share register as a shareholder without voting rights.

The names and addresses of owners and beneficiaries of registered shares are recorded in the share register, which is administered on behalf of Medartis Holding AG by areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

Further information can be found in articles 4, 5 and 6 of the [Articles of Association](#).

## 2.7 Convertible bonds and options

Medartis followed in 2021 its corporate long term incentive plan with restricted shares (LTI) for members of the Executive Management Board. In the event of a change of control, the Board of Directors, at its own discretion, is entitled, within the scope of the statutory provisions to make adjustments to the plan.

Further information can be found in articles 3.1, 3.2 c) and 3.2 e) of the Remuneration Report section of this Annual Report.

### 3. Board of Directors (BOD)



Roland Hess, Dr. med. Daniel B. Herren, Willi Miesch, Marco Gadola, Dr. h.c. Thomas Straumann, Dominik Ellenrieder, Damien Tappy and Dr. Jürg Greuter (from left to right).

#### 3.1 Members of the Board of Directors

The table below sets forth the name, year of birth, function, committee membership and term of office of each Board member as of the date of this Corporate Governance Report. All members of the Board of Directors are non-executive members.

Other than Willi Miesch, who was the CEO of Medartis from 1998-2019, no other Board had an operational management function at Medartis Holding AG or any company it controls in the last three years, furthermore no member of the Board has outside the Board membership any significant business relationship with Medartis Holding AG or any company it controls.

Name	Born	Nationality	Position	Committee Membership	First Elected
Marco Gadola	1963	Swiss	Chairman		2020
Dr. h.c. Thomas Straumann	1963	Swiss	Vice-Chairman	Member of the SIC	1998
Dominik Ellenrieder	1958	Swiss	Member of the Board	Chairman of the HRCC Member of the SIC	2000
Willi Miesch	1964	Swiss	Member of the Board	Chairman of the SIC	2010
Dr. Jürg Greuter	1956	Swiss	Member of the Board		1997
Dr. med. Daniel B. Herren	1962	Swiss	Member of the Board	Member of the HRCC Member of the SIC	2017
Roland Hess	1951	Swiss	Member of the Board	Chairman of the FAC	2017
Damien Tappy	1969	Swiss	Member of the Board	Member of the FAC Member of the HRCC	2018

**Marco Gadola**

Non-executive Member

**Chairman of the Board since 2021 | Board Member since 2020**

**Other main activities in 2021:** Chairman of DKSH Holding AG, WS Audiology and VFS Global as well as Vice-Chairman of the Calida and MCH Group. He is also a board member of the Straumann Holding AG. Additional mandates in non-public companies include Tally Weijl Holding AG, and 'AVAG Anlage und Verwaltungs AG'.

He also runs his own company focusing on cultural transformation support and executive coaching. He is also actively involved with the FC Basel football club, where he is a board member.

**Career highlights:** CEO of the Straumann Group from 2013 to 2019. From 2008 to 2013 CEO Asia Pacific and Chief Financial and Information Technology Officer at Panalpina Group. Prior to this, he was Chief Financial Officer at Straumann Group and Hero and held a number of leadership positions at Hilti. He began his career at UBS in corporate finance and at Novartis as a senior auditor.

**Qualifications:** He holds a master's in business administration and economics from the University of Basel and completed programs at the London School of Economics and IMD Management School in Lausanne.

**Key attributes for the board:** Medartis benefits from his strong executive track record in a broad range of global businesses, extensive knowledge of the MedTech industry, his expertise in finance and coaching and his insights from board mandates in other industries.

**Dr. h.c. Thomas Straumann**

Non-executive Member

**Vice Chairman of the Board | Board Member since 1998**

**Other main activities in 2021:** Chairman of centerVision AG and CHI Classic Basel Ltd, Board Member of the Straumann Holding AG, Board Member and Owner of the Grand Hotel Les Trois Rois, Basel.

**Career highlights:** He founded Medartis in 1997 and has been on the Board of Directors ever since. For a long time also as Chairman and Vice Chairman. In 1990, he was responsible for the successful restructuring of the Institut Straumann AG, where he acted as CEO and Chairman of its Board of Directors until 1994. He was Chairman of the Board of Straumann Holding AG until 2002, Vice Chairman until April 2020 and since then a regular member of the Board.

**Qualifications:** He holds a degree in Precision Engineering and pursued further studies at Basel Management School and the Management & Commercial School of Baselland. He has an honorary doctorate from the University of Basel.

**Key attributes for the board:** Founder and major shareholder of Medartis AG. He complements the Board with his in-depth knowledge of the dental and medical device industries through personal management experience and various shareholdings. As major shareholder, he also represents continuity, stability and credibility.



**Dominik Ellenrieder**  
Non-executive Member

**Member of the Board | Board Member since 2000**

**Other main activities in 2021:** Chairman of Sentec AG, Nexmed Holding AG and Grand Hotel Chandolin SA as well as board member of QGel SA.

**Career highlights:** Until 1999 Head of International Sales of Protek AG and later Manager Business Units and Sales Subsidiaries at Stratec Medical (later Stratec-Synthes/Johnson & Johnson), from 2000 to 2002 Chairman of Kuros Therapeutics (later Straumann), from 2001 to 2014 Board Member and Head of Technical Committee at Straumann Holding AG, from 2003 to 2015 Vice Chairman of Kuros Biosciences AG, since 2007 Venture Partner at Endeavour Vision SA, and from 2015 to 2017 Chairman of Symetis AG (later Boston Scientific). He was Vice Chairman of the Medartis AG between 2000-2021 and has headed the Human Resource and Compensation Committee (HRCC) since 2017.

**Qualifications:** He holds an Economics degree from University of Basel and an MBA from Graduate School of Business Administration Zurich and Boston University.

**Key attributes for the board:** He complements the Board with expert know-how in new technologies, product development and sales of medical devices and long-standing experience in building, developing and managing medical technology companies as an Executive, a Non-Executive Board Member, a Venture Partner and an Investor.

