

## Group Treasury Policy

### Policy & Procedures Manual

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XYZTest Group,  
Corporate Treasury

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

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

## Contents

|          |  |          |
|----------|--|----------|
| <b>1</b> | <b>OVERVIEW OF THE GROUP TREASURY FUNCTION .....</b>   | <b>4</b> |
| 1.1      | GENERAL PRINCIPLES .....   | 4        |
| 1.2      | TREASURY FUNCTION AND RESPONSIBILITIES .....   | 4        |
| 1.3      | POSITION WITHIN THE GROUP .....  | 4        |
| <b>2</b> | <b>POLICIES AND GUIDELINES STRUCTURED ALONG THE FOUR PILLARS OF THE GROUP TREASURY STRATEGY ....</b> | <b>5</b> |
| 2.1      | TREASURY MASTER AGREEMENT .....  | 5        |
| 2.2      | CORPORATE FINANCE .....  | 5        |
| 2.3      | FX RISK MANAGEMENT .....   | 5        |
| 2.4      | CASH MANAGEMENT .....  | 5        |
| <b>3</b> | <b>MEASUREMENT, REPORTING AND CONTROL .....</b>  | <b>5</b> |
| 3.1      | LIQUIDITY RESERVES .....   | 5        |
| 3.2      | LIQUIDITY AND FINANCE REPORTING .....  | 6        |
| 3.3      | EXCEPTIONAL REPORTING .....  | 8        |

## Table of Charts

|   |   |
|---|---|
| CHART 1: REQUIREMENTS TO THE LIQUIDITY AND FINANCE PLAN ..... | 6 |
| CHART 2: LIQUIDITY MANAGEMENT .....                           | 7 |
| CHART 3: TREASURY REPORT STRUCTURE .....                      | 7 |

## 1 Overview of the Group Treasury Function

(a) The Treasury Policy for the XYZTest Group ('Treasury Policy') provides guidance on treasury activities and the management of financial risks on an overall policy level and defines respective authorities, responsibilities and limits.

(b) This Treasury Policy is approved by ....

(c) The Treasury Policy does not ....

(d) Treasury procedure manuals outline ....

### 1.1 General Principles

(a) Treasury operates as a ..... - therefore the generation of a profit contribution is ....

(b) The Group pursues a strict risk-averse approach.

(c) Transactions for account of employees entered into and in the name of any XYZTest Group company are strictly forbidden. In addition, ...

(d) The selection of business partners and counterparties for treasury transactions is ...

### 1.2 Treasury Function and Responsibilities

1. Group wide .....

2. Responsibility for ....

3. Execution and administration of ...

4. Group-wide responsibility for ....

5. ...

6. ...

7. ...

8. ....

### 1.3 Position within the Group

(a) The Treasurer resp. Treasury Manager is subordinated to the Group CFO and reports to him by providing ...

(b) Contact to other external parties like customers, supplier, tax authority etc....

## 2 Policies and Guidelines structured along the four pillars of the Group Treasury Strategy

### 2.1 Treasury Master Agreement

Regulates the legal treasury affair. This is a separate policy.

### 2.2 Corporate Finance

Defines the tasks, responsibilities and authorizations for all bank relationships, financing matters and financial competences. This is a separate policy.

### 2.3 FX Risk Management

Gives guidance and regulates the processes for managing the group's fx general issues and in particular the foreign exchange risk. This is a separate policy.

### 2.4 Cash Management

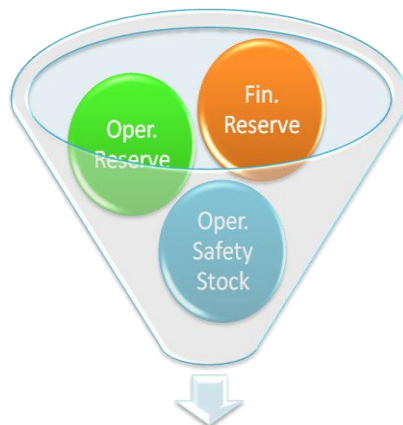
Responsible frame-work for all kind of cash management issues like payments, cash pooling, netting, account management, investments, interest risk matters. This is a separate policy.

