

2023 Annual General Meeting of Lonza Group Ltd
Friday, 5 May 23, at 10:00 CEST
Shareholder Information Brochure

Proposed Changes to the Articles of Association

A. Explanations

1. Preliminary Remarks

On January 1, 2023, the majority of the corporate law revision in the Swiss Code of Obligations ("**CO**") came into force ("**Corporate Law Reform**"). The main goals of the Corporate Law Reform are the modernization of the corporate governance, in particular the improvement of minority shareholder protection in connection with the conduct of shareholders' meetings as well as the promotion of gender equality on the Board of Directors and the Executive Board, and to give companies more flexibility regarding their share capital. In addition, the Ordinance against Excessive Compensation in Listed Stock Corporations was incorporated in the CO, with selective amendments to the previous provisions. Companies must adapt their articles of association to the Corporate Law Reform until the end of 2024.

In line with the new provisions, the Board of Directors of Lonza Group Ltd ("**Lonza**") is submitting to the Annual General Meeting 2023 ("**AGM**") a revision of the Articles of Association of Lonza ("**Articles**") that both implements the requirements of the Corporate Law Reform and takes into account current best practices in the area of corporate governance.

The proposed amendments to the Articles are explained below. Subsequently, each proposed amendment is listed and compared to the current provision. Deletions are shown in red strikethrough font and new additions are shown in blue font. References in this overview are to the renumbered Articles as proposed by the Board of Directors. Please note that the German version of the Articles is prevailing.

2. Agenda Item 9.1 – Purpose

Lonza as a company as well as its areas of business have developed substantially in the course of the last decades. A refined wording, which focuses on Lonza's core business of health care and related fields ensures that Lonza's purpose will be suitable in the distant future as well.

3. Agenda Item 9.2 – Capital Band

a) Replacement of authorized capital (Article 4^{ter}(1))

Due to the Corporate Law Reform, the authorized capital (Article 4^{ter}) will no longer be permitted but replaced by a flexible "capital band". The introduction of a capital band authorizes the Board of Directors to increase or reduce the share capital within a pre-defined band and within a period of up to five years, without the need for an approval by a shareholders' meeting. In comparison, under the authorized capital, the Board of Directors is only authorized to increase the share capital of the Company within two years, but not to reduce it.

Since the existing authorized capital of Lonza (Article 4^{ter}) cannot be extended, the Board of Directors proposes to replace it by a capital band. Under the proposed capital band, the Board of Directors shall be authorized to conduct one or more increases and/or reductions of the share capital of Lonza until May 5, 2028, within the upper limit of CHF 85,635,000 (corresponding to a capital increase of approx. 15% of the current share capital) and the lower limit of CHF 67,050,000 (corresponding to a capital reduction of approx. 10% of the current share capital). No material changes to the existing conditional capital (Article 4^{bis} para. 1) are proposed.¹ The overall limitation on capital increases on a non-preemptive basis (combined dilution limitation) (Article 4^{quater}) will remain at CHF 7,500,000 (corresponding to approx. 10% of the current share capital).

The capital band is intended to provide the Company with the ability to raise capital in an uncomplicated manner to finance growth projects and to secure the Company's solvency in the future when needed. This is intended to maintain Lonza's financing flexibility at a high level. The possibility to reduce the capital within the capital band allows namely for the cancellation of treasury shares repurchased by Lonza under a share buyback program, including its current share buyback program announced on 25 January 2023 of up to CHF 2 billion, without the need to convene a separate shareholders' meeting.

For the protection of shareholder rights, limitations have been added or lowered for (i) capital increases on a non-preemptive basis (combined dilution limitation) (10%, see Article 4^{quater} – see details below in section (d)), and (ii) capital increases within the capital band for the specific purpose of participation of members of the board of directors, employees and other persons performing services for the benefit of Lonza (5%, see Article 4^{ter} para. 2). These limitations are relative to the share capital of Lonza at any point in time. To avoid that the basis of calculation for the limitation is inflated for the only reason that several capital increases are conducted sequentially as compared to one single capital increase, each of the relative limitations is backed up by an absolute limit for capital increases:

Relative Limit for Capital Increases (At Any Time)	Absolute Limit for Capital Increases (Cumulatively)
10% for capital increases on a non-preemptive basis	CHF 7,500,000 (approx. 10% of current share capital)
5% for capital increases within the capital band for participation purposes	CHF 3,723,000 (approx. 5% of current share capital)

¹ The only proposed change to Article 4^{bis} para. 1 concerns the form of the exercise of rights as required by the new law.

The current and proposed capital authorizations of Lonza can be summarized as follows:

	Before AGM 2023	After AGM 2023 ²
Registered share capital of Lonza (Art. 4)	100% 74,468,752 Shares	100% 74,468,752 Shares
Capital Increases Based on Art. 4^{bis} para. 1 and Art. 4^{ter} para. 1		
Conditional capital (Art. 4 ^{bis} para. 1)	approx. 10% 7,500,000 Shares	approx. 10% 7,500,000 Shares (unchanged) ³
Authorized capital (before AGM 2023) / max. capital increase within the capital band ("upper limit") (after AGM 2023) (Art. 4 ^{ter} para. 1)	approx. 10% 7,500,000 Shares	approx. 15% 11,166,248 Shares
Max. capital increase within the capital band for participation purposes (Art. 4 ^{ter} para. 2)	n/a	the lower of 5% and 3,723,000 Shares (at any point in time)
Max. capital increase on a non-preemptive basis ("combined dilution cap") (Art. 4 ^{quater}) Applicable to all capital increases based on Art. 4 ^{bis} para. 1 and Art. 4 ^{ter} para. 1	approx. 10% 7,500,000 Shares	the lower of 10% and 7,500,000 Shares (at any point in time)
Capital Reductions Within the Capital Band		
Max. capital reduction within the capital band ("lower limit") (Art. 4 ^{ter} para. 1)	n/a	approx. 10% 7,418,752 Shares
Duration		
Duration of the conditional capital (Art. 4 ^{bis} para. 1)	unlimited	unlimited (unchanged)
Duration of the authorized capital (before AGM 2023) / capital band (after AGM 2023) (Art. 4 ^{ter} para. 1)	2 years until 6 May 2023	5 years until 5 May 2028

² For the purpose of a comparison, this column shows the situation in case agenda item 9.2 is approved by the AGM.

³ Since the AGM will not resolve on a material amendment of the conditional capital, this figure remains the same as last year.

b) Capital increases (Article 4^{ter}(2))

For the capital band to be effective, the Board of Directors must be authorized to determine the modalities of capital increases within the capital band. In particular, subject to the 10% combined dilution limitation (see section 3(d) below), the Board of Directors is authorized to limit or cancel shareholders' subscription rights in the event of a capital increase for the reasons set out in Article 4^{ter} para. 2 lit. b, which have been slightly adjusted at this occasion in line with market practice.

c) Capital reductions and changes in par value (Article 4^{ter}(3) and (4))

The necessary modalities for implementing capital reductions or for changing the par value of shares within the capital band (e.g. par value reduction in order to repay share capital to shareholders) are set out in para. 3 and 4 of Article 4^{ter}.

d) Combined dilution limitation (Article 4^{quater})

The combined dilution limitation limiting the issuance of shares without subscription rights shall be complemented by a 10% limit at any time. This means that the threshold remains at 10% even if, for example, the share capital is reduced in the meantime. Cumulatively, the dilution may not exceed CHF 7,500,000 (corresponding to approx. 10% of the current share capital), which is the existing dilution limitation. This ensures that

the 10% cap is not enlarged by future capital increases. As a result, the dilution limitation is set at the lower of (i) 10% of the share capital at any time and (ii) CHF 7,500,000, being approx. 10% of the current share capital.