**Willi Miesch**  
Non-executive Member

**Member of the Board | Board Member since 2010**

**Other main activities in 2021:** Board Member of the International Bone Research Association (IBRA). He is CEO and board member of the Nouvag AG, board member of SCEWO AG and member of the investment advisory committee of MTIP.

**Career highlights:** CEO (Chief Executive Officer) at Medartis from 1998 until August 2019. Prior to that several long-term managerial positions in various production departments at Institut Straumann AG and Head of Manufacturing at Stratec Medical in Mezzovico, Ticino, Switzerland. Moreover, he was a member of the Executive Management Board at Villiger, a bicycle manufacturer, being responsible for all technical matters.

**Qualifications:** He holds a degree in Precision Engineering and a degree as Operations Technician TS from ABB Engineering School Baden with postgraduate studies in market-oriented Business Management at the University of Central Switzerland.

**Key attributes for the board:** Medartis benefits from his extensive knowledge of the medical industry, his global network of experts in the industry, his comprehensive experience related to his background in precision engineering and his long-term experience as an executive manager.

**Dr. Jürg Greuter**

Non-executive Member

**Member of the Board | Board Member since 1997**

**Other main activities in 2021:** Board Member of Stratus Seviles AG, CHI-BHE AG, Ltd, Grand Hotel Les Trois Rois SA, centerVision AG.

**Career highlights:** Director at Greuter Advokatur & Notariat GmbH. He acts as Legal Counsel and Board Member at numerous small and mid-sized companies in Switzerland and in France in different sectors such as MedTech, Construction, Tourism, Shipping and Aviation. From 1990 to 2017 Founding Partner at Dietrich Greuter Wunder - Attorneys, Notaries and Mediators (now Dietrich Wunder Klingler Horni), in Basel.

**Qualifications:** He holds a PhD from the University of Basel Law School, attorney-at-law admitted to the Swiss Bar Association and Notary Public in Basel, Switzerland.

**Key attributes for the board:** He complements the Board with his extensive knowledge and experience with regards to legal and corporate matters as well as board member and legal counsel in various other companies.

**Dr. med. Daniel B. Herren**

Non-executive Member

**Member of the Board | Board Member since 2017**

**Other main activities in 2021:** No relevant mandates in this context.

**Career highlights:** Since 2009 Head of the hand surgery department at Schulthess Clinic in Zurich and since 2017 Chief Medical Officer. From 2010 to 2014 Board Member of National Federation of Medical Doctors in Switzerland (FMH). In addition, he acted as President of the Swiss Society for Surgery of the Hand between 2010 and 2013. Currently, he is Secretary General of the Federation of European Societies for Surgery of the Hand (FESSH) and in conjunction with this role, member of the FESSH Executive Committee.

**Qualifications:** He holds a Medical degree from the University of Berne with postdoctoral studies at the ETH Zurich as well as a Master of Health Administration from the University of Berne.

**Key attributes for the board:** As an orthopaedic and hand surgeon he contributes in-depth expert and practical knowledge with many years of medical implants user experience.

**Roland Hess**

Non-executive Member

**Member of the Board | Board Member since 2017****Other main activities in 2021:** None.

**Career highlights:** From 2010 to 2017 Board Member of Straumann Holding and Chairman of the Audit Committee. From 2008 to 2012 internal senior advisor to the Executive Management of the Board of Directors of Schindler Holding AG. Between 2003 and 2007 President of the Executive Management Board of the Elevator and Escalator Division of Schindler. From 1984 to 2012 rising through positions of increasing responsibility in controlling, finance and regional management at the Schindler Group. From 1971 to 1984 international auditor at Nestlé and Head of Finance of a Nestlé Group company. In addition to assignments in Europe his career includes several years in North- and Latin America, as well as Asia. He is currently the managing director of SCI Solivie and SARL Moriand in Grasse, France.

**Qualifications:** He holds a degree in Business Administration from Lucerne Business School and studied at Harvard Business School in Boston.

**Key attributes for the board:** He is an expert in multinational group auditing, financial reporting, corporate finance and adds profound business development experience.

**Damien Tappy**

Non-executive Member

**Member of the Board | Board Member since 2018**

**Other main activities in 2021:** Co-founder, Chairman and Managing Partner of Endeavour Vision and Member of the Young President Organization (YPO). In addition to his mandate at Medartis, he represents the interest of Endeavour Vision as board member in the following companies: L'Enfance (chairman), CeQur, Polares, and Hôpital de la tour.

**Career highlights:** Founder and Director of the Start-up and Spin-off program from the Swiss Federal Institute of Technology (EPFL) and co-Founder, Chairman and Managing Partner of Endeavour Vision.

**Qualifications:** He holds a degree in management, technology and economics (MTE) from IMD, Lausanne, Switzerland. He graduated with honours as an engineer in micro-technology at EPFL. He also worked as international fellow in the field of medical imaging at the Stanford Research Institute in California (SRI International).

**Key attributes for the board:** His area of expertise is in healthcare with a specific focus on Medical Technologies and Digital Health on both side of the atlantic. As managing partner of Endeavour Vision, which specializes in private equity and venture capital investments, he contributes his valuable experience as a board member of numerous life science companies.

Curricula vitae (CVs) of all current members of the Board of Directors and Executive Management Board and other information (including information on the years of their first election, additional positions, memberships and activities) are available and continuously updated on the Medartis corporate website.

## 3.2 Other activities and vested interests

Information on the other activities and interests of the members of the BOD is shown in section 3.1.

## 3.3 Permitted other activities pursuant to OaEC

The number of external offices is stipulated as follows with binding effect in the [Articles of Association](#):

BOD members must not simultaneously hold more than 15 additional mandates in commercial enterprises, of which no more than 5 may be held in listed legal entities.

Not subject to the above restrictions are:

- a) Mandates in entities controlled by Medartis or controlling Medartis;
- b) Mandates in entities upon request of Medartis; and
- c) Mandates in associations, organizations and legal entities with a public or charitable purpose, foundations, trusts, as well as staff pension funds.

