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# I. General Provisions

## Art. 1 Corporate Name, Registered Office

Under the corporate name

Mikron Holding AG  
(Mikron Holding Ltd.)  
(Mikron Holding Inc.)  
(Mikron Holding SA)

a Company exists pursuant to Art. 620 et seq. of the Swiss Code of Obligations (hereinafter "CO") having its registered office in Biel. The duration of the Company is unlimited.

## Art. 2 Purpose

The purpose of the Company is to hold investments in domestic and foreign companies in the metal and machinery industry or other companies which relate, directly or indirectly, to that industry. Furthermore, the Company may, alone or in cooperation with other companies, render services to companies of the group.

The Company may incorporate domestic and foreign branches and subsidiaries as well as acquire, hold and sell real estate properties.

The Company may engage in all kinds of commercial, financial and other activities that are related to its purpose. The Company may in particular provide loans, guarantees and other types of financing and securities for related companies and raise or invest funds in the money and capital market.

# II. Capital

## Art. 3 Share Capital

The share capital of the Company amounts to CHF 1,671,274.40 and is divided into 16,712,744 registered shares with a nominal value of CHF 0.10 (10 centimes) each. The share capital is fully paid-up.

The General Meeting may, at any time, pass a resolution to convert registered shares into bearer shares and vice versa.

## Art. 4 Subscription Rights

Shareholders are entitled to subscription rights for newly issued shares commensurate with their present holdings as long as the resolution on the capital increase does not stipulate otherwise. The terms of the assertion of subscription rights and the terms of issue for the new shares to be placed are defined by the Board of Directors and published in the Swiss Official Gazette of Commerce unless mandatory legislation requires them to be defined by the General Meeting.

## **Art. 5 Form of Shares**

The Company issues its registered shares as uncertified securities (Wertrechte) or certified securities (individual or global certificates) only. Within the scope of the law and the Articles of Association the Board of Directors may, at any time and without approval by the shareholders, convert registered shares, issued in one of these forms, into another form. The Company bears the respective costs.

Registered shares issued as uncertified securities are registered as book-entry securities (in terms of the Book-Entry-Securities Act). Shareholders have no right to have shares or share certificates printed or delivered or to request conversion of the form in which shares were issued into another form. The Company may cancel issued shares that are returned to the Company. The shareholder may at any time require from the Company the delivery of an attestation certifying his current shareholding.

The uncertified securities (Wertrechte), their number and division and the shareholders are registered in a register for uncertified securities. This register for uncertified securities is not public.

Uncertified securities (Wertrechte) may only be transferred by way of assignment provided that they are not issued as book-entry securities. In order to be valid, the assignment must be reported to the Company, which may refuse the entry of the assignee in the share register in accordance with Art. 6 of the present Articles of Association.

Notification of an assignment may be provided by the Company to the bank managing the account into which the shareholder had the assigned shares booked.

The transfer of book-entry securities and the granting of security rights on book-entry securities has to be compliant with the Book-Entry-Securities Act. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded. The transfer restrictions according to Art. 6 of the present Articles of Association are not affected by this new regulations.

## **Art. 6 Share Register, Transfer Restrictions**

The identity of the owners/usufructuaries of registered shares shall be entered in the share register stating name, address and domicile. The Company is to be informed of changes of address. Notifications by the Company are made to the last known address.

Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Art. 6 para. 3, 4 and 5 of the Articles of Association. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.

Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 3% of the outstanding share capital available at the time. Above this limit registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question at the application for registration or thereafter upon request by the Company makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3% or more of the outstanding share capital available at the time and provided that the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

The above mentioned limit of registration also applies to the subscription for or acquisition of registered shares by exercising subscription, option or convertible rights arising from shares or any other securities issued by the Company or third parties.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restriction are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above regulations (Art. 6 para. 3, 4 and 5 of the Articles of Association). After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to Art. 6 para. 3.

Until an acquirer becomes a shareholder with voting rights for the shares in accordance with Art. 6 of the Articles of Association, she/he may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights.

