

Group Treasury Policy

Corporate Finance –

Policy & Procedures Manual

Type of Document:
Group Policy

Author:
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Date of issue:
DD.MM.YYYY

Last revision date:
DD.MM.YYYY

Version: 1.0

Concerns:
XYZTest Group Treasury

Distributed to:
Board of Directors
Group CFO
Treasury Manager
Group Controllers
Accountants

(superiors are responsible
that their subordinated staff
is properly informed)

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1 Corporate Finance Policy Overview

1.1 Purpose of the Document

The purpose of the corporate finance policy ("the cf policy") is to provide clear guidance on the corporate finance functions and the importance of XYZTest Group's corporate treasury department ("treasury") in the corporate finance process, as well as the responsibilities of affiliate and subsidiary personnel involved.

This cf policy will enable treasury to manage corporate finance issues on a company-wide basis and [..].

This cf policy replaces all existing guidelines and policies within XYZTest Group group and is applicable to all employees of XYZTest Group who have responsibility for or interactions with corporate finance activities.

1.2 Organization of the CF Policy

This policy consists of two sections. Section 1 contains an overview of the cf policy and guidelines for its maintenance and distribution. Section 2 sets forth the fundamental corporate finance guidelines for managing XYZTest Groups' corporate finance issues.

1.3 Distribution of the CF Policy

The cf policy shall be distributed to all subsidiaries and affiliates of XYZTest Group in accordance with the guidelines that have been set by the Treasurer. The policy shall not be made available to [..].

1.4 Roles and Responsibilities in Managing and Distributing the CF Policy

Section 1.4.1 outlines the roles and responsibilities of all parties involved in the management and distribution of the cf policy.

1.4.1 XYZTest Groups' CF Policy Role & Responsibilities

1.4.1.1 Management Board / Board of Directors

- Review and provide [..].
- Review and approve [..].

1.4.1.2 Group CFO

- Review and approve [..].
- Ensure compliance with [..].
- Has lead and the responsibility in [..].

1.4.1.3 Treasurer

- Play lead role in [..].
- Is direct communication partner to external [..].

- Negotiate [..].
- Monitor compliance with [..].
- Initiate changes to [..].
- Distribute policy.

1.4.1.4 Treasury Staff

- Monitor [..].

1.4.1.5 Affiliates / Subsidiaries

- Ensure [..].

1.4.1.6 Internal / External Audit

- Ensure compliance with [..].

1.5 Guidelines for CF Policy Compliance and Effectiveness

1.5.1 Compliance

As custodian of the cf policy, XYZTest Groups' treasury is responsible for ensuring that corporate finance activities adhere to the cf policy. Internal audit also will review corporate finance activity annually to ensure compliance with the cf policy by treasury and the affiliates and subsidiaries of XYZTest Group. The findings of the review will [..].

1.6 Amendments, Policy Updates and Revisions

The treasurer and CFO will review [..]. Any amendments, cf policy updates or revisions must be [..]. After adoption of modifications to the cf policy, [..].

2 Corporate Finance Guidelines

2.1 Corporate Finance Philosophy

Group Treasury is responsible for the XYZTest Group's financing matters and has to ensure that the group is at any time [..].

2.2 Key Objectives

- (a) Minimize [..]
 - (i) How much capital is needed?
 - 1) [..] view
 - 2) [..] view
 - (ii) How should the capital [..]?
 - 1) [..] debt?
 - 2) hybrid capital?¹
 - 3) [..]?
- (b) Retain [..].
- (c) Ensure [..].
- (d) Plan for contingencies.
- (e) Planning, structuring and execution of:
 - (i) [..] transactions (see (a)(ii) above),
 - (ii) [..] collateral [..],
 - (iii) back-up [..],
 - (iv) [..] "gate keeping",
 - (v) project and [..].
- (f) Management of [..] relations.
- (g) Minimize [..].
- (h) Monitor and control [..].

¹ Hybrid capital is capital that is structured as debt, but has equity-like features. The equity-like features are designed to absorb losses. It is also subordinated on a winding-up to all other creditors, but ranks ahead of the shareholders entitlement to the surplus remaining after all shareholders claims have been paid. As a result the cost of hybrid capital is closer to the cost of equity than the cost of debt.

