

# Audit Committee Charter

of

## Kuros Biosciences AG

### 1. Adoption of Charter

This charter of the Audit Committee (the "Charter") was adopted by the board of directors (the "Board") of Kuros Biosciences AG (the "Company") on January 18, 2016 pursuant to article 23 of the Articles of Association and para. 8 of the Internal Regulations of the Company.

### 2. Establishment of Committee; Purpose

- 2.1 The Audit Committee (the "Committee") is established as a permanent committee of the Board. As further described in Section 4, the Committee shall monitor (i) the integrity of the financial statements, (ii) the independent audits in compliance with applicable legal and regulatory requirements, (iii) the accounting and financial reporting processes, and (iv) the internal control, risk and compliance management processes of the Company, and perform such other duties as are assigned to the Committee in this Charter. The Committee may delegate some duties to sub-committees comprised of one or more members of the Committee.
- 2.2 The Committee does not plan or conduct audits, nor does it determine that the Company's financial statements and disclosures are complete, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These functions are the responsibility of Company management and the independent registered public accounting firm.

### 3. Composition

#### 3.1 Size, Appointment and Removal

The Committee comprises two or more members of the Board. The Board appoints the members and the chairperson of the Committee, and may remove and replace individual members or the chairperson at any time. The Committee members shall serve until they resign or are removed, or their term as a Board member expires and they are not re-elected for a subsequent term.

#### 3.2 Qualifications

All of the members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which re-

sults in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. In addition, the Board shall strive to ensure that at least one member of the Committee is an audit committee financial expert.<sup>1</sup>

### 3.3 Independence

All of the members of the Committee shall be non-executive directors, and a majority of the members of the Committee shall be independent.<sup>2</sup>

## 4. Duties

The Committee has the following duties, and such other duties as may be assigned to the Committee by the Board from time to time:

### 4.1 Financial Statements

The Committee shall:

- review and discuss with management and the Auditor the annual and quarterly financial statements and reports intended for publication as well as any other financial statements intended for publication;
- approve the quarterly reports for publication;
- inform the Board on its assessment of the financial statements and decide whether to recommend the statutory and consolidated financial statements to the Board for approval and presentation to the general shareholders' meeting;
- review in cooperation with the Auditor and the management whether the accounting principles applied by the Company and its subsidiaries are appropriate in view of the size and complexity of the Company.

### 4.2 Interaction with the Company's External Auditor (the "Auditor"):

The Committee shall:

<sup>1</sup> An audit committee financial expert shall have: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions; all as determined by the Board in its business judgment. A person shall have acquired such attributes through: (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other relevant experience.

<sup>2</sup> As defined in the Swiss Code of Best Practice for Corporate Governance, a director is deemed "independent" if he or she is serving in a non-executive role, was not a member of the executive management of the Company during the last three years, and has no or only minor business relations with the Company other than serving as a member of the Board.

- review and assess the qualifications, independence, performance and effectiveness of the Auditor, and recommend to the Board the nomination of the Auditor for the election by the general assembly of shareholders;
- review the scope of the prospective audit by the Auditor, the estimated fees, and any other matters pertaining to such audit as the Committee may deem appropriate;
- approve any audit and non-audit services proposed to be provided by the Auditor to the Company to ensure Auditor independence; provided that the chairperson of the Committee may pre-approve such services between scheduled Committee meetings subject to the ratification of such approvals by the Committee at a subsequent meeting;
- review and assess the Auditor's report, management letters and take notice of all comments of the Auditor on accounting procedures and systems of control;
- review with the Auditors and management the Auditor's reports to the Committee/Board on critical accounting policies and practices used (and any changes therein), on alternative treatments of financial information discussed with management and on other material written communication between the Auditor and management;
- review with the Auditor any audit problems or difficulties and management's response, including any restrictions on the scope of the Auditor's activities or on access to requested information, and any significant disagreements with management.

#### 4.3 Internal Control Over Financial Reporting, Risk Management, Compliance and Contingent Liabilities

The Committee shall:

- at least annually monitor, review and discuss with the Auditor and with management the adequacy and effectiveness of the Company's policies and procedures regarding internal controls over financial reporting and risk assessment, and the Company's compliance therewith;
- periodically review the Company's policies and procedures for risk management and assess the effectiveness thereof;
- periodically review the Company's policies and procedures designed to ensure compliance with laws, regulations and internal rules and policies;
- discuss with management and, if appropriate, the Company's external advisors any legal matters (including the status of pending or threatened litigation) that may have a material impact on the Company's financial statements and any material reports or inquiries from regulatory or governmental agencies which could materially impact the Company's contingent liabilities and risks.

#### 4.4 Annual Committee Performance Review

The Committee shall evaluate its own performance on an annual basis as part of the Board performance assessment process established by the Nomination and Corporate Governance Committee.

#### 4.5 Committee Charter

The Committee shall review this Charter annually and submit any recommended changes to the Board for approval.

### 5. Committee Meetings and Procedures

5.1 The Committee meets as often as business requires, but at least four times per year. Meetings are called by the chairperson, but may also be called by any other member of the Committee.

5.2 The chairperson (or in his or her absence, a committee member designated by the chairperson) shall set the agenda in consultation with the CEO<sup>3</sup> and the chief financial officer, and preside at each meeting of the Committee.

5.3 The chairperson or any other director presiding the meeting in the absence of the chairperson shall designate a secretary to keep the minutes of the meeting, which shall be distributed to the members of the Committee for review and comment, and approved at the next meeting. Any member of the Board may receive a copy of the minutes upon request.

5.4 The chief financial officer of the Company may attend the meetings of the Committee, except for portions when his presence would be inappropriate, as determined by the chairperson. The chairperson, at his or her discretion, can invite other members of the Board, members of management, or any person whose presence may be desirable or useful for the Committee's deliberations, to attend all or a portion of a meeting. Such persons shall not participate in the discussions or deliberations of the Committee unless invited to do so, and shall not be entitled to vote.

5.5 In discharging its responsibilities, the Committee shall have unrestricted access to the Company's management, employees, books and records, and may consult with outside advisors. The cost of consulting with outside advisors shall be borne by the Company.

5.6 Decisions of the Committee shall be taken in the same manner as decisions of the Board pursuant to the Internal Regulations.

5.7 The Committee may establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Articles of Association, the Internal Regulations, or this Charter.

<sup>3</sup> For purposes of this Charter, the term "CEO" shall mean the delegate of the Board, the executive chairman of the Board, or the chief executive officer, who is appointed by the Board as the most senior executive officer of the Company.

## **6. Reporting**

The chairperson of the Committee shall report to the chairperson of the Board after each meeting and shall inform the Board at its next meeting on the activities as well as decisions taken by the Committee and the considerations which led to such decisions, including, without limitation any discussions or decisions relating to the quality or integrity of the financial statements, compliance with legal or regulatory requirements, and performance and independence of Auditor. Urgent matters shall be communicated to the chairperson of the Board without delay.

## **7. Amendments**

This Charter can be modified or amended any time by a resolution of the Board.