The combined dilution limitation is a compromise that takes into account both the protection of shareholders against dilution and Lonza's need for the same flexibility as its global competitors to issue shares within a short period of time if required. With the combined cap at the lower of 10% and CHF 7,500,000, the protection of shareholders is strengthened further.

The combined dilution restriction limits the issuance of shares without subscription rights, irrespective of whether the Board of Directors increases the share capital under the capital band or issues financial instruments or other rights from the conditional share capital (convertible bonds and similar financial instruments) in the future.

4. Agenda Item 9.3 – Revised Executive Committee Compensation

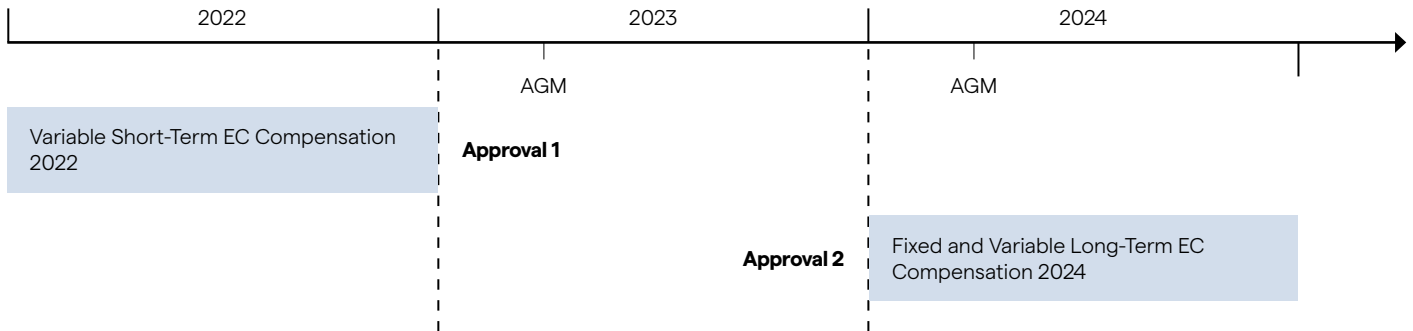
a) Voting Structure regarding the compensation of the Executive Committee (Article 22(1))

At the occasion of the current revision of the Articles, the Board also proposes to simplify Lonza's Executive Committee voting system while maintaining pay-for-performance principles. It proposes to replace the current 3-votes with the following 2-votes solution that is used by several Swiss peer companies. Furthermore, as the two votes align with fiscal years this will increase transparency and comparability. Instead of taking three votes on the compensation of the Executive Committee each year, the Board of Directors proposes to amend the Articles to the effect that in the future, the shareholders' meeting will only take two votes on the compensation of the Executive Committee:

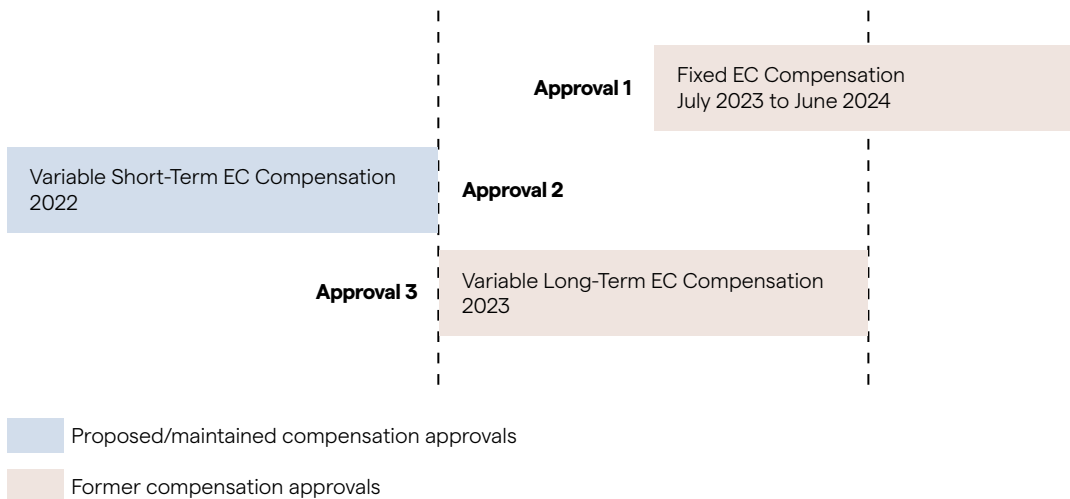
- As in previous years, a retrospective, binding vote according to Article 22 para. 1 letter c) of Lonza's Articles which allows shareholders to approve the aggregate variable short-term compensation of the EC (i.e. a vote in 2023 for the financial year 2022).
- A prospective vote regarding the maximum aggregate amount of fixed compensation and variable long-term compensation under the Long-Term Incentive Plan (LTIP) of the Executive Committee for the next financial year (i.e. a vote in 2023 for the financial year 2024).

2023 Annual General Meeting

The following chart shows the proposed approvals of compensation periods of the Executive Committee, using the approvals of this year's AGM as an example:



In contrast, the existing compensation approvals turned out to be complex, resulting in the following three votes (using again this year's AGM as an example):



- Proposed/maintained compensation approvals
- Former compensation approvals

If this proposal is approved, the periods for which the shareholders' meeting approves the compensation of the Executive Committee are modified accordingly. In combination with the consultative vote on the Remuneration Report (see section 4(b) below), this solution combines a simplified voting structure with transparency and accountability towards the shareholders and fully implements the notion of "say on pay". The proposed change in Lonza's voting structure has no effect on the overall compensation levels of the Executive Committee approved by the shareholders' meeting.

To transition from Lonza's previous to the proposed new Executive Committee compensation voting structure, two additional non-recurring votes on executive compensation will be required at this AGM (see agenda items 11.2 and 11.3).

b) Consultative Vote on the Remuneration Report (Article 22(5))

The requirement of a consultative vote by shareholders on the Remuneration Report, which has been Lonza's existing practice since the Annual General Meeting 2010 and is now mandatory by law in case of prospective voting on compensation, shall be expressly included in the Articles.

5. Agenda Item 9.4 – Other Adjustments to the Articles of Association

Agenda item 9.4 comprises all other proposed changes to the Articles, concerning Article 4, Article 4^{bis} para. 1, Article 7, Article 9, Article 10, Article 11 para. 1, Article 12 para. 1, Article 17 para. 1, Article 18 para. 2, Article 19, Article 21, Article 23, Article 24 para. 7 and 8, Article 25 para. 1 and 3, Article 26, Article 31 and Article 33 of the Articles. These proposed changes primarily serve to adapt the Articles to new provisions of the Corporate Law Reform and to modestly modernize the Articles, including to facilitate the use of electronic means as allowed by the Corporate Law Reform. In addition, certain provisions of the Articles that are no longer required as a result of the Corporate Law Reform are removed.

a) Conversion of bearer shares into registered shares and vice versa (Article 4)

Previously, a resolution of the shareholders' meeting to convert bearer shares into registered shares or registered shares into bearer shares required a basis in the Articles. Since the Corporate Law Reform has eliminated this requirement, Article 4 para. 2 can be deleted.

b) Exercise of conversion and/or option rights (Article 4^{bis})

Revised law demands that the form of exercise of conversion and/or option rights has to be specified in the Articles. Even if the conditional capital is otherwise not changed, we suggest amending Article 4^{bis} para. 1 accordingly.

c) Powers of the Shareholders' Meeting (Article 7)

With the proposed changes, the amended non-transferable powers of the shareholders' meeting as provided by the Corporate Law Reform are reflected in the Articles.

d) Right to Request Inclusion of an Agenda Item (Article 9)