## 3 Measurement, reporting and control

### 3.1 Liquidity Reserves

#### 3.1.1 Definition and Function of the Liquidity Reserve

Almost all transactions lead outflows. To obtain sus-



sooner or later to liquidity in- or tainable business, ....

Liquidity Reserve

## 3.1.2 Determination of Size and Form

To evaluate the total size of the liquidity reserve,....

### 1. Operational Reserves shall be ...

In case of short term investments ....

### 2. To minimize opportunity costs of holding cash available, ...

By using credit facilities ...

#### 3.1.2.1 Calculation

The Treasurer is responsible to perform ...

- (a) It is important that actual/budget analysis ....
- (b) For this determined time-gap of the absolute deviation ...
  - (i) [..]
  - (ii) [..]
- (c) As next step ...

#### **Example**

...

## 3.2 Liquidity and Finance Reporting

XYZTest Group has a combined report for liquidity reporting (short term up to one year) and finance reporting (mid-term from 1 year to 3 years). To maximize the quality of interpretation for this reporting, the reporting tool considers following aspects:

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• <b>Imminent planning up to 1 month with daily phasing</b></li> </ul> | <ul style="list-style-type: none"> <li>• <b>Short- and mid term from 1 month to 3 years with monthly phasing</b></li> </ul> |
| <ul style="list-style-type: none"> <li>• ...</li> </ul>   | <ul style="list-style-type: none"> <li>• ...</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Deviation analysis of ...</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Segregation of short- and long term items ...</li> </ul>                           |
| <ul style="list-style-type: none"> <li>• Reporting by ...</li> </ul>  | <ul style="list-style-type: none"> <li>• Flexible ...</li> </ul>  |

Chart 1: Requirements to the Liquidity and Finance Plan

The reporting interval for the liquidity and finance plan is at least ...

The management of planning and decision for being solvent all the time is described as follows:

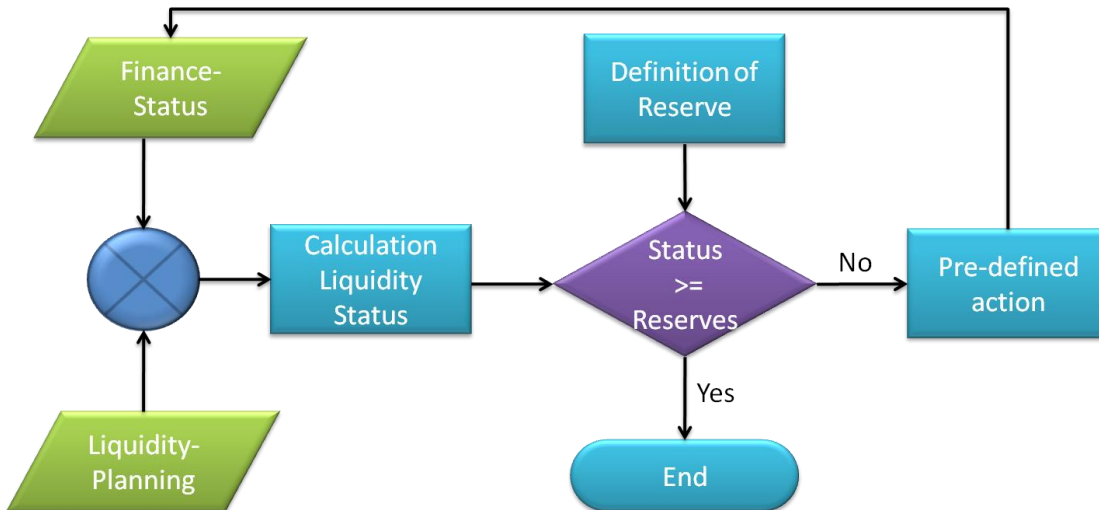
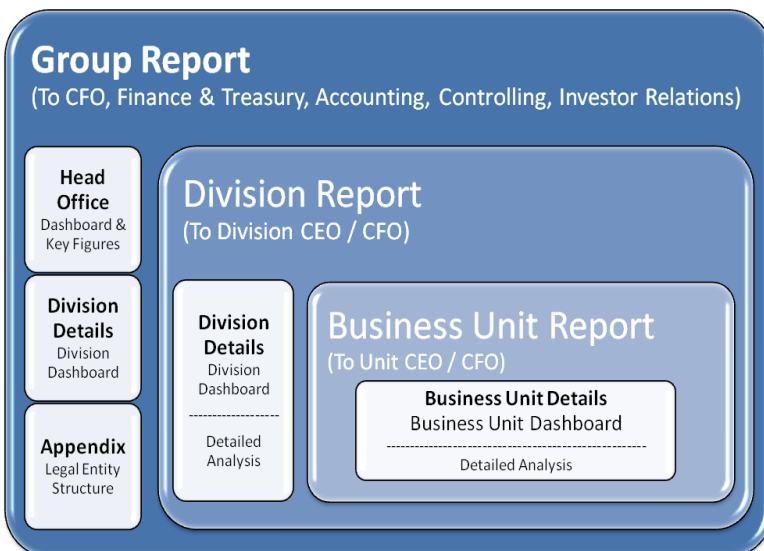