## **III. Organisation**

### **A. General Meeting**

#### **Art. 7 Authorities**

The General Meeting is the supreme corporate body of the Company. It has the following non-transferable powers:

1. to adopt and amend the Articles of Association;
2. to elect and recall the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Remuneration Committee, the Auditors and the Independent Proxy;
3. to approve the management report, the annual accounts and the consolidated accounts as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends or distributions from the capital reserves;

4. to approve the aggregate amounts of the maximum compensation of the members of the Board of Directors and the Executive Management pursuant to Art. 26 and 27 of the Articles of Association;
5. to grant discharge to the members of the Board of Directors;
6. to pass resolutions regarding issues which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.

## **Art. 8 Meetings**

The ordinary General Meeting shall be held annually within six months after the close of the business year. The Board of Directors determines the time and location, that may also be abroad, of the General Meeting.

Extraordinary General Meetings shall be called as often as necessary, in particular, in all cases required by law.

Extraordinary General Meetings shall be convened by the Board of Directors within 2 months if shareholders representing at least ten percent of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.

## **Art. 9 Notice**

General Meetings shall be convened by the Board of Directors and, if need be, by the Auditors. The liquidators shall also be entitled to convene a General Meeting.

Notice of the General Meeting shall be given by publication in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting as well as by post or e-mail if the address of the shareholders is recorded in the share register. The notice shall state the day, time and place of the Meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the General Meeting or that an item be included on the agenda. The publication in the Swiss Official Gazette of Commerce shall state at least the day, time and location and further where the agenda and items can be inspected.

The annual business report and the statutory Auditors' report must be submitted for examination by the shareholders at the registered office of the Company at least twenty days prior to the date of the ordinary General Meeting. Reference to such submission and to the shareholders' right to request the conveying of these documents to them shall be included in the notice to the General Meeting.

## **Art. 10 Agenda**

The Board of Directors shall state the items on the agenda.

One or more registered shareholders that individually or jointly represent ten percent of the registered share capital of the Company may demand from the Board of Directors that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the General Meeting and shall be in writing, specifying the items and the proposals.

No resolution shall be passed on items which have not been duly announced apart from those exceptions permitted by law.

No prior notification is required for motions filed within the scope of the items on the agenda or for discussions held without the passing of resolutions.

### **Art. 11 Chair, Minutes**

The General Meeting shall be chaired by the Chairman of the Board of Directors, or, in his absence, by the Vice-Chairman, another member of the Board of Directors selected by the Board of Directors or by another Chairman elected for that day by the General Meeting (the "Chairman").

The Chairman designates a Secretary for the minutes as well as the scrutineers who do not need to be shareholders.

The Board of Directors is responsible for the keeping of the minutes which must be signed by the Chairman and the Secretary.

### **Art. 12 Resolutions**

Subject to the provisions of Art. 6 and statutory restrictions, each share entitles to one vote.

Each shareholder may be represented by the Independent Proxy or a third party. The Board of Directors determines the requirements regarding proxies and voting instructions.

The General Meeting constitutes a quorum regardless of the number of shareholders present or votes represented.

The General Meeting shall pass its resolutions and carry out its elections with the simple majority of the votes cast, to the extent that neither the law nor the Articles of Association provide otherwise. Abstentions, empty votes and invalid votes will not be taken into account for the calculation of the required majority.

If on the first ballot the vote is not decided, a second ballot will be held where a relative majority will suffice.

The Chairman shall have no casting vote.

The Chairman shall determine the voting procedure.

### **Art. 13 Votes on Compensation**

Each year, the General Meeting votes separately on the proposals by the Board of Directors regarding the aggregate amounts of:

1. the compensation of the Board of Directors according to Art. 26 for the term of office until the next ordinary General Meeting;
2. an additional compensation of the Board of Directors for the preceding business year;
3. the maximum overall compensation of the Executive Management (fixed and performance

based components) pursuant to Art. 27 para. 1 and 2 that may be paid in the subsequent business year;

4. the allocation of a number of shares for the members of the Executive Management pursuant to Art. 27 para. 3 for the subsequent business year;
5. a possible additional compensation of the members of the Executive Management for the preceding business year.