Mandates are defined as mandates in the highest management (Boards of Directors) of a legal entity which is obliged to be entered in the commercial register or in a corresponding foreign register. Mandates in different legal entities that are under uniform control or have the same economic justification are considered as one mandate.

All members of the Board of Directors are within the limits of external mandates stipulated by the [Articles of Association](#).

## 3.4 (Re-)elections and terms of office

Each Director is elected by the Annual General Meeting for a one-year term, which runs until the end of the next Annual General Meeting. Directors may be re-elected with no restrictions such as age or tenure limit.

The Chairman of the Board of Directors and the members of the HRCC are elected by the Annual General Meeting. If the Chairman's Office is vacant, the Board of Directors appoints a Chairman from among its members for the remaining term of office.

In August 2021, the Medartis BOD has announced proposals for leadership succession intended to take effect at the Annual General Meeting on 6 April 2022. Roland Hess (member since 2017) and Dr. Jürg Greuter (member since 1997) have decided to retire from the Board by this date. Nadia Tarolli Schmidt and Ciro Roemer have agreed to stand for election to the Board. All other members of the board stand for re-election at the upcoming assembly.

Each year at least two black-out periods are imposed during which members of the BOD, executives, senior managers and other insiders are prohibited from trading in the Medartis stock. This is the case prior to the announcement of the company's half- and full-year results as well as in special situations, when potentially share price-relevant projects are processed over a longer period of time.

## 3.5 Internal organizational structure

The organization of the BOD and its committees is set forth in the [Organizational Regulations](#), available on the [Medartis website](#). The following paragraphs summarise the main elements of the Organizational Regulations.

### 3.5.1 Composition of the Board of Directors, allocation of tasks within the Board of Directors and Corporate Social Responsibility

Subject to article 19 of the [Articles of Association](#), except for the election of the Chairman, the BOD constitutes itself. It may designate one or several Vice-Chairmen among its members. It appoints a secretary, who shall not necessarily be a BOD member. The individual positions (Chairman, Vice-Chairman, Member) are listed in the table in section 3.1.

The Chairman regularly reviews the Board's composition to ensure that an adequate mix of skills and experiences is available to successfully manage the company's current and future challenges. Based on general market views as well as certain international corporate governance standards, four out of eight Board members may be considered non-independent. Based on its composition by skills, background and experiences as outlined in the table in section 3.1. above, the BOD is in a position to ensure the successful execution of the company's strategy through independent decision-making processes and a functioning system of checks and balances. The BOD will continue to develop and amend its composition under the leadership of its Chairman along with the further development of Medartis over time.

In accordance with Swiss corporate law, the BOD is responsible for the overall and high-level management of the company, which cannot be delegated, and the supervision of the Chief Executive Officer and the other members of the Executive Management Board. The Board of Directors is in charge of all matters not reserved to another corporate body by statute, by the [Articles of Association](#) or by the [Organizational Regulations](#).

The BOD ensures that it is regularly informed about the business of the company and about any developments that may be relevant thereto. It treats the reports and proposals submitted by the committees of the BOD and by the Chief Executive Officer. All missions and competences of the Board of Directors are stipulated by article 15 of the [Organizational Regulations](#). Without limitation, these tasks may not be delegated. The Board of Directors may entrust committees with the preparation and implementation of all or some of its decisions, as well as with the supervision of certain matters as further explained in section 3.5.2.

The Chairman of the BOD is responsible for the preparation, calling, organization and chairing of the Board Meeting. Together with the CEO, the Chairman is in charge of the outside representation of the company.

Information regarding conflicts of interest can be found in articles 7 and 35 of the [Organizational Regulations](#).

The BOD acknowledges that part of its responsibility of the company's high-level management includes its understanding about how the company is doing business and how its strategic targets shall be achieved, this is, what values and culture it desires and how the company interacts with its stakeholders. It is the Board of Directors' firm believe that Medartis is a part of society, respecting human rights and treating natural resources and the environment with care when rendering its products and services. The BOD regularly reviews progress towards this corporate social responsibility framework, which includes, amongst other:

- A comprehensive [code of conduct](#);
- Policies about how to interact with medical professionals, institutions and regulatory authorities;
- Policies about how to interact with external suppliers and advisors;
- Policies on ethical and other standards in the company's research and development;
- An integrated compliance system and internal controls whose functionalities are regularly reviewed by the Finance and Audit Committee.

In 2021, the key topics of the BOD included, amongst other, strategic business development projects, Covid-19 business continuity, board committee work and reports and the corporate organizational structure. The BOD met 10 times, mostly in physical meetings whenever the pandemic situation permitted. The sessions lasted about 6 hours on average. Two members were not able to attend all 10 meetings due to other important business obligations.

### **3.5.2 Members list, tasks and area of responsibility for each committee of the Board of Directors**

The committees appointed by the BOD support the preparation and implementation of all or some of the Board decisions, as well as the supervision of certain matters. The committees are entitled to conduct investigations (or have investigations conducted on their behalf) in all matters of their competence. They may request the services of independent advisors and experts.

HRCC members are elected by shareholders at the Annual General Meeting (see article 8.2.c and 27 of the [Articles of Association](#)). All other committee members are determined democratically by all board members. According to Swiss law, the members are elected for one year until the next Ordinary General Meeting. The individual positions and roles (Chairman, Member) are also outlined in section 3.1.

The committees of the BOD meet upon calling by their respective chairpersons or upon request of one of the respective committee members as often as required for the fulfilment of their duties, but at least three times a year. Members of the BoD may also attend meetings of specific committees at the request of the committee chairman.

#### **Finance & Audit Committee (FAC)**

The competences of the FAC are set out in articles 24 and 25 of the [Organizational Regulations](#).

The Finance & Audit Committee is composed of at least two non-executive and independent members of the Board of Directors, as per article 20 para. 1 and article 24 para. 1 of the [Organizational Regulations](#). The Board of Directors issues a [Finance and Audit Committee Charter](#) which governs the organization of the FAC.