2.3 Corporate Finance Program Roles and Responsibilities

Chart 1 outlines the roles and responsibilities of all parties involved in the corporate finance program.

Role	Responsibilities	Frequency
Management Board / Board of Directors	• Monitor the performance [..].	[..]
	• Review and provide [..].	Annually
	• Review and approve [..].	[..]
Audit Committee	• Monitor and review [..].	Annually
	• Report corporate finance controls.	[..]
CFO	• Review and approve the corporate finance strategy.	Semi-Annually
	• Make recommendations to [..].	[..]
	• Review and monitor [..].	Ongoing
	• Communicate [..] to the investment community.	[..]
	• Ensure compliance with [..].	Ongoing
Treasury	• Pre-negotiate [..].	As Needed
	• Review debt instruments regarding [..].	[..]
	• Review, negotiate and re-negotiate [..].	Annually
	• Manage [..].	[..]
	• Propose [..] strategy to the CFO	As Needed
	• Coordinate [..] processes.	[..]
	• Perform [..].	Quarterly
	• Monitor and report [..].	[..]
	• Is the only department within XYZTest Group to [..].	Ongoing
	• Give assistance to [..]	[..]
	• Manage overall [..].	Ongoing
	Affiliates	• Evaluate in cooperation with [..].
• Report to treasury any [..].		Ongoing
• Support the group in [..]		[..]
• Does not [..]		Ongoing
• [..]		
• [..]		

Chart 1: Corporate Finance Program Roles and Responsibilities

2.4 Relation to Banks

Bank relationship management includes the responsibility and authority to approve the establishment, the management and [..].

2.4.1 Approved Banks

Followings Banks are approved for the reported transactions:

Bank	Core Bank	Approved Transactions	Credit Limit in €

Chart 2: Approved Banks

The Treasurer has the duty to [...] at all times.

2.4.2 [...] Bank Accounts

To effectively manage and administer [...].

- (a) Requests must include at a minimum;
 - (i) [...],
 - (ii) [...],
 - (iii) a description of [...],
- (b) if request [...];
 - (i) [...]bank,
 - (ii) types of business activities [...],
 - (iii) a listing and [...], and
 - (iv) any cash amount limitations [...].
- (b) Bank accounts will be [...] and local regulations.
- (c) To ensure global banking consistency, XYZTest Group should adopt [...].
 - (i) All bank accounts of XYZTest Group' legal offices need to be [...].
- (d) When a bank account becomes [...] to close a bank account.
 - (i) Prior to submitting a closure request [...] will have
 - 1) fully [...],
 - 2) the account cash balance [...],
 - 3) ensured all [...], and
 - 4) have notified [...].

2.4.3 Bank Account Documentation

- (a) The Local Office financial responsible will contact [...].
- (b) The Treasurer may authorize [...].
- (c) The requesting Local Office must provide [...] will be maintained by the respective Local Office and Treasury.

2.4.4 Bank selection

- (a) Treasury is responsible for [...].

- (i) The XYZTest Group List of Approved Banks are the primary banks to select from when [..].
- (b) The Treasurer in consultation with the requesting unit, is responsible for [..].
 - (i) The Treasurer or the group CFO may [..].
 - (ii) The selection of a bank not on the List of Approved Banks requires [..].

2.5 Financing

2.5.1 Operational Investments

Financing of operational investments, [..] three process steps:

1. Recognition and approval [..]s.
2. [..], i.e. operating [..], financial [..] or [..].
3. [..], subject of operating business line regulations.

The process must follow these three steps in this order. [..] may be forced.

2.5.1.1 Leasing

- (a) In general, [..].
- (b) It must be ensured to the maximum extend that [..].

2.5.1.1.1 [..] Lease

[..] requesting the prior approval of the group auditors.

2.5.1.1.2 [..]

In cases where no [..] lease is appropriate, [..].

2.5.1.2 Capital Expenditure

As last alternative of financing equipment for smaller projects capital expenditure shall be applied. Whenever possible,

1. from [..] and if not possible,
2. by [..],
3. by [..].