Shareholders who exercise their right to request that an item be included on the agenda now also have the right by law to have a statement of reasons included in the invitation to the shareholders' meeting. The current threshold of CHF 100,000 equals around 0.134% of the share capital and shall be maintained but in line with the Corporate Law Reform, it is now expressed as a percentage. This threshold is significantly more favorable for shareholders than the new legal minimum threshold of 0.5% of the share capital.

e) Convening a Shareholders' Meeting (Articles 10 and 11)

To streamline the Articles, the content of the invitation to the shareholders' meeting shall be determined by a simple reference to the statutory requirements. Furthermore, Article 10 para. 1 specifies that the body convening the shareholders' meeting shall determine time and place of the shareholders' meeting. The previous rule (contained in Article 11 para. 1) that shareholders' meetings are held at Lonza's seat unless otherwise resolved by the Board of Directors, is abolished, it being noted that the new provision still only allows to hold shareholders' meeting in Switzerland but not abroad. Moreover, given that the Corporate Law Reform provides that a company may make the annual report and other related reports available by internet, the outdated obligation of the company to make such reports available for physical inspection at the domicile of the company is abolished, as reflected in Article 10.

f) Representation of shareholders (Article 12)

Revised law holds that shareholders of listed companies may now be represented by a representative of their choice and not necessarily by another shareholder. Article 12 para. 1 of the Articles has to be amended to reflect that change.

g) Composition of the Board of Directors (Article 17)

The law no longer demands that a secretary of the Board of Directors is to be designated. The proposed Article 17 reflects that, stating that a secretary may be designated. Furthermore, the Board of Directors shall not be obliged to elect a Vice Chairperson.

h) Powers and transfer of powers of the Board of Directors (Articles 18 and 19)

The proposed changes in the Articles reflect mandatory amendments of the Corporate Law Reform to the powers and transfer of powers of the Board of Directors (Article 18 para. 2). Also, it is clarified that the use of electronic means for meetings of the Board of Directors is permitted (Article 19).

i) Term of the auditors (Article 21)

The wording of Article 21 shall be harmonized with the wording of the law. Auditors are elected for a term of one business year.

j) Additional amount for members of the Executive Board (Article 23)

The Corporate Law Reform restricts the possible use of the additional amount to persons who newly join the Executive Committee. It is no longer permissible to use it for promotions within the Executive Committee. Article 23 of the Articles is amended accordingly.

k) Clarification of compensation items (Article 24)

The proposed new Article 24 para. 7 and 8 shall clarify the items which are not deemed compensation, loans or credits according to Article 22, including express authority of Lonza to indemnify, or purchase D&O insurance for, members of the Board of Directors or the Executive Committee in connection with their services for Lonza if this is allowed by law.

l) Duration of contracts / calculation of compensation for non-competition agreements (Article 25)

The Corporate Law Reform requires that compensation for non-competition clauses are calculated on the basis of the average compensation of the last three years. So far, Lonza has based its compensation on the last preceding year only, and therefore Article 25 must be amended.

m) Mandates Outside the Group (Article 26)

Until now, only members of the Board of Directors were subject to the legal provisions regarding external mandates. With the Corporate Law Reform, these provisions are extended to members of the Executive Committee. In addition, the scope of mandates is adjusted by the Corporate Law Reform, and offices in companies without an economic purpose need not to be included anymore. With the amendment of Article 26, these changes are adopted.

n) Publications and Announcements (Article 31)

In order to be able to make use of the new possibilities for communication by electronic means, as encouraged by the Corporate Law Reform, the Board of Directors proposes to create the corresponding basis in the Articles.

o) Jurisdiction (Article 33)

Under Swiss law, the place of jurisdiction for disputes on company matters is generally at the seat of the Company or at the domicile of the defendant. To improve legal certainty in an international context in particular, the proposed amendment clarifies that such disputes shall be judged by the courts at the registered seat of Lonza.

B. Changes in Detail

Below is a comparison of the current Articles with the proposed version of the Articles. Deletions are shown in red strikethrough font and new additions are shown in blue font.

Please note that the German version of the Articles is the only authoritative version of the Articles, and the English version is a non-binding, indicative translation of the German original only. For the proposed, authoritative changes to the German version of the Articles, please refer to the German version of this Shareholder Information Brochure. In connection with the revision, the English translation previously published on Lonza's website has been improved in minor respects to better reflect the German original, and such improvements, which do not involve a corresponding change of the German original, are not shown as a change below.

Current Version of the Articles	Proposed Changes to the Articles
I – Name, Domicile, Purpose And Duration Of The Company	
<p>Article 1 – Name, Domicile</p> <p>A Company limited by shares is registered, in accordance with Article 620ff of the Swiss Code of Obligations („CO“), under the name of Lonza Group Ltd (Lonza Group AG) (Lonza Group SA) (Lonza Group SA) with legal domicile in Basel.</p>	<p>Article 1 – Name, Domicile</p> <p>[Article unchanged]</p>
<p>Article 2 – Purpose</p> <p>1 The purpose of the Company is the participation, in whatever form, in companies active in whatever way in the fields of chemistry, energy and related fields, as well as engaging in all commercial, financial and other activities appropriate to such interests. The Company may also engage directly in the above mentioned business fields.</p> <p>2 The Company may, subject to legal provisions, extend its activities to other fields which are directly or indirectly related to its purpose.</p>	<p>Article 2 – Purpose</p> <p>1 The purpose of the Company is to directly or indirectly invest in, finance, sell domestic and foreign companies of any kind, especially the participation, in whatever form, in companies active in whatever way in the fields of health care, chemistry, energy and related fields, as well as engaging in all commercial, financial and other activities appropriate or of purpose to such interests. The Company may also engage directly in the above mentioned business fields.</p> <p>[Article 2 para. 2 unchanged]</p> <p>3 The Company may establish or invest in branches and subsidiaries in Switzerland and abroad and conduct all business and enter into any agreements that are directly or indirectly related to its purpose. The Company may acquire, encumber, sell and manage real estate and other tangible and intangible assets in Switzerland and abroad. It may also provide financing for its own or a third party's account, as well as issue guarantees and suretyships and provide collateral for the liabilities of subsidiaries and third parties.</p>
<p>Article 3 – Duration</p> <p>The duration of the Company shall be indefinite.</p>	<p>Article 3 – Duration</p> <p>[Article unchanged]</p>

Current Version of the Articles

Proposed Changes to the Articles

II – Share Capital

Article 4^{bis} – Conditional Capital

- 1 The share capital of the Company may be increased through the issuance of a maximum of 7 500 000 fully paid in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7 500 000 through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar debt instruments of the Company or one of its Group companies. The subscription rights of the shareholders shall be excluded. The current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.
- 2 In connection with the issuance of the convertible or warrant-bearing bonds or any similar debt instruments, the Board of Directors shall be authorized to restrict or deny the pre-emptive rights of the shareholders if such instruments shall serve
 - a) to finance (including refinance) the acquisition of enterprises, divisions thereof, of participations or of newly planned investments of the Company or
 - b) to issue convertible bonds and/or warrants on the national and international capital markets.
- 3 To the extent that the pre-emptive right is excluded,
 - a) the bonds or similar debt instruments are to be placed with the public at market conditions (including standard dilution protection clauses in accordance with market practice)
 - b) the term to exercise conversion rights may not exceed ten years and the term to exercise option rights may not exceed five years from the date of the bond issue and
 - c) the exercise price for the new shares must at least correspond to the market conditions at the time of the bond issue.
- 4 The acquisition of shares through the exercise of conversion rights and/or warrants as well as each subsequent transfer of the shares shall be subject to the restrictions of Article 6 of these Articles of Association.