Chart 2: Liquidity Management

### 3.2.1 Reporting Structure and Content

The structure is separated on three levels, the group level, the division level and the business unit level.



The reports contain basically the same information with a unique data structure.

As needed, the information is consolidated or added for the specific report.

Chart 3: Treasury Report Structure

## 3.2.1.1 Content of the Reports

- (a) Status of the Currency Hedging Program ⇒ subject of the FX Risk Management Policy
  - (i) Hedging Volume by
    - 1) ...,
    - 2) ...,
  
    - 3) ...,
    - 4) ...,
    - 5) ...
  - (ii) Efficiency Level
  - (iii) ...
  - (iv) ... Result
- (b) Investment Statuts ⇒ subject of the Cash Management Policy
  - (i) Status by
    - 1) ...,
    - 2) ...,
    - 3) ...,
    - 4) ...,
    - 5) ...,
  - (ii) Benchmark calculations
- (c) Cash Management Status ⇒ subject of the Cash Management Policy
  - (i) ...
  - (ii) ...
  - (iii) ...
  - (iv) ...
- (d) Credit Risk Status ⇒ subject of the Corporate Finance Policy
  - (i) By ...
  - (ii) By Business Unit for
    - 1) ...
    - 2) ...

## 3.3 Exceptional Reporting

Non-compliance with the Treasury Policy or significant losses on treasury transactions above equivalent ....% of the yearly turnover per event are to be reported to ...

-end-

# Treasury Consulting

Fine Treasury Advisory

## Issue History

| Version <sup>1</sup> | Date Issued | Reason          |
|----------------------|-------------|-----------------|
| 1.0                  | DD/MM/YYYY  | Initial Version |

## Document Details

|                         |                          |
|-------------------------|--------------------------|
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## Authorisation

|                      | Role                                | Date | Signature  |
|----------------------|-------------------------------------|------|--|
| <b>Authorised By</b> | Group CFO<br><br>Board of Directors |      | See Protocol of the Board Meeting dated DD.MM.YY |
| <b>Signed Off By</b> | Group Treasurer                     |      |  |
|                      | Treasury Manager                    |      |  |
|                      | Group Accounting                    |      |  |
|                      | Subsidiary A                        |      |  |
|                      | Subsidiary B                        |      |  |
|                      | Subsidiary n                        |      |  |

<sup>1</sup> First digit is replaced for major changes which require approval of the supervisory board. Second digit is replaced for major changes which require approval of the Management Board / Board of Directors. Third digit is replaced for minor changes, for which the Group CFO has signed off in his competence.