The compensation of the Board of Directors and the Executive Management are voted on separately. The Board of Directors may submit the compensation components pursuant to Art. 26 and 27 for approval by the General Meeting either on their own or together. Furthermore, the Board of Directors may also submit proposals to be approved by the General Meeting regarding (i) compensation or compensation components for other time periods and/or (ii) additional amounts for certain compensation components.

If the General Meeting does not approve the proposed aggregate amount, the Board of Directors may make a new proposal at the same General Meeting. If the Board of Directors does not make a new proposal, it may either convene a new General Meeting and make new proposals for approval or may submit the proposals regarding compensation for retrospective approval at the next ordinary General Meeting.

The compensation approved by the General Meeting may be paid by the Company or by companies being directly or indirectly controlled by the Company.

The General Meeting may cast an advisory vote on the compensation report issued by the Board of Directors.

#### **Art. 14 Quorums**

A resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for:

1. the cases listed in Art. 704 para. 1 CO and in Art. 18 and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act);
2. the easement or abolition of the restriction of the transferability of the registered shares;
3. any change to the provisions of this Art. 14 of the Articles of Association.

#### **Art. 15 Independent Proxy**

The term of office of the Independent Proxy ends at the next ordinary General Meeting. Re-election is possible. The duties of the Independent Proxy are governed by the relevant statutory provisions.



## B. The Board of Directors

### **Art. 16 Election, Term of Office, Constitution**

The Board of Directors shall consist of a minimum of three and a maximum of seven members. The term of office shall correspond to the legally permitted maximum term of one year and shall end at the end of the next ordinary General Meeting. Re-election is possible as long as the relevant member has not completed the age of 70.

The Board of Directors appoints the Vice-Chairman and the Secretary. The Secretary does not need to be a shareholder or a member of the Board of Directors.

### **Art. 17 Ultimate Direction, Delegation**

The Board of Directors is entrusted with the ultimate direction of the Company as well as the supervision of the management. It represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association or the regulations.

The Board of Directors may delegate the management and the representation of the Company wholly or in part to one or several natural persons or members of the Board of Directors. The Board of Directors shall enact the organizational regulations and arrange for the respective contractual relationships.

The organizational regulations govern the management of the Company, define the necessary positions, describe the incumbents' tasks, and outline, in particular, reporting procedures.

### **Art. 18 Duties**

The Board of Directors has the following non-transferable and irrevocable duties:

1. to ultimately direct the Company and issue the necessary directives;
2. to determine the organization;
3. to organize the accounting, the internal control system (ICS), the financial control and the financial planning as well as to perform a risk assessment;
4. to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;
5. to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, regulations and directives;
6. to prepare the business report, as well as the General Meeting and to implement the latter's resolutions;
7. to prepare the compensation report;
8. to inform the judge in the event of over-indebtedness;

9. to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
10. to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby;
11. to examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors;
12. to execute the agreements pursuant to Art. 12, 36 and 70 of the Merger Act.

If the office of the Chairman of the Board of Directors is vacant, the Remuneration Committee is not complete or the Company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next ordinary General Meeting that must be – with the exception of the Independent Proxy – a member of the Board of Directors.

### **Art. 19 Organization, Minutes**

The organization of the meetings, the presence quorum and the passing of resolutions of the Board of Directors shall be in compliance with the organizational regulations.

The Chairman shall have the casting vote.

Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the Secretary of the Board of Directors.

### **Art. 20 Remuneration Committee**

The General Meeting elects individually at least two but no more than four members of the Board of Directors as members of the Remuneration Committee. The term of office of the members of the Remuneration Committee shall be one year and shall end at the next ordinary General Meeting. Re-election is possible.

The Remuneration Committee has the following duties regarding compensation matters:

1. proposals to the full Board of Directors regarding the compensation scheme of the Mikron Group and issuance of respective regulations;
2. proposals to the full Board of Directors regarding the determination of targets for the Executive Management;
3. proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO;
4. Determination, subject to and within the scope of the approved overall compensation by the General Meeting, of the individual compensation (fixed and variable compensation) of the other members of the Executive Management as well as their further terms of employment and titles;
5. proposals to the full Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme for members of the Executive Management;

6. further duties and responsibilities as provided for in the Articles of Association.