Article 4^{bis} – Conditional Capital

- 1 The share capital of the Company may be increased through the issuance of a maximum of 7 500 000 fully paid in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7 500 000 through the exercise of conversion rights and/or warrants granted in connection with the issuance of bonds or similar debt instruments of the Company or one of its Group companies. The subscription rights of the shareholders shall be excluded. The current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. **The exercise of conversion and/or option rights, as well as the waiver thereof, shall be effected by means of a written declaration to the Company or in another form determined by the Board of Directors.** The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.

[Article 4^{bis} para. 2–4 unchanged]

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Current Version of the Articles

Article 4^{ter} – Authorized Capital

- 1 The Board of Directors shall be authorized to increase, at any time until 6 May 2023, the share capital of the Company through the issuance of a maximum of 7 500 000 fully paid-in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7 500 000.
- 2 The issue price, the beginning of the entitlement to dividends and the kind of contributions shall be determined by the Board of Directors.
- 3 The Board of Directors is authorized to restrict or to suspend the subscription rights of the shareholders wholly or in part
 - a) in the event of issuance of shares for the participation of strategic partners;
 - b) for the takeover of companies, parts of companies, participations or intellectual property rights or for the financing and/or refinancing of such transactions;
 - c) for granting an over-allotment option ("greenshoe") of up to 20% of the preceding offer to the lead managers in connection with a placement of shares at market conditions;
 - d) for raising capital in a fast and flexible manner, which would hardly be achievable without the exclusion of the statutory subscription rights of the existing shareholders; or
 - e) for other valid reasons in the sense of Art. 652b, para. 2, of the Swiss Code of Obligations.
If subscription rights are granted, but not exercised, the Board of Directors may use the respective shares in the interest of the Company.
- 4 The new shares shall be subject to the restrictions of Article 6 of these Articles of Association.

Proposed Changes to the Articles

Article 4^{ter} – Authorized Capital band

- 1 The Board of Directors shall be authorized ~~to increase, at any time~~ until ~~56~~ May 2028~~3~~ to conduct one or more increases and/or reductions of the share capital within the upper limit of CHF 85 635 000, corresponding to 85 635 000 fully paid-up registered shares with a par value of CHF 1 each, and the lower limit of CHF 67 050 000, corresponding to 67 050 000 fully paid-up registered shares with a par value of CHF 1 each. ~~the share capital of the Company through the issuance of a maximum of 7 500 000 fully paid-in registered shares with a par value of CHF 1 each up to a maximum aggregate amount of CHF 7 500 000.~~ Based on the share capital currently entered in the Register of Commerce, this corresponds to a net increase of up to 11 166 248 fully paid-up registered shares with a par value of CHF 1 each, or a cancellation of up to 7 418 752 fully paid-up registered shares with a par value of CHF 1 each.
- 2 In case of a capital increase, the following applies:
 - a) ~~2~~ ~~T~~ the number of shares, the date of issue of new shares, the issue price, the conditions of exercising subscription rights, the beginning of the entitlement to dividends and the kind of contributions (including cash contributions, contributions in kind, set-off and conversion of freely usable reserves, including retained earnings, into share capital) shall be determined by the Board of Directors. The Board of Directors may issue new shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and with a subsequent offer of those shares to the current shareholders. The Board of Directors is authorized to restrict or to prohibit trading in the subscription rights to the new shares. The Board of Directors may allow the expiry of subscription rights which have not been exercised, or it may place these rights as well as shares, the subscription rights of which have not been exercised, at market conditions, or use them otherwise in the interests of the Company.
 - b) ~~3~~ ~~T~~ the Board of Directors is authorized to restrict or to suspend the subscription rights of the shareholders wholly or in part and to allocate them to individual shareholders, third parties, the Company or one of the companies controlled by it for one or more increases
 - (i) ~~a~~ in the event of issuance of shares for the participation of strategic partners;
 - (ii) ~~b~~ for the takeover of companies, parts of companies, participations or intellectual property rights, for other investments or for the financing and/or refinancing of such transactions;
 - (iii) ~~c~~ for the issuance of shares at international capital markets or for granting an over-allotment option ("greenshoe") of up to 20% of the preceding offer to the lead managers in connection with a placement of shares at market conditions;
 - (iv) ~~d~~ for raising capital in a fast and flexible manner, which would hardly be achievable without the exclusion of the statutory subscription rights of the existing shareholders;
 - (v) ~~e~~ for the participation of members of the Board of Directors, members of the executive management, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its group companies, whereby such increases of the share capital are only admissible up to 5% of the share capital entered in the Register of Commerce at the time of the respective resolution, but, in any case, by a maximum of 3 723 000 registered shares, fully paid-up, each with a par value of CHF 1; or
 - (vi) for other valid reasons in the sense of Art. 652b, para. 2, of the Swiss Code of Obligations.
~~If subscription rights are granted, but not exercised, the Board of Directors may use the respective shares in the interest of the Company.~~

Current Version of the Articles

Article 4^{quater}

The capital increases according to Articles 4^{bis} and 4^{ter} over a respective maximum of 7 500 000 fully paid-in registered shares with a par value of CHF 1 each may increase the share capital of the Company only by a maximum aggregate amount of CHF 7 500 000.

Article 5 – Shares

- 1 Under the reservation of para 2 the registered shares of the Company will be constructed as uncertified securities (in the sense of Swiss Code of Obligations) and book entry securities (in the sense of the Federal Law on Book Entry Securities). As far as Swiss law is applicable they may only be transferred in accordance with the Federal Law on Book Entry Securities.
- 2 After entry in the share register the shareholder may at any time request from the Company a confirmation on the owned registered shares. Nevertheless, the shareholder is not entitled to receive printed documents of the registered shares. The Company is at any time free to print and deliver documents of the registered shares (as single documents, certificates or in the form of a global certificate). The Company may withdraw registered shares in the form of book entry securities from the respective safe-keeping system. With consent of the shareholder the Company may without substitution invalidate issued documents.

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Proposed Changes to the Articles

- c) ~~4~~ The Subscription and acquisition of the shares, as well as each subsequent transfer of shares, shall be subject to the restrictions of Article 6 of these Articles of Association.
- 3 In case of a capital reduction, the Board of Directors shall, to the extent necessary, determine the number of cancelled shares and the use of the reduction amount. The acquisition and holding of shares repurchased for purposes of cancellation under the capital band are, to the extent permitted by law, not subject to the 10% threshold for own shares within the meaning of Art. 659 para. 1 CO.
- 4 The Board of Directors is authorized to carry out a capital increase by increase of the par value or a capital reduction by reduction of the par value within the capital band or to carry out a simultaneous reduction and re-increase. In the case of an increase or reduction of the par value, the Board of Directors shall determine the new nominal value of the shares and shall adapt all provisions of the Articles of Association relating to the par value of a share as well as the number of shares with a new nominal value corresponding to the fixed upper and lower limit of the capital band according to para. 1, accordingly.
- 5 In case of an increase or reduction of the share capital under the capital band the Board of Directors shall adjust the number of shares in para. 1 sentence 2 based on the adjusted share capital.

Article 4^{quater} – Limitations on capital increases on a non-preemptive basis

The capital increases according to Articles 4^{bis} and 4^{ter} ~~over a respective maximum of 7 500 000 fully paid-in registered shares with a par value of CHF 1 each~~ may, in the aggregate, increase the share capital of the Company "on a non-preemptive basis" only by ~~a maximum aggregate amount of CHF 7 500 000~~ up to 10% of the share capital entered in the Register of Commerce at the time of the respective resolution, but, in any case, by a maximum of 7 500 000 registered shares, fully paid-up, each with a par value of CHF 1 from 5 May 2023 to 5 May 2028. For purposes of this provision, an increase on a "non-preemptive basis" means:

- (i) the issuance of Financial Instruments or other rights for which contingent share capital according to art. 4^{bis} para. 1 of these Articles of Association has been or is to be used and advance subscription rights are restricted and excluded; or
- (ii) the issuance of shares under the capital band for which subscription rights were restricted or excluded based on Art. 4^{ter} para. 2 lit. b of these Articles of Association.