2.5.2 Project Finance

For larger projects a financing limited to [..].

2.6 Financial Competences

2.6.1 General Authorizations and Financial Competences

The general financial competences of the Board of Directors, the Executive Management and the Upper Management of all the Group Companies are related to the size of the Group Company. The size is determined by [..].

The following financial competences for [..] shall be applied.

	Supervisory Board	Management Board	CEO or similar Officer
XYZTest Group AG	Unlimited	€ [..]	€ 100'000.-

Chart 3: Financial Competences at XYZTest Group AG

Size of the Group Company: total annual budgeted revenues (in EUR)	Board of Directors	CEO or similar officer
> [..]	€ [..]	€ [..]
[..] million	€ [..]	€ [..]
< [..]	€ [..]	€ [..]

Chart 4: Financial Competences at Subsidiaries

Regardless of the size of the Group Company, the following acts of any Group Company shall not be carried out without [..].

With respect to the different matters, the following charts provide the person or body in charge of the submission for approval (*A = Application*), the person or body to pre-decide upon the matter (*PD = Pre-Decision*), the person or body to be informed about the matter (*I = Information*) and the person or body to ultimately decide upon or ratify the matter (*D = Decision*, *R = Ratification*, * = subject to Ratification).

A = Application
I = Information

PD=Pre Decision
R = Ratification

D = Decision

2.6.2 Capital Structure

	Group Company		XYZTest Group AG		
	Executive Management	Board of Directors	Head of Division	CEO / Management Board	Supervisory Board
Variation of the share capital, granting [..]		[..]	[..]	[..]	D
Declaration or distribution of dividends or [..]		A	[..]	R	[..]

Chart 5: Capital Structure Competences

2.6.3 Acquisitions and Disposal

	Group Company		XYZTest Group AG		
	Executive Management	Board of Directors	Head of Division	CEO / Management Board	Supervisory Board
Acquisition or disposal (including [..])	A	[..]	[..]	[..]	I
Acquisition or disposal of real property	A		A	D	[..]
Acquisition or disposal of [..]	A	[..]	[..]	PD / D	D / I
Acquisition or disposal of [..]	[..]		A	[..]	D / I

Chart 6: Acquisition and Disposal Competences

2.6.4 Finance

	Group Company		XYZTest Group AG		
	Executive Management	Board of Directors	Head of Division	CEO / Management Board	Supervisory Board
Incurring of any facility borrowing, [..]		A	[..]	PD / D	[..]
The granting of any [..]	A		[..]	R	I
The granting of any [..]		[..]	A	PD / D	D / I
The granting of a credit to [..]	A		PD / D	[..]	I
Capital expenditure [..]	[..]	A	[..]	D	[..]
Creation of any [..]		[..]	PD	[..]	[..]

Chart 7: Finance Competences

2.7 Performance Management Reporting

To monitor the effectiveness of XYZTest Groups' foreign currency risk management program, treasury shall [..]

Chart 8 specifies the reports to be distributed [..].

Report	Responsible	Recipients	Frequency
[..] Loans	[..]	CFO	[..]
Short-[..]	Treasurer	[..]	Monthly
Long [..]	[..]	CFO	[..]
Benchmark-Report	Treasurer	[..]	Quarterly
Interest [..]	[..]	CFO	[..]
Capital[..]Report	Treasurer	[..]	Semi-Annually
All above mentioned reports	[..]	Board of Directors	Quarterly

Chart 8: Performance Management Reporting

Treasury Consulting

Fine Treasury Advisory

Issue History

Version	Date Issued	Reason
1.0	DD.MM.YYYY	Initial Version

Document Details

Author(s)	Stahr GmbH, Thomas Stahr
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File name	Corporate Finance Policy.doc

Authorisation

	Role	Date	Signature
Authorised By	Group CFO Board of Directors		See Protocol of the Board Meeting dated DD.MM.YY
Signed Off By	Treasury Manager		
	Accountant		
	Group Controller		
	Local CEO's		
	[..]		
	[..]		
	[..]		