The Finance & Audit Committee supports the Board of Directors in its supervisory function, in particular with respect to the completeness of the annual closing of accounts and financial statements, the compliance with statutory provisions, the analysis of the qualification of the external auditors, as well as the performance of the external auditors.

The FAC assesses the usefulness and suitability of the financial reporting, the internal control system and the general supervision of business and compliance risks. It makes sure that a continued, efficient and productive communication exists between the company and the external auditors regarding financial matters. This committee also evaluates, monitors and assesses the legal aspects of the company's M&A activities.

Due to the yet limited size and complexity of the company's corporate structure, Medartis has not established a dedicated internal audit function. If need arises, an ad-hoc team of employees with the required skills is created to inspect and review special situations. These teams report their findings directly to the FAC and, as the case may be, the Chief Financial Officer. At the beginning of 2022, a dedicated internal compliance officer was hired to meet the increasing national and international obligations in this field.

The Chief Financial Officer (CFO) attends the meetings of the FAC, except for portions when his or her presence would be inappropriate, as determined by the chairperson. At least once a year, the FAC shall meet in separate sessions with the external auditors.

In 2021, the key topics of the FAC included, amongst others, internal and external financial reporting, Covid-19 business continuity, external audit, M&A, controlling, compliance and risk management matters. The FAC met 5 times for an average meeting length of approximately 4 hours with all members in attendance. The chairperson of the FAC reports at every Board meeting on the FAC activities and findings.

Medartis has an integrated compliance system, which provides guidance in recognizing, understanding and complying with the laws and ethical standards that govern our business practices and activities. This is supervised by the FAC. In addition, we have established a "whistleblower" contact point (known as the "[Ethics Hotline](#)"), operated by the Compliance Committee, which monitors the channel and defines the process. The system allows employees and external persons to confidentially alert our organisation about suspicions of misconduct. It is an important tool for reducing risks and building trust as it enables the company to detect and act on possible misconduct at an early stage. The Ethics Hotline also has a preventive role. If the employee wants to report an incidence, the Medartis Ethics Hotline ensures that concerns can be raised anonymously if preferred. All concerns and reports are investigated by our Compliance Committee and, depending on the outcome, appropriate measures are taken.

#### **Human Resources & Compensation Committee (HRCC)**

The duties and responsibilities of the HRCC are set out in article 27 of the [Articles of Association](#) and in article 26 and 27 of the [Organizational Regulations](#). In March 2021, the Remuneration Committee was renamed "Human Resources and Compensation Committee" following its assumption of additional duties. Its new tasks are specified in the HRCC Charter, dated 04 March 2021, which is available on the Medartis website.

The HRCC is composed of at least three non-executive and independent members of the Board, as per article 27 of the [Articles of Association](#) and article 26 para. 1 of the [Organizational Regulations](#). The Board of Directors issues a [Human Resources & Compensation Committee Charter](#) which governs the organisation of the HRCC.

The key tasks of the HRCC are:

- Presenting motions to the Board of Directors in view of the next Ordinary Annual General Meeting of shareholders with respect to the aggregate amount of remuneration of the BOD and of the Executive Management Board (EMB) of the company;
  - Assisting the BOD in the preparation of the remuneration report, to be adopted by the BOD and then disclosed to the shareholders of the company in view of the next Ordinary General Meeting;
  - Implementing the resolutions passed by the Annual General Meeting with respect to the aggregate amount of remuneration of the members of the BOD and the members of the Executive Management Board;
  - Assisting the BOD in setting the conditions for the actual remuneration of the members of the Board and of the Executive Management Board in accordance with article 25 of the [Articles of Association](#), as well as advising the Board in the review and approval of general compensation and benefit policies, including any long-term incentive plans;
  - Preparing and assessing the principles of remuneration of the company and presenting corresponding motions to the BOD in this respect for approval;
  - Advising the BOD in the setting-up, monitoring and regularly reviewing of the remuneration policy and guidelines at the highest level of the company;
  - Submitting recommendations or presenting motions to the BOD on other remuneration-related matters.
- The HRCC also oversees the culture change process launched in mid-2021 and gives advice to the EMB where deemed appropriate.

In 2021, the key topics of the Human Resources & Compensation Committee included, amongst others, the structure of the short and long term incentive plans, additional content of the Remuneration Report and the culture journey. The HRCC met 4 times for an average meetings of approximately two hours on average. The chairperson of the HRCC reports at every Board meeting on the HRCC activities and findings.

### **Strategy & Innovation Committee (SIC)**

The duties and responsibilities of the SIC are set out in article 28 and 29 of the [Organizational Regulations](#).

The SIC is composed of at least two non-executive members of the Board, as per article 20 para. 1 and article 28 para. 1 of the Organizational Regulations. The Board of Directors issues a [SIC Charter](#) which governs the organisation of the SIC.

The key tasks of the SIC are:

- Assess the company's annual plan and long-term strategy and provide guidance to the management to ensure the development, implementation, adherence and, if necessary, modification of the strategic plan and strategic goals;
- Review strategic risks and opportunities, including those resulting from the business environment in terms of competition, regulation, patients, surgeons, payors and providers;
- Review the company's technology capabilities, including the ability to develop, acquire and maintain innovative technology through internal development, acquisitions, licensing, collaborations, alliances and other appropriate means;
- Identify and assess the market environment, specifically for technology innovations and trends, that could significantly affect the company and the industry in which it operates;
- Review and advise on the company's internal and external innovation expenditure plans, including the technical relevance of proposed activities;
- Assist the Board in overseeing the company's investments in internal and external innovation, technology and developments, including acquisitions, licenses, collaborations and other business development activities;
- Identify, review and assess M&A and licensing opportunities in terms of their strategic fit, including sales structure and/or product portfolio.

In 2021, the key topics of the SIC included mainly, the identification, review and assessment of M&A opportunities that are in-line with the defined long-term growth strategy of the company. The SIC met on average six times for sessions between 1 and 6 hours. The chairperson of the SIC reports at every Board meeting on the SIC activities and findings.

