

# Explanations of the Board of Directors on the Revision of the Articles of Association

Enclosure to the Invitation to the  
Annual General Meeting 2023

# Preliminary notes

On 19 June 2020, the Swiss Parliament adopted the revised stock corporation law in the Swiss Code of Obligations (hereinafter referred to as the revised stock corporation law). The Federal Council brought the majority of the new provisions into force as of January 1, 2023. Companies are granted a transitional period of two years to adapt their articles of association.

The amendments to the Articles of Association proposed by the Board of Directors are explained below, followed by a comparison of the previous Articles of Association with the proposed amendments. Deletions are marked in red, crossed-out font and new additions in blue, underlined font.

In addition to the proposed changes in content, the city name in Article 1 has been adapted to the official spelling Biel/Bienne and the applicable date has been inserted in Article 33.

## **Agenda item 1: 4.1 Transfer restrictions (Art. 6)**

The revised stock corporation law provides for additional transfer restrictions in connection with stock lending transactions. With this addition, the legislator wants to give companies the possibility to protect themselves against the manipulation of resolutions of the General Meeting. The proposed new wording of Article 6 of the Articles of Association reflects the amended wording of the revised stock corporation law.

## **Agenda item 2: 4.2 General Meeting and shareholders' rights (Art. 8-10, Art. 14, Art 21)**

With the revised stock corporation law, shareholders' rights are strengthened – including in particular in connection with the holding of General Meetings – and the regulations concerning the preparation and holding of General Meetings have been modernized and adapted to today's technical possibilities. In this context, it is proposed that the following provisions of the Articles of Association be amended: Articles 8 (threshold for convening the General Meeting, venue of the General Meeting and electronic participation in the General Meeting), 9 (convening and preparing the General Meeting), 10 (threshold for adding items to the agenda), 14 (quorums – the qualified quorum for a resolution on delisting is now already provided for in the law), 21 (re-election and dismissal of the auditors).

## **Agenda item 3: 4.3 Board of Directors and remuneration (Art. 13, Art. 16, Art. 18-19, Art. 24-25, Art. 31)**

### **Proposal**

The revised stock corporation law assigns new duties to the Board of Directors to a limited extent and slightly supplements the catalog of non-transferable duties of the Board of Directors, without however being complete. Furthermore, the obligation to elect a secretary to the Board of Directors has

been eliminated. In this context, it is proposed to amend the following provisions of the Articles of Association: Articles 16 (Election of the Secretary of the Board of Directors), 18 (Duties of the Board of Directors) and 19 (Organization, Resolutions, Minutes).

In connection with the revised stock corporation law, the Ordinance against Excessive Compensation in Listed Stock Corporations was also transferred to the Swiss Code of Obligations with some changes compared to the previous law. In this context, the amendment of the following existing provisions of the Articles of Association is proposed: Amendment of Articles 24 (External mandates), 25 (Non-competition compensation) and 31 (Additional amount for joining the Executive Committee).

# Details on the Revision of the Articles of Association, Agenda Item 4

## II. Capital

*Current version*

### **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

*Proposed Version*

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Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare [that \(i\) they have acquired the said shares in their own name and for their own account, \(ii\) no agreement exists regarding the redemption or return of the shares in question, \(iii\) they bear the economic risk associated with the shares, and \(iv\) they comply with the disclosure requirement stipulated by the Federal Act of 19 June 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading \(FinMIA\)](#). ~~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

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 Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Art. 6 para. 2, 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 [of 19 June 2015 on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading \(FinMIA\)](#) ~~Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995~~ is complied

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.

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. 2, 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. 2 and 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.

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### III. Organization

#### A. General Meeting

##### *Current Version*

#### **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.

##### *Proposed Version*

#### **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~~ five percent of the share capital or voting rights request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.

The Board of Directors will choose the venue of the General Meeting and the form the meeting will take. The venue may also be in another country, or more than one venue can be chosen for a General Meeting.

[The Board of Directors can specify that shareholders who do not attend the General Meeting in person can exercise their rights electronically. Alternatively, the Board of Directors may also decide not to choose a venue, and to hold a purely virtual General Meeting.](#)

*Current Version*

*Proposed Version*

**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.

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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 [type](#), day, time and place of the Meeting, [the name and address of the Independent Proxy](#), 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.

The annual business report, ~~and~~ the statutory Auditors' reports, and the compensation report must be made available to ~~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.~~ If the documents are not available in electronic form, shareholders may request that they be sent to them in good time.

*Current Version*

*Proposed Version*

**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.

**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~~ at least 0.5 percent of the registered share capital or the voting rights of the Company may demand from the Board of Directors that items be put on the agenda, or the inclusion of proposals regarding agenda items. 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 together with a brief explanation.

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.

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*Current Version*

*Proposed Version*

**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 most recently concluded business year;

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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 most recently concluded business year;

5. wa 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.

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~~ [casts an advisory vote each year](#) 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. the delisting of shares from the Swiss Exchange;
4. any change to the provisions of this Art. 14 of the Articles of Association.

**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, [43](#) 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. the delisting of shares from the Swiss Exchange;~~
- [43](#). any change to the provisions of this Art. 14 of the Articles of Association.

## B. The Board of Directors

*Current Version***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.

*Proposed Version***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.~~

*Current Version***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;

*Proposed Version***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;

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 submit an application for a debt restructuring moratorium](#), and to inform the [judge court](#) 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.

*Current Version*

**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.

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;

13. [to pass resolutions regarding other matters that must be assigned to the Board of Directors by law.](#)

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.

*Proposed Version*

**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.

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### C. The Auditors

#### *Current Version*

#### *Proposed Version*

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

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

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

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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 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' 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, [provided this is permitted by law](#).

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

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



## V. Compensations and Related Provisions

### Current Version

#### 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.

### Proposed Version

#### 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 [with an economic purpose](#) ~~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.

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 with an economic purpose ~~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.

*Current Version***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.

*Proposed Version***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, provided these are commercially justified. 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~~ a payment may be made during a maximum one of year of up to the average of

[the fixed annual compensation for the last three years preceding the member's departure.](#)

*Current Version*

*Proposed Version*

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

**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.

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.

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.

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.





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