The Board of Directors will provide for possible further duties und responsibilities of the Remuneration Committee in the organizational regulations.

## C. The Auditors

### **Art. 21 Duty of Audit, Election, Appointment and Duties of Auditors**

The General Meeting shall elect the Auditors pursuant to the provisions of this Article. The Auditors must be registered in the Commercial Register.

The Auditors shall perform a regular audit of the Company's annual accounts and the consolidated accounts.

The Board of Directors shall monitor compliance with these provisions and nominate for election by the General Meeting such Auditors which meet the legal requirements, in particular, regarding qualification and independence.

The Auditors' term of office shall be one year. It shall end with the approval of the last annual accounts. Re-election and revocation are possible at any time.

The Auditors' rights and obligations are those foreseen in Art. 728 et seq. CO.

## IV. Accounting Principles

### **Art. 22 Annual Accounts and Consolidated Accounts**

The annual accounts (individual financial statements) shall be drawn up in accordance with the provisions of the Swiss Code of Obligations, in particular Art. 958 et seq. CO, and pursuant to the generally accepted commercial principles and customary rules in that business area.

The consolidated financial statements shall be drawn up in accordance with an accepted accounting standard in the sense of Art. 962 CO.

The Board of Directors shall determine the start and the end of the Company's business year.

### **Art. 23 Distribution of Profits**

Subject to the statutory provisions regarding the distribution of profits, in particular Art. 671 et seq. CO, the profits as shown on the balance sheet may be allocated by the General Meeting at its discretion.

The dividend may only be determined after the transfers foreseen by law to the compulsory reserve funds have been deducted. All dividends and distributions of capital reserves unclaimed within a period of five years after their due date shall be forfeited to the Company.

## V. Compensation and Related Provisions

### Art. 24 Permitted Additional Activities

The members of the Board of Directors may have the following other functions in the superior management or administrative bodies of legal units obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Mikron Group:

1. up to 5 mandates as member of the Board of Directors or any other superior management or administrative body of publicly traded companies pursuant to Art. 727 para. 1 number 1 CO; and, in addition,
2. up to 10 mandates as member of the Board of Directors or any other superior management or administrative body of companies pursuant to Art. 727 para. 1 number 2 CO; and, in addition,
3. up to 20 mandates as member of the Board of Directors or any other superior management or administrative body of legal entities that do not meet the above mentioned criteria.

With the approval of the Chairman of the Board of Directors, the members of the Executive Management may have the following other functions in the superior management or administrative bodies of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the Mikron Group:

1. up to 2 mandates as member of a Board of Directors or any other superior management or administrative body of publicly traded companies pursuant to Art. 727 para. 1 number 1 CO; and
2. up to 3 mandates as member of the Board of Directors or any other superior management or administrative body of companies pursuant to Art. 727 para. 1 number 2 CO; and
3. up to 5 mandates as member of the Board of Directors or any other superior management or administrative body of other legal entities that do not meet the above mentioned criteria.

With respect to the additional activities of both the members of the Board of Directors and the Executive Management, mandates in legal entities that are under uniform control or have the same beneficial owner(s) are deemed one mandate.

### Art. 25 Agreements related to Compensation for Members of the Board of Directors and the Executive Management

The mandate agreements of the members of the Board of Directors have a fixed term until the conclusion of the next ordinary General Meeting. Early termination or removal remain reserved.

The employment agreements of the members of the Executive Management shall in principle be concluded for an indefinite period. If the Remuneration Committee considers a fixed term appropriate, such fixed term shall not exceed one year. With respect to employment agreements entered into for an indefinite period, the maximum notice period must not exceed twelve months.

In case of termination of an employment contract, the Company or legal entities controlled by

the Company may release a member of the Executive Management from work and/or conclude a termination agreement.

Non-competition clauses for the period after termination of the employment contract are permitted. To compensate for such non-competition obligations, a payment of up to the latest received fixed annual compensation of the member may be paid during maximum one year.