### 3.5.3 Working methods of the Board of Directors and its committees

Upon invitation by the Chairman of the Board of Directors, the Board of Directors meets as often as required by the business of the company, but at least six times a year. Every member of the Board of Directors is entitled to request that a meeting of the Board of Directors be called by the Chairman of the Board of Directors. If the Chairman of the Board of Directors does not proceed with the calling of the meeting within fourteen calendar days from the request, the requesting member of the Board of Directors is entitled to call the meeting.

Agendas for Board of Directors or Board Committee meetings are defined by the respective chairperson. At least five calendar days prior to the meetings of the Board of Directors, the members shall timely receive the agenda as well as all appropriate documents and reports needed for the decision-making process.

The Board of Directors may validly pass resolutions when at least the majority of its members are attending the meeting in person or by means of communication that allow direct discussion (e.g. telephone or audio-visual conference). The Board of Directors passes its resolutions with the majority of votes cast, each director having one vote. Abstentions are not counted as votes cast. In case of equal votes, the Chairman of the meeting has the casting vote.

The agenda of the meetings is set by the respective committee chairperson. Discussions and resolutions are recorded in the minutes of the meetings.

The chairpersons of the Finance & Audit Committee (FAC), the Human Resources & Compensation Committee (HRCC) and the Strategy & Innovation Committee (SIC) report at each Board meeting about matters, which were discussed and resolved in their respective committee meetings.

The Chief Executive Officer (CEO) is usually invited to attend the meetings of the Board of Directors in an advisory capacity. However, the Board of Directors regularly holds meetings or parts of their meetings without the participation of the CEO. The dates for the ordinary meetings are set at an early stage so that all members are able to attend in person. The participants of the meeting receive detailed written documentation in advance for all motions. The committees meet upon calling of their chairperson as often as required for the fulfilment of the duties, the FAC at least four times a year, the Human Resources & Compensation Committee at least three times a year and the SIC at least four times a year.

### Attendance at board and committee meetings in 2021

The following table shows the number of board meetings in the reporting period per committee. The list above does not include preparation time for meetings, document study or coordination time with executive members. During the pandemic and following the general trend towards digitalisation, some of these meetings in 2021 were held virtually.

Name	Full Board meetings	Finance & audit committee (FAC)	Human Resources & Compensation Committee (HRCC)	Strategy & Innovation Committee (SIC)	Total board meetings
Marco Gadola	10	1	3	5	22
Dr. h.c. Thomas Straumann	10	1	1	4	16
Dominik Ellenrieder	9		4	6	19
Willi Miesch	10	-	1	6	17
Dr. Jürg Greuter	10	-	2	-	12
Dr. med. Daniel B. Herren	8	-	2	6	16
Roland Hess	10	5	-	-	15
Damien Tappy	10	5	-	-	15

Note: The change of the chairman position and the new direction of the HRCC led to various changes in the committee composition. Vice President Dr. h.c. Thomas Straumann is a new member of the Strategy & Innovation Committee; Damien Tappy and Dr. Daniel B. Herren replaced Willi Miesch and Dr. Jürg Greuter in the HRCC.



In addition to participating in BOD meetings all Board members attend industry congresses, co-travel with sales representatives to visit key customers, go on field trips or attend surgeries. Board members may also act as active mentors to executive managers and have regular one-to-one exchanges with their assigned mentees. The Chairman maintains a regular exchange with the CEO and bilateral meetings are held on a frequent basis.

### 3.6 Definition of areas of responsibility

The Board of Directors is responsible for the overall and high-level management of the company, which, in accordance with Swiss corporate law, cannot be delegated, and the supervision of the CEO and the other members of the Executive Management Board. The Board of Directors is in charge of all matters not reserved to another corporate body by statute, by the [Articles of Association](#) or by the [Organizational Regulations](#).

Unless set out otherwise in mandatory statutory provisions, the [Articles of Association](#) and the [Organizational Regulations](#), the Board of Directors delegates the management of the company to the Chief Executive Officer. The responsibilities and tasks and nature of cooperation between the Board of Directors and the Executive Management Board are stipulated in the Organizational Regulations, which are available on the [Medartis website](#).

Key responsibilities and tasks of the Board of Directors are:

- Overall management of the company and issuance of all necessary directives in this respect;
- Determining the organization, in particular adopting and amending the present [Organizational Regulations](#) as well as deciding on the setting up and dissolution of branches and offices;
- Organizing the accounting, financial planning and financial control, supervising and assessing the risks;
- Organizing the risk control and the risk assessment systems;
- Appointing, supervising and dismissing the persons entrusted with the management and the representation of the company and regulating the signature powers;
- Adopting and amending guidelines namely on disclosure of shareholdings, management transactions, trading in own shares, insider information and market manipulation, ad hoc publicity, general stock exchange disclosure and reporting duties, as well as code of ethics and business conduct;
- Taking note of the Chief Executive Officer's and the external auditors' reports;
- Issuing the Annual Reports, as well as preparing the General Meetings of the shareholders and implementing the resolutions of the General Meetings of the shareholders;
- Notifying the court in the event of over-indebtedness;
- Based on the proposal of the HRCC, approving the remuneration report and deciding on the proposals on the aggregate amount of remuneration of the members of the Board of Directors and the members of the Executive Management Board to be submitted to the general meeting of the shareholders;
- Setting the conditions of the remuneration of the members of the Board of Directors and of the Executive Management Board in the form of equity securities, conversion rights and option rights in accordance with article 30 and article 31 of the Articles of Association, as well as reviewing and approving the general compensation and benefit policies including any long-term incentive compensation or equity plans and the allocation of benefits under such plans;
- Examining the independence of the external auditors based on the preliminary work made in this respect by the FAC;
- Deciding on the setting up, acquisition or disposal of subsidiaries, as well as the purchase or sale of shares and/or assets in other companies;
- Passing resolutions on budgeted and unbudgeted capital expenditures ("CAPEX") exceeding CHF 500'000;
- Assessing the performance of the Board of Directors, its committees and members.