Article 5 – Shares

[Article unchanged]

Current Version of the Articles

Article 6 – Share Register, Nominees

- 1 The Company shall keep a share register in which the owners and usufructuaries of the registered shares are entered with name, address and nationality. Only those with valid entries in the share register are recognized by the Company as shareholders or usufructuaries.
- 2 Purchasers of registered shares may submit a request to be entered, without limitation, as shareholders with voting rights in the share register, provided they expressly declare that they have acquired these shares in their own name and on their own account.
- 3 Persons who do not expressly declare in the entry application that they hold the shares on their own account (hereafter “nominees”) will, without further ado, be entered with voting rights in the share register up to a maximum of 2% of the share capital entered in the Register of Commerce. Over and above this limit, registered shares held by nominees will only be entered with voting rights when the nominee concerned reveals the names, addresses, nationalities and shareholdings of those persons on whose account he holds 0.5% or more of the share capital entered in the Register of Commerce.
- 4 After interviewing registered shareholders or nominees, the Board of Directors is entitled to delete entries from the share register, with retroactive effect from the date of entry, should these have been obtained by misrepresentation. The affected shareholder or nominee must be immediately informed of the deletion.
- 5 The Board of Directors settles the details and issues the necessary instructions to ensure compliance with the provisions set out above. The Board is authorized to conclude agreements with nominees about their duties of notification.
- 6 The provisions of this Article 6 apply also to shares underwritten or acquired through the exercise of subscription or conversion rights or rights to exercise warrants.

Proposed Changes to the Articles

Article 6 – Share Register, Nominees

[Article unchanged]

Current Version of the Articles

Proposed Changes to the Articles

III – Governing and Executive Bodies

A – Shareholders' Meeting

Article 7 – Powers of the Shareholders' Meeting

- 1 The supreme corporate body of the Company is the Shareholders' Meeting.
- 2 The Shareholders' Meeting has the following non-transferable powers:
 - a) The adoption and amendment of the Articles of Association;
 - b) the election and removal of members of the Board of Directors, the Chairperson of the Board of Directors, the members of the Compensation Committee, the Auditors and the Independent Proxy;
 - c) the approval of the management report and the consolidated financial statements;
 - d) the approval of the annual financial statements of the Company, as well as the resolution on the use of the balance sheet income of the Company, in particular the declaration of dividends;
 - e) the approval of the compensation of the Board of Directors and the Executive Committee pursuant to Article 22 of these Articles of Association;
 - f) the discharge of the members of the Board of Directors;
 - g) passing resolutions on matters which are by law or by the Articles of Association reserved to the Shareholders' Meeting, or which are submitted to it by the Board of directors.

Article 8 – Forms of Shareholders' Meetings

- 1 The Ordinary Shareholders' Meeting shall be held annually within six months after the close of the fiscal year. Extraordinary Shareholders' Meetings shall be called whenever deemed necessary.
- 2 In addition, Extraordinary Shareholders' Meetings must be called upon resolution of a Shareholders' Meeting or if demanded, in writing with the details of the agenda items and the motions, by one or more shareholders who together represent at least 5% of the share capital.

Article 9 – Right to Request Inclusion of an Agenda Item

One or more shareholders representing together shares with a par value of CHF 100'000.00 may request an item to be included in the agenda. The request to include an item must be submitted in writing at least forty days before the Meeting, stating the items to be included and the motions.

Article 7 – Powers of the Shareholders' Meeting

[Article 7 para. 1 unchanged]

- 2 The Shareholders' Meeting has the following non-transferable powers:
 - a) The adoption and amendment of the Articles of Association;
 - b) the election and removal of members of the Board of Directors, the Chairperson of the Board of Directors, the members of the Compensation Committee, the Auditors and the Independent Proxy;
 - c) the approval of the management report and the consolidated financial statements **and the report on non-financial matters**;
 - d) the approval of the annual financial statements of the Company, as well as the resolution on the use of the balance sheet income of the Company, in particular the declaration of dividends **(including any repayment of statutory capital reserves as well as the approval of interim dividends and the required interim financial statements)**;
 - e) the approval of the compensation of the Board of Directors and the Executive Committee pursuant to Article 22 of these Articles of Association;
 - f) the discharge **from liability** of the members of the Board of Directors and the **Executive Committee**;
 - g) **Delisting of the Company's equity securities; and**
 - h) **g)** passing resolutions on matters which are by law or by the Articles of Association reserved to the Shareholders' Meeting, or which are submitted to it by the Board of directors.

Article 8 – Forms of Shareholders' Meetings

[Article unchanged]

Article 9 – Right to Request Inclusion of an Agenda Item

~~One or more~~s Shareholders representing ~~alone or together~~ at least 0.134 percent of the share capital or the voting rights ~~shares with a par value of CHF 100'000.00~~ may at least 40 days before the Meeting, request from the Board of Directors in writing that

- a) an item ~~to~~ be included in the agenda, at the same time stating the proposals; or
- b) proposals concerning agenda items are included in the notice convening the Shareholders' Meeting.

~~The request to include an item must be submitted in writing at least forty days before the Meeting, stating the items to be included and the motions.~~

In case that shareholders submit a reasoning together with items to be included on the agenda or the proposals, such statement shall be short, clear and concise.

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Current Version of the Articles

Article 10 – Convening a Meeting

- 1 The Shareholders' Meeting is convened by the Board of Directors, if necessary by the Auditors, as well as in such cases as are provided for by law, at least twenty days prior to the day of the meeting by publication in the Swiss Official Gazette of Commerce.
- 2 The convocation shall give details of the agenda items and the motions of the Board of Directors and, where appropriate, of the shareholders who have demanded the holding of a Shareholders' Meeting or the inclusion of an item on the agenda.
- 3 No resolutions may be passed on motions concerning agenda items which have not been duly announced; excepted are motions for the calling of an Extraordinary Shareholders' Meeting or the initiating of a special audit.
- 4 The making of motions within the scope of agenda items and the discussion without the passing of resolutions do not require announcement in advance.
- 5 At least twenty days before the Ordinary Shareholders' Meeting, the annual report, the remuneration report and the corresponding Auditors' reports must be made available for inspection by shareholders at the domicile of the Company.

Article 11 – Chairperson of the Shareholders' Meeting, Minutes, Tellers

- 1 The Shareholders' Meeting is held at the domicile of the Company unless otherwise resolved by the Board of Directors. The Chairperson of the Board of Directors, or, if he/she is prevented, a Vice Chairperson or a specially designated member of the Board of Directors, takes the chair and nominates a Secretary and the Tellers, who do not need to be shareholders.
- 2 Minutes are kept of the proceedings; these shall be signed by the Chairperson, the Secretary and the Tellers.

Article 12 – Representation of Shareholders

- 1 A shareholder may only be represented at the Shareholders' Meeting by the Independent Proxy, a legal representative or, by means of written proxy, by another shareholder entitled to vote.
- 2 The Board of Directors shall determine the requirements regarding the participation and representation in the Shareholders' Meeting and regarding proxies and voting instructions.
- 3 The Shareholders' Meeting shall elect the Independent Proxy for a term of office until completion of the next Ordinary Shareholders' Meeting. Re-election is possible.
- 4 If the Company does not have an Independent Proxy, the Board of Directors shall appoint the Independent Proxy for the next Shareholders' Meeting.

Article 13 – Voting Rights

Each share shall carry one vote.

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Proposed Changes to the Articles

Article 10 – Convening a Meeting

- 1 The Shareholders' Meeting is convened by the Board of Directors, if necessary by the Auditors, as well as in such cases as are provided for by law, at least twenty days prior to the day of the meeting by publication in the Swiss Official Gazette of Commerce. **The content of the invitation to the Shareholders' Meeting shall be in accordance with the law.**
- 2 **The Board of Directors, or any other body lawfully convening the Shareholders' Meeting shall determine the time and place of the Shareholders' Meeting. The convocation shall give details of the agenda items and the motions of the Board of Directors and, where appropriate, of the shareholders who have demanded the holding of a Shareholders' Meeting or the inclusion of an item on the agenda.**
- 3 No resolutions may be passed on **proposals motions** concerning agenda items which have not been duly announced; **excepted are motions for the calling of an Extraordinary Shareholders' Meeting or the initiating of a special audit resolutions that do not need to be put on the agenda by law remain reserved.**
- 4 The making of **proposals motions** within the scope of agenda items and the discussion without the passing of resolutions do not require announcement in advance.
- 5 ~~At least twenty days before the Ordinary Shareholders' Meeting, the annual report, the remuneration report and the corresponding Auditors' reports must be made available for inspection by shareholders at the domicile of the Company.~~

Article 11 – Chairperson of the Shareholders' Meeting, Minutes, Tellers

- 1 ~~The Shareholders' Meeting is held at the domicile of the Company unless otherwise resolved by the Board of Directors.~~ The Chairperson of the Board of Directors, or, if he/she is prevented, a Vice Chairperson or a specially designated member of the Board of Directors, takes the chair and nominates a Secretary and the Tellers, who do not need to be shareholders.
- 2 [Article 11 para. 2 unchanged]

Article 12 – Representation of Shareholders

- 1 A shareholder may only be represented at the Shareholders' Meeting by the Independent Proxy, a legal representative or, by means of written proxy, by **a representative of their choice another shareholder entitled to vote.**

[Article 12 para. 2–4 unchanged]

Article 13 – Voting Rights

[Article unchanged]

Current Version of the Articles

Article 14 – Resolutions, Elections

- 1 The absolute majority of the votes represented shall be required for resolutions and elections of the Shareholders' Meeting, if not otherwise required by the law.
- 2 Votes and elections shall take place publicly, but are conducted by written ballot/or electronically if so requested by the Shareholders' Meeting or directed by the Chairperson.
- 3 If the Chairperson has any doubts about the result of a vote or election, he/she may repeat it. In such case, the original vote or election is considered null and void.

B – Board of Directors

Article 15 – Number of Members of the Board of Directors

The Board of Directors shall be composed of at least five members.

Article 16 – Term of Office

- 1 The Shareholders' Meeting shall elect individually the members of the Board of Directors and its Chairperson for a term of office until completion of the next Ordinary Shareholders' Meeting.
- 2 Re-election is possible.

Article 17 – Constitution of the Board of Directors

- 1 Except for the election of the Chairperson of the Board of Directors and the members of the Compensation Committee, the Board of Directors shall constitute itself. It shall elect from amongst its members one or more Vice Chairpersons. It shall designate a Secretary who needs not to be a member of the Board of Directors.
- 2 If the office of the Chairperson is vacant, the Board of Directors shall appoint a new Chairperson from amongst its members for the remaining term of office.

Article 18 – Powers of the Board of Directors

- 1 The Board of Directors shall manage the business of the Company insofar as it is not reserved to the Shareholders' Meeting or delegated under the terms of the "Regulations Governing Internal Organization and Board Committees" ("By-laws") (Article 19).
- 2 The Board of Directors has the following non-transferable and inalienable duties:
 - a) The ultimate management of the Company, in particular management, administration and supervision of the business of the Company, and the giving of the necessary directives;
 - b) the establishment of the organization by means of By-laws;
 - c) the structuring of the accounting system and of the financial controls, as well as the financial planning;
 - d) the appointment and removal of the persons entrusted with the management and the representation, and the establishment of their authorization to sign;
 - e) the ultimate supervision of the persons entrusted with the management, in particular in view of compliance with the law, the Articles of Association, regulations and directives;
 - f) the preparation of the annual report and the remuneration report, as well as the preparation of the Shareholders' Meeting and the implementing of its resolutions;

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Proposed Changes to the Articles

Article 14 – Resolutions, Elections

[Article unchanged]

Article 15 – Number of Members of the Board of Directors

[Article unchanged]

Article 16 – Term of Office

[Article unchanged]

Article 17 – Constitution of the Board of Directors

- 1 Except for the election of the Chairperson of the Board of Directors and the members of the Compensation Committee, the Board of Directors shall constitute itself. It **shall may** elect from amongst its members one or more Vice Chairpersons. ~~It shall and~~ designate a Secretary who needs not to be a member of the Board of Directors.

[Article 17 para. 2 unchanged]

Article 18 – Powers of the Board of Directors

- 1 The Board of Directors shall manage the business of the Company insofar as it is not reserved to the Shareholders' Meeting or delegated under the terms of the organizational regulations (Article 19).
- 2 The Board of Directors has the following non-transferable and inalienable duties:
 - a. The ultimate management of the Company, in particular management, administration and supervision of the business of the Company, and the giving of the necessary directives;
 - b. the establishment of the organization by means of organizational regulations;
 - c. the structuring of the accounting system and of the financial controls, as well as the financial planning;
 - d. the appointment and removal of the persons entrusted with the management and the representation, and the establishment of their authorization to sign;
 - e. the ultimate supervision of the persons entrusted with the management, in particular in view of compliance with the law, the Articles of Association, regulations and directives;
 - f. the preparation of the annual report and the remuneration report, **the report on non-financial matters and other reports that are subject to mandatory approval by the Board of Directors**, as well as the preparation of the Shareholders' Meeting and the implementing of its resolutions;

Current Version of the Articles

- g) the notification of the judge in the case of overindebtedness;
- h) resolutions concerning the subsequent performance of contributions on shares not fully paid-up;
- i) resolutions concerning an increase of the share capital, insofar as this falls within the competence of the Board of Directors (Article 651, sub-para. 4 CO), as well as the ascertainment of capital increases and the consequent amendments to the Articles of Association;
- j) other powers and duties reserved for the Board of Directors by law or the Articles of Association.

Article 19 – Transfers of Powers, By-laws

- 1 Subject to Article 18, sub-para. 2 and in compliance with the By-laws, the Board of Directors may delegate the management of the Company, in whole or in part, to one or more of its members (Managing Directors), to Committees of the Board of Directors, to an Executive Committee, or to other third persons who need not be shareholders.
- 2 The By-laws to be issued by the Board of Directors govern the organization of the Board of Directors (including calling and drawing up the agenda of meetings, quorum, resolutions, taking of minutes, etc.) and the distribution of its powers, set any limits on age and terms of office for the members of the Board of Directors and determine the responsibilities and duties of the executive management.

Article 20 – Compensation Committee

- 1 The Compensation Committee shall consist of at least three members of the Board of Directors.
- 2 The Shareholders' Meeting shall elect individually the members of the Compensation Committee for a term of office until completion of the next Ordinary Shareholders' Meeting. Re-election is possible.
- 3 If there are vacancies on the Compensation Committee, the Board of Directors shall appoint substitutes from amongst its members for the remaining term of office.
- 4 The Board of Directors shall appoint the Chairperson of the Compensation Committee. The Board of Directors shall further issue a charter establishing the organisation and decision-making process of the Compensation Committee.
- 5 The Compensation Committee shall support the Board of Directors in establishing and reviewing the Company's compensation strategy and guidelines and the performance targets, as well as in preparing the proposals to the Shareholders' Meeting regarding the compensation of the Board of Directors and of the Executive Committee, and may submit proposals to the Board of Directors in other compensation-related issues.
- 6 The Board of Directors shall set out in a charter for which positions of the Board of Directors and of the Executive Committee the Compensation Committee shall submit proposals for the performance targets and compensation of the members of the Board of Directors 14 and of the Executive Committee, and for which positions the Compensation Committee shall determine such performance targets and compensation in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors.
- 7 The Board of Directors may delegate further tasks and powers to the Compensation Committee.

Proposed Changes to the Articles

- g. filing of a motion for debt-restructuring moratorium and the notification of the court judge in the case of overindebtedness;
- h. resolutions concerning the subsequent performance of contributions on shares not fully paid-up;
- i. resolutions concerning ~~an increase of the share capital, insofar as this falls within the competence of the Board of Directors (Article 651, sub-para. 4 CO), as well as the~~ ascertainment of changes in capital increases and the consequent amendments to the Articles of Association;
- j. other powers and duties reserved for the Board of Directors by law or the Articles of Association.

Article 19 – Transfers of Powers, Organizational Regulations

- 1 Subject to Article 18, sub-para. 2 ~~and in compliance with the By-laws~~, the Board of Directors may delegate, pursuant to the organizational regulations, powers and the management of the Company, in whole or in part, to one or more of its members (Managing Directors), to Committees of the Board of Directors, to an Executive Committee, or to other third persons who need not be shareholders.
- 2 The organizational regulations to be issued by the Board of Directors govern the organization of the Board of Directors (including calling and drawing up the agenda of meetings, quorum, resolutions, taking of minutes, etc., it being permitted to use electronic means with or without venue) and the distribution of its powers, set any limits on age and terms of office for the members of the Board of Directors and determine the responsibilities and duties of the executive management.

Article 20 – Compensation Committee

[Article unchanged]

Current Version of the Articles

Proposed Changes to the Articles

C – Auditors

Article 21 – Terms of Office, Powers and Duties

The Shareholders' Meeting shall elect the Auditors for a term of office until completion of the next Ordinary Shareholders' Meeting. The powers and duties shall be determined by law.

Article 21 – Terms of Office, Powers and Duties

The Shareholders' Meeting shall elect the Auditors for **one business year each a term of office until completion of the next Ordinary Shareholders' Meeting**. The powers and duties shall be determined by law.

IV – Compensation of the Board of Directors and of the Executive Committee

Article 22 – Approval of Compensation by the Shareholders' Meeting

- 1 The Shareholders' Meeting shall approve annually the proposals of the Board of Directors in relation to:
 - a) the maximum aggregate amount of compensation of the Board of Directors for the period until the next Ordinary Shareholders' Meeting;
 - b) the maximum aggregate amount of fixed compensation of the Executive Committee for the period between 1 July of the current year to 30 June of the following year;
 - c) the aggregate amount of variable short-term compensation of the Executive Committee for the past financial year; and
 - d) the maximum aggregate amount of variable long-term compensation of the Executive Committee for the current financial year.
- 2 The Board of Directors may submit for approval by the Shareholders' Meeting proposals in relation to (maximum) aggregate amounts or specific compensation elements relating to different compensation periods and/or in relation to additional amounts for specific compensation elements as well as additional contingent proposals.
- 3 In the event the Shareholders' Meeting has rejected a proposal of the Board of Directors, the Board of Directors shall determine the respective (maximum) aggregate amount, provided that:
 - a) the Board of Directors takes into account:
 - (i) the proposed aggregate amount of compensation;
 - (ii) the decision of the Shareholders' Meeting and, to the extent known to the Board of Directors, the main reasons for the negative vote; and
 - (iii) the Company's compensation principles; and
 - b) the Board of Directors submits the (maximum) aggregate amount so determined for approval by an ordinary or extraordinary Shareholders' Meeting.
The Board of Directors may determine (maximum) partial amounts instead of a (maximum) aggregate amount.
- 4 The Company or companies controlled by it may pay out compensation prior to approval by the Shareholders' Meeting subject to subsequent approval by a Shareholders' Meeting.

Article 22 – Approval of Compensation by the Shareholders' Meeting

- 1 The Shareholders' Meeting shall approve annually the proposals of the Board of Directors in relation to:
 - a) the maximum aggregate amount of compensation of the Board of Directors for the period until the next Ordinary Shareholders' Meeting;
 - b) the maximum aggregate amount of fixed **and variable long-term** compensation of the Executive Committee for the **following financial period between 1 July of the current year to 30 June of the following year; and**
 - c) the aggregate amount of variable short-term compensation of the Executive Committee for the past financial year; and
 - d) the maximum aggregate amount of variable long-term compensation of the Executive Committee for the current financial year.**

[Article 22 para. 2–4 unchanged]

- 5 **Each year the Ordinary Shareholders' Meeting shall vote on the Compensation Report in a non-binding vote.**

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Current Version of the Articles

Article 23 – Supplementary Amount in the Event of Changes in the Executive Committee

The Company or companies controlled by it shall be authorized to grant and pay to each person who becomes a member of or is being promoted within the Executive Committee during a compensation period for which the Shareholders' Meeting has already approved the compensation of the Executive Committee, a supplementary amount for the compensation period(s) already approved if the maximum aggregate amounts of compensation already approved by the Shareholders' Meeting are not sufficient to also cover his/her compensation. The supplementary amount shall, per compensation period, not exceed 35% for the CEO and, for each other member of the Executive Committee, 30% of the (maximum) aggregate amounts of compensation of the Executive Committee last approved.

Article 24 – Compensation of the Members of the Board of Directors and the Executive Committee

- 1 Compensation of the members of the Board of Directors shall consist of fixed compensation in the form of cash and/or shares. Total compensation shall take into account position and level of responsibility of the recipient.
- 2 Compensation of the members of the Executive Committee shall consist of fixed and variable compensation. Fixed compensation comprises the base salary and may include other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation. Total compensation shall take into account position and level of responsibility of the recipient.
- 3 Short-term compensation shall be governed by performance metrics that take into account the performance of the Company, the group and/or parts thereof, targets determined in relation to the market, other companies or comparable benchmarks and/or individual targets, and achievement of which is generally measured during a one-year period. The annual target level of the short-term compensation shall be determined as a percentage of the base salary. Depending on achieved performance, the compensation may vary between 0 and 200% of the annual target level.
- 4 Long-term compensation shall be governed by performance metrics that take into account strategic objectives of the Company and/or the group, and achievement of which is generally measured during a perennial period. The annual target level of the long-term compensation shall be determined as a percentage of the base salary. Depending on achieved performance, the number of equity awards may vary between 0 and 200% of the annual target level. The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine adequate vesting, exercise and forfeiture conditions in view of alignment with the long-term objectives of the Company. Vesting periods shall be at least three years.
- 5 The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine performance metrics and target levels of short- and long-term compensation, and their achievement.
- 6 The compensation of the members of Executive Committee may be paid or granted in the form of cash, shares, financial instruments or units, in kind or in the form of other types of benefits.

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Proposed Changes to the Articles

Article 23 – Supplementary Amount in the Event of Changes in the Executive Committee

The Company or companies controlled by it shall be authorized to grant and pay to each person who becomes a member of ~~or is being promoted within~~ the Executive Committee during a compensation period for which the Shareholders' Meeting has already approved the compensation of the Executive Committee, a supplementary amount for the compensation period(s) already approved if the maximum aggregate amounts of compensation already approved by the Shareholders' Meeting are not sufficient to also cover his/her compensation. The supplementary amount shall, per compensation period, not exceed 35% for the CEO and, for each other member of the Executive Committee, 30% of the (maximum) aggregate amounts of compensation of the Executive Committee last approved.

Article 24 – Compensation of the Members of the Board of Directors and the Executive Committee

[Article 24 para. 1 – 6 unchanged]

Current Version of the Articles

- 7 The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine grant, vesting, exercise and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture of compensation in the case of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The Company may procure any required shares through purchases in the market or by using its conditional share capital.
- 8 Compensation may be paid by the Company or companies controlled by it.

Proposed Changes to the Articles

- 7 In particular the following items are not deemed compensation, loans or credits and shall not be added to the amounts subject to approval according to Art. 22:
 - a) Reimbursement of expenses and tax-deductible lumpsum expenses;
 - b) premiums for insurance which are paid in the interest of the Company;
 - c) insignificant benefits in kind, general employee benefits and other similar fringe benefits; and
 - d) indemnification, advances and insurances according to para. 8 of this article.
- 8 The Company may, within the bounds of the law, indemnify members of the Board of Directors or the Executive Management for any prejudice suffered through administrative or judicial proceedings, or settlements, in connection with their services for the Company, or provide advances on such amounts, or purchase insurance. Such indemnification, advances, and insurance shall not be counted as compensation.
- 9 7 The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine grant, vesting, exercise and forfeiture conditions; it may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture of compensation in the case of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The Company may procure any required shares through purchases in the market or by using its conditional share capital.
- 10 8 Compensation may be paid by the Company or companies controlled by it.

V – Agreements With Members of the Board of Directors and of the Group Executive Committee

Article 25 – Agreements with Members of the Board of Directors and of the Group Executive Committee

- 1 The Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a fixed term or for an indefinite term. Duration and termination shall comply with the term of office and the law.
- 2 The Company or companies controlled by it may enter into employment agreements with members of the Executive Committee for a fixed term or for an indefinite term. Employment agreements for a fixed term may have a maximum duration of one year; renewal is possible. Employment agreements for an indefinite term may have a termination notice period of maximum twelve months.
- 3 The Company or companies controlled by it may enter into non-compete agreements for the time after the end of the employment agreement for a duration of up to one year. The consideration for such non-compete agreement shall not exceed the fixed annual compensation last paid to such member of the Executive Committee.

Article 25 – Agreements with Members of the Board of Directors and of the Group Executive Committee

- 1 The Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a fixed term or for an indefinite term. Duration of such contracts may not exceed and termination shall comply with the term of office and the law.
- [Article 25 para. 2 unchanged]
- 3 The Company or companies controlled by it may enter into non-compete agreements for the time after the end of the employment agreement, provided that it is commercially justified for a duration of up to one year. The consideration for such non-compete agreement shall not exceed the average fixed annual compensation of the previous three financial years last paid to such member of the Executive Committee.

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Current Version of the Articles

Proposed Changes to the Articles

VI – Mandates Outside The Group, Loans

Article 26 – Mandates Outside the Group

- 1 No member of the Board of Directors may hold more than eight additional mandates in listed and non-listed companies, out of which not more than four mandates may be in listed companies. The Chairperson of the Board of Directors may not hold more than eight additional mandates in listed and non-listed companies, out of which not more than three may be in listed companies.
- 2 No member of the Executive Committee may hold more than one additional mandate in a listed company and two additional mandates in non-listed companies.
- 3 The following mandates are not subject to the limitations set forth in paragraphs 1 and 2 above:
 - a) mandates in companies that are controlled by the Company or that control the Company;
 - b) mandates held at the request of the Company or companies controlled by it. No member of the Board of Directors or the Executive Committee may hold more than five such mandates; and
 - c) mandates in associations, charitable foundations, trusts and employee welfare foundations. No member of the Board of Directors or the Executive Committee may hold more than ten such mandates.
- 4 Mandates shall mean mandates in the supreme governing body of a legal entity that is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate.

Article 27 – Loans

Loans to a member of the Board of Directors or the Executive Committee may only be granted at market conditions and may, at the time of grant, not exceed the total annual compensation last paid to such member.

Article 26 – Mandates Outside the Group

[Article 26 para. 1 – 2 unchanged]

- 3 The following mandates are not subject to the limitations set forth in para. ~~graphs~~ 1 and 2 ~~above~~, ~~instead the separate limitations hereinafter shall apply:~~
 - a) mandates in companies that are controlled by the Company or that control the Company: ~~unlimited.~~
 - b) mandates held at the request of the Company or companies controlled by it, ~~for a legal entity not affiliated with the group (including in pension funds or joint ventures): No member of the Board of Directors or the Executive Committee may hold more than five such mandates;~~ ~~and~~
 - c) mandates in associations, ~~charitable foundations~~, trusts and employee welfare foundations, ~~educational institutions and similar organizations (in all cases only to the extent they are an undertaking with an economic purpose): No member of the Board of Directors or the Executive Committee may hold more than ten such mandates.~~
- 4 Mandates shall mean ~~any membership in the board of directors, the executive committee or the advisory board, or any comparable function under foreign law, of an undertaking with an economic purpose~~ ~~mandates in the supreme governing body of a legal entity that is required to be registered in the commercial register or a comparable foreign register.~~ Mandates in different legal entities that are under joint control or same beneficial ownership (~~including family asset management structures~~) are deemed one mandate.

Article 27 – Loans

[Article 27 unchanged]

VII – Fiscal Year, Annual Report And Application Of Income

Article 28 – Fiscal Year

The fiscal year is stipulated by the Board of Directors. The Board of Directors is empowered to stipulate a temporary accounting period for the consolidated financial statements that does not correspond to the fiscal year.

Article 29 – Annual Report

The Board of Directors prepares for each fiscal year an annual report which is composed of the annual financial statements (income statement, balance sheet, cash flow statement and appendix), the management report and (subject to Article 28) the consolidated financial statements.

Article 30 – Application of Balance Sheet Income

- 1 Subject to the legal provisions, the Shareholders' Meeting decides about the application of the balance sheet income of the Company, in particular the declaration of dividends.
- 2 In addition to the legal reserves, other reserves can be created.

Article 28 – Fiscal Year

[Article 28 unchanged]

Article 29 – Annual Report

[Article 29 unchanged]

Article 30 – Application of Balance Sheet Income

[Article 30 unchanged]

Current Version of the Articles

Proposed Changes to the Articles

VIII – Publications and Announcements

Article 31 – Publications and Announcements

- 1 Publications of the Company shall be made in the Swiss Official Gazette of Commerce, the Company's organ of publication.
- 2 Announcements to the shareholders shall be made (i) by letter to the addresses recorded in the share register or by publication in the Swiss Official Gazette of Commerce.

Article 31 – Publications and Announcements

- 1 All communications ~~Publications~~ of the Company to the shareholders shall be made in the Swiss Official Gazette of Commerce, the Company's organ of publication.
- 2 ~~Announcements~~ Communications to the shareholders shall ~~may, instead or in addition,~~ be made (i) by letter to the addresses recorded in the share register and sent by ordinary mail, or (ii) by e-mail or in such other form as the Board of Directors deems fit ~~by publication in the Swiss Official Gazette of Commerce.~~

IX – Dissolution of the Company

Article 32 – Dissolution

For the dissolution of the Company, with or without liquidation, the legal provisions shall apply.

Article 32 – Dissolution

[Article 32 unchanged]

X – Disputes

[no provision included in the Articles yet]

Article 33 – Jurisdiction

All disputes on Company matters between one or several shareholders and the Company or its corporate bodies, as well as between the Company and its corporate bodies, or between the corporate bodies themselves, shall be judged exclusively by the