#### **Art. 26 Principles of Compensation relating to the Members of the Board of Directors**

The members of the Board of Directors shall receive a fixed basic fee and a lump sum compensation for expenses that is determined by the full Board of Directors based on the proposal of the Remuneration Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting.

The members of the Board of Directors providing consulting services to the Company or other group companies in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the General Meeting.

No additional compensation shall be awarded for activities in companies being directly or indirectly controlled by the Company. Art. 13 para. 4 remains reserved.

#### **Art. 27 Principles of Compensation relating to the Members of the Executive Management**

The members of the Executive Management shall receive a fixed compensation, a lump sum for expenses as well as a short term incentive bonus in cash, which amounts for the CEO to a maximum of 100 percent and for the remaining members of the Executive Management to a maximum of 75 percent of the fixed compensation dependent on the achievement of qualitative or quantitative targets.

The targets are defined by the Board of Directors at the beginning of the performance period on an annual basis. In case of extraordinary factual circumstances the targets can be modified within the period at the discretion of the Board of Directors or the Remuneration Committee.

An additional variable compensation in form of shares of the Company may be provided to the members of the Executive Management. The number of shares is determined at the discretion of the Board of Directors on an annual basis with regard to position, responsibility, duties and performance of each member. The shares are transferred to the member after approval by the General Meeting and are blocked for a period of at least three years.

No additional compensation shall be awarded for activities in companies being directly or indirectly controlled by the Company. Art. 13 para. 4 remains reserved.

#### **Art. 28 Expenses**

Expenses that are not covered by the lump sum compensation for expenses pursuant to the expense regulations of the Company are reimbursed against presentation of the relevant receipts. This additional compensation for expenses actually incurred does not need to be approved by the General Meeting.

### **Art. 29 Loans, Credits, Pension Benefits other than from Occupational Pension Funds, Securities**

The Company shall not grant loans, credits, pension benefits other than from occupational pension funds, or securities to the members of the Board of Directors or the Executive Management. Advance payments of fees for lawyers, court fees and similar costs relating to the defence against corporate liability claims up to a maximum amount of CHF 1,000,000 are not subject to this provision.

In principle, there will be no payments to pensions funds or similar institutions for the members of the Board of Directors. In exceptional cases, such payments may be made upon request of the Remuneration Committee and subject to the approval by the General Meeting if the members in question do not have other insurable income from subordinate employment.

### **Art. 30 Social Insurance and Pension Funds**

The respective aggregate compensation amounts, which have to be approved by the general meeting, are deemed inclusive of all social security and pension contributions of the members of the Board of Directors resp. the Executive Management and the Company (contributions by employee and employer).

### **Art. 31 Additional Amount of Compensation for New Members of the Executive Management**

With respect to any member joining the Executive Management or being promoted within the Executive Management during the period for which the General Meeting has already approved the overall compensation of the Executive Management, the Company and its subsidiaries are entitled to pay an additional amount of compensation for that period provided that the approved aggregate compensation does not prove sufficient. The General Meeting shall not vote on this additional amount.

The additional amount of compensation may not surpass CHF 1,000,000 for all new members of each compensation period.

Within this additional amount of compensation, the Company can award a joining bonus to compensate a new member of the Executive Management for incurred disadvantages in connection with the change of employment. If the additional amount of compensation is not sufficient enough to compensate for the disadvantages, the exceeding portion of the joining bonus has to be approved by the next ordinary General Meeting.

## **VI. Liquidation**

### **Art. 32 Dissolution and Liquidation**

The General Meeting may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Association.

The liquidation shall be carried out by the Board of Directors to the extent that the General Meeting has not entrusted the same to other persons.

The liquidation of the Company shall take place in accordance with Art. 742 et seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.

After all debts have been satisfied, the net proceeds shall be distributed among the shareholders in proportion to the amounts paid-in.

## **VII. Information**

### **Art. 33 Notices and Announcements**

The publication instrument of the Company is the Swiss Official Gazette of Commerce. The Board of Directors may designate further means of publication.

Notices by the Company to the shareholders and other announcements shall be published in the Swiss Official Gazette of Commerce.

Art. 696 para. 2 CO remains reserved.

Biel, 8 April 2014

The German version of the articles of association is the governing version.



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