### 3.7 Information and control instruments vis-à-vis the Executive Management Board

Medartis' Board of Directors has put different information instruments in place to provide oversight and monitor the execution of responsibilities it has delegated to the Executive Management Board.

Medartis has a fully integrated Management Information System on the basis of an SAP powered Enterprise Resource Planning, which covers most of the business transactions of the Group's consolidated entities.

The Board of Directors receives a detailed monthly sales report regarding the sales evolution by product line and by subsidiary, each as compared to the planned targets and prior years as well as comments on sales highlights.

Financial statements are submitted quarterly to and reviewed by the FAC. The Chief Financial Officer as well as the chairperson of the FAC present and comment the results in detail at the next meeting of the Board of Directors.

On the occasion of every meeting, the Board of Directors may request information, updates and reports from the Chief Executive Officer regarding the business of the company. It is also a part of the Board of Directors' tasks to exchange regularly with the management as well as with the customers and the industry, e.g. visits to subsidiaries, customers or medical congresses.

In case of a specific occurrence (in the course of business or of an extraordinary nature) with significant business or financial relevance, the Chief Executive Officer is obliged to immediately inform the members of the Board of Directors.

### 3.8 Risk management in the Group

The Board of Directors is responsible for overseeing the Group's internal control system, which addresses strategic risks to which the Group is exposed. These systems provide appropriate security against significant inaccuracies and material losses.

Medartis developed, implemented and maintained a Quality Management System in order to document the overall Group's best business practices, to ensure overall risk controlling, better satisfy the requirements and expectations of its customers and improve the overall management of the Group.

Medartis' continuous iterative risk management process throughout the entire lifecycle of Medartis medical devices aims to high quality products, processes and related customer support.

The certified Quality Management System matches all related medical industry standards. Scope of the Quality Management System as also specified on the company's EN ISO 13485:2016 certificate refers to design and development, manufacturing, distribution of cranio-maxillofacial and orthopaedic implants and instruments. Design and development of medical image processing, simulation and design software.

Quality audits are an integrated part of the Medartis Quality Management System and cover the control of the established processes to fulfill all required regulatory medical industry standards.

Internal audits are performed by trained internal auditors and contribute to the regulatory and technical aspects of the EN ISO 13485:2016 on a yearly basis.

External audits are performed autonomously by third parties. Those include the notified body TÜV Rheinland, national or international authorities with entitled interest, for example, Food and Drug Administration FDA (US), Swissmedic, Anvisa (Brazil). All potential findings from these audits are managed within the Medartis corrective and preventive action system.

The Executive Management Board assesses periodically financial and operational risks resulting in an Internal Control System (ICS) matrix which is reviewed by the Board of Directors.

The FAC is periodically monitoring the risk assessment of Medartis and assesses the proposed risk mitigating measures proposed by the Executive Management Board.

Periodically a session is held with the Executive Management Board and the General Managers of the major subsidiaries to assess and discuss the major actual and future business risks. These findings are discussed at the Board of Directors meetings.

## 4. Executive Management Board



Axel Maltzen, Mareike Loch, Dirk Kirsten, Dr. Christoph Brönnimann, Lisa C. Thompson, Manuel Schaer and Anthony Durieux-Menage (from left to right).

### 4.1 Members of the Executive Management Board (EMB)

The table below sets forth the name, year of birth, function, membership and term of office of each Executive Management Board member as of the date of this Corporate Governance Report.

Name	Born	Nationality	Position	In position since
Dr. Christoph Brönnimann	1966	Swiss	Chief Executive Officer	2019
Dr. Dirk Kirsten	1968	German & Swiss	Chief Financial Officer	2021
Axel Maltzen	1969	German	Chief Production Officer	2014
Anthony Durieux-Menage	1974	France	Chief Human Resources Officer	2019
Lisa C. Thompson	1957	US	President North America	2020
Mareike Loch	1970	German	Vice President EMEA	2020
Manuel Schaer	1970	Swiss	Chief Technology Officer	2020

There was one change within the EMB during the year under review. The Board of Directors has appointed Dirk Kirsten as new Chief Financial Officer and Member of the EMB in December 2010. He joined the firm in March 2021 and has succeeded Dominique Leutwyler, who has decided to leave the company after 20 years in office.

**Dr. Christoph Brönnimann****Chief Executive Officer**

**Career highlights:** CEO (Chief Executive Officer) at Medartis AG since September 2019. Previously, he held various leadership roles in larger organizational units since 2005 at Synthes, e.g. responsible for the global integration of Stratec and Mathys, for global quality management, for international logistics and General Manager of Synthes Switzerland. At Johnson & Johnson, following its acquisition of Synthes, he headed the J&J ONE Medical Device unit for Germany, Switzerland and Austria. Prior to this, he was working at PwC in M&A consulting and corporate finance and began his career at Roche, where he worked in marketing and product management in the US from 1996 to 2000.

**Qualifications:** He holds a PhD in chemistry from ETH Zurich and completed a General Management Program at the Harvard Business School.

**Dr. Dirk Kirsten****Chief Financial Officer**

**Career highlights:** He joined Medartis in March 2021. Over the course of his long-dated carrier Dr. Dirk Kirsten held various senior management positions in the medtech, pharmaceutical and healthcare industries. These included the roles as CFO of Nobel Biocare (2008-2013), Group Treasurer of Syngenta (2004-2008) and Head Group Funding & Capital Markets of Roche Holding (2002-2004). Prior to that, he worked in global investment banking (UBS/Deutsche Bank), where he also lead various healthcare transactions (financing, M&A, capital markets). In 2013, Dirk Kirsten founded his own advisory boutique focusing on M&A, private equity as well as start-up financing and business development. As a proven financial expert with broad industry experience, Dirk Kirsten has a strong track record in international management, corporate finance and M&A.

**Qualifications:** Dirk Kirsten holds a PhD in Management & Economics from the University of Cologne and attended the international MBA program of the London Business School.

**Axel Maltzen****Chief Production Officer**

**Career highlights:** Since 2008 Head Quality Management and since 2014 Chief Production Officer (CPO) at Medartis AG. From 2005 to 2008 Head Quality Management at Stryker Leibinger and from 2003 to 2005 Team Leader for environmental facilities at tesa plant Hamburg. Earlier he was responsible as Head Project Manager for international environment projects at AB Umwelttechnik.

**Qualifications:** He holds a degree as Mechanical Engineer specialized in process engineering.

**Anthony Durieux-Menage****Chief Human Resources Officer**

**Career highlights:** CHRO (Chief Human Resources Officer) at Medartis AG since June 2019. Prior he was Group HR Director at Swiss pharma company Acino and held management roles in HR and Operational Excellence at Novartis. Previously, he was production engineer at Ajinomoto in France and started his career at Lesaffre as a biochemistry engineer.

**Qualifications:** He holds a Master's degree in Biochemistry from the National Institute of Applied Sciences in Toulouse (France).

#### Lisa C. Thompson

#### President North America

**Career highlights:** At Medartis AG since April 2020. She contributes over 25 years of experience in the Medical Device industry specializing in Orthopedic hardware, trauma & extremities, biologics, and spine. Previously, she worked as an independent management consultant and interim manager in the medical technology industry from 2012 to 2017, with mandates including Vice President Marketing at BioMedical Enterprises and Chief of Staff first at Medshape and then at Zimmer Biomet, Bone Healing Technologies. She then took over the latter division as Vice President & General Manager (2017–2019). From 2005 to 2011, Lisa Thompson held various management positions at Stryker Orthopaedics, including Vice President Global Marketing in Trauma & Extremities and Senior Director Marketing in US Extremities. From 1989 to 2005, she was Global General Manager Bone Growth Technologies at EBI Medical Systems. She started her career as Sales Executive in the medical sector.

**Qualifications:** She holds a Bachelor of Fine Arts from Fairleigh Dickinson University and completed the Harvard Business School Leadership Course.

#### Mareike Loch

#### Vice President EMEA

**Career highlights:** At Medartis AG since August 2020. Over 23 years of experience in the medical device industry. Prior to joining Medartis she was Vice President EMEA for Trauma, Extremities, Foot&Ankle, Sportsmedicine and Biologics at Zimmer Biomet. She spent 5 years in Singapore as Vice President APAC Marketing & Business Intelligence and before that 3 years as Senior Director Global Brand Management and responsible for the hip and knee franchises in EMEA. Previous roles also include two years in Japan and several marketing and sales roles for Sulzer Medica upon joining in 1997.

**Qualifications:** She holds a Master's degree in product design from the Glasgow of Art and a Master's degree in mechanical engineering from the University of Glasgow.

#### Manuel Schaar

#### Chief Technology Officer

**Career highlights:** At Medartis AG since November 2020. He joined Medartis coming from DePuy Synthes Johnson & Johnson, where he held various positions with increasing responsibilities over the past 23 years. Most recently he was a Senior Director in the EU MDR Program Management Office. Prior to that, he served as Senior Director Strategy & Process Improvement Supply Chain. In previous roles, he had various regional and global responsibilities in Research and Development and Technology Integration in the Spine business area, working with internal and external Teams as well as the Technical Commission of the AO. He started his career as Product Development Engineer and Product Manager at Stratec Medical (later Synthes-Stratec).

**Qualifications:** He holds a Master of Science in Mechanical Engineering and Biomechanics from the Swiss Federal Institute of Technology (ETH) in Zurich.

## 4.2 Other activities and vested interests

No member of the Executive Management Board has any other activities or vested interests in accordance with the directive outside of Medartis.

## 4.3 Permitted other activities pursuant to OaEC

The number of external offices is stipulated as follows with binding effect in the [Articles of Association](#):

Members of the Executive Management Board must not simultaneously hold more than 3 additional mandates in commercial enterprises, of which no more than 1 may be held in a listed legal entity.

Not subject to the above restrictions are:

- a) Mandates in entities controlled by Medartis or controlling Medartis;
- b) Mandates in entities upon request of Medartis; and
- c) Mandates in associations, organizations and legal entities with a public or charitable purpose, foundations, trusts, as well as staff pension funds.

Mandates are defined as mandates in the highest management body (Boards of Directors) of a legal entity which is obliged to be entered in the commercial register or in a corresponding foreign register. Mandates in different legal entities that are under uniform control or have the same economic justification are considered as one mandate.

All members of the Executive Management Board are within the limits of external mandates stipulated by the [Articles of Association](#).

## 4.4 Management contracts

There are no management or service contracts with third parties.

# 5. Compensation, shareholdings and loans

The relevant information to compensation, shareholdings and loans can be found in the Remuneration Report Section of this annual report.

# 6. Shareholders' participation rights

## 6.1 Voting rights restrictions and representation

Each share entitles the holder to one vote. Persons who have participated in any way in the management of the company do not have the right to vote on resolutions to ratify the actions of the Board of Directors.

According to Art. 689 Abs. 2 OR each shareholder may be represented by a third party who has the capacity to act and not need not be a shareholder, on the basis of a written power of attorney.

Each shareholder may be represented by the independent proxy. The requirements for powers of attorney and instructions are determined by the BOD.

## 6.2 Quorums required by the Articles of Association

The [Articles of Association](#) do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting. The [Articles of Association](#) do not contain quorums deviating from Swiss statutory law.

## 6.3 Convocation of the Annual General Meeting of shareholders

Under Swiss law, the Annual General Meeting must be held within six months of the end of a company's preceding financial year. Shareholders' meetings may be convened by the Board of Directors or, if necessary, by a company's statutory auditors or liquidators. The Board of Directors is further required to convene an extraordinary shareholders' meeting if resolved at a shareholders' meeting or within two months if requested by one or more shareholder(s) representing in aggregate at least 10% of a company's nominal share capital registered in the commercial register.

## 6.4 Inclusion of items on the agenda

Shareholders representing a total of at least 10% of the share capital or jointly representing shares with a nominal value of CHF 1 million may request that an item be included on the agenda of the Annual General Meeting. If no deadline is specified in the company's notice regarding the possible inclusion of items on the agenda, or if the company waives the publication of such notice, the request for inclusion on the agenda must be made in writing at least forty-five (45) days prior to the meeting, stating the item to be discussed and the motions of the shareholder or shareholders.

No resolutions may be passed on motions relating to items not duly announced, with the exception of motions to convene an extraordinary shareholders' meeting, to conduct a special audit and to elect an auditor at the request of a shareholder. No prior notice is required for motions relating to the items on the agenda and for negotiations without a resolution.

## 6.5 Entries in the share register

The company issues its shares as uncertificated securities (Wertrechte) within the meaning of article 973c CO and registers them as intermediated securities (Bucheffekten) within the meaning of the Swiss Federal Intermediated Securities Act. In accordance with article 973c CO, the company maintains a register of uncertificated securities (Wertrechtbuch).

Voting rights may be exercised only after a shareholder has been recorded in the share register as a shareholder with voting rights up to a specific qualifying day designated each time by the Board of Directors. New shareholders who register their shares in the register have the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account and fulfill certain other requirements.

# 7. Changes of control and defense measures

## 7.1 Duty to make an offer

Rules in the [Articles of Association](#) on opting out (art. 125 para. 3 and art. 4 FMIA) and opting up (art. 135 para. 1 FMIA), stating the percentage threshold:

The company's [Articles of Association](#) contain an opting-out provision and accordingly the obligation to submit a mandatory public takeover offer pursuant to the applicable provisions of the Swiss Financial Market Infrastructure Act (the "FMIA") is set aside in the sense of art. 125 paragraph 3 and 4 FMIA (Opting-out). Apart from this existing opting-out provision, there are no limitations regarding shareholder rights, i.e. with respect to admissibility and voting of shareholders.

The opting-out provision was adopted in the [Articles of Association](#) before the initial public offering as a safeguard to avoid an unwanted triggering of the duty to make an offer by the majority shareholder as a consequence of potential future changes in the company's issued equity capital, as stipulated by the Swiss legislation regarding mandatory takeover offers and based on the current practices of the Swiss takeover board.

## 7.2 Clauses on changes of control

With respect to the compensation of the Executive Management Board in connection with the occurrence of a change of control, the [Articles of Association](#) allow for the continuation, shortening or withdrawal of exercise conditions and periods and vesting periods, for the payment of compensation based on the assumption that the target values are achieved, or the forfeit of compensation.

Other than provided in the LTI program as described in section 2.7 above, there are no agreements with the members of the Board of Directors or the Executive Management Board in the event of change of control.

# 8. Auditors

## 8.1 Duration of the mandate and term of office of the lead auditor

Ernst & Young AG have been appointed as Group and statutory auditors of the company at the 2021 General Meeting. The 'auditor in charge' has been in this function since 2018. The shareholders re-elect the auditors on an annual basis at the General Meeting.

## 8.2 Auditing fees

The total auditing fees charged by the audit firm in the year 2021 for the audit of the financial statement were TCHF 225.7 (2020: TCHF 219.0).

## 8.3 Additional (non-audit related) fees

The total fees charged in the year under review by the audit firm for additional services performed for Medartis were TCHF 0 (2020: TCHF 10). The additional fees for 2020 were mainly related to additional consulting.

## 8.4 Information instruments pertaining to the external audit

The Finance and Audit Committee oversees the activities of the auditors and assesses the performance, remuneration and independence of the external auditor annually. The Board of Directors proposes the election of the external auditor to the Annual General Meeting based on the recommendation of the Finance and Audit Committee. The Finance and Audit Committee assesses the scope of the audit by the external auditor and the relevant procedures annually and discusses the audit findings with the external auditor. During the reporting year, 4 meetings were held with the representatives of the external auditor. For additional information see section 3.5.2 of this Annual report.



## 9. Information policy

Medartis is committed to an open, transparent and continuous information policy. In accordance with the rules of the SIX Swiss Exchange, the company publishes detailed financial results on a semi-annual basis and an annual report in the first quarter of each year. At the Annual General Meeting (AGM), information is provided on the course of business and the environment, and the minutes and voting results are published on the company's website.

In the case of significant events, the company also publishes additional information about the respective M&A, partnership or financial transaction.

The CEO, CFO and Corporate Communications are responsible for communicating with investors and representatives of the financial community, media and other stakeholders. In addition to the publication of results and the Annual General Meeting, the company also regularly participates in country or sector (non-deal) conferences. Whenever possible and appropriate, meetings with investors are organised via video conferencing technology to reduce carbon emissions and travel costs. In between, however, physical meetings are also held at the investors' premises (roadshow) or at Medartis' headquarters. An overview of upcoming events can be found on the company's website, where you can also find a list of bank analysts covering the share. If you are interested to meet with company representatives please use the respective contact information at the end of the page.

Currently the following banks / sell-side analysts have a research coverage of Medartis:

Bryan Garnier & Co.	Dylan van Haaften, London	+44 207 332 2545 / +44 759 045 2695
Credit Suisse	Christoph Gretler, Zurich	+41 44 333 79 44
Octavian	Laura Pfeifer-Rossi, Zurich	+41 44 520 15 88
ZKB	Edouard Riva, Zurich	+41 44 292 20 05

To stay up to date, the company offers for retail and institutional investors a media release subscription service on its homepage and takes care to ensure that investor-relevant releases are circulated broadly and in a timely manner according to the rules of the SIX Swiss Exchange and with due regard for the principles of fair disclosure. The company does not update its releases, reports and presentations, which means that the information they contain is only valid at the time of publication. The company advises against relying on past publications for current information.

This Annual Report including a remuneration and corporate governance report is a key instrument for communicating with various stakeholder groups. It is published electronically in English on the company's website, where it can also be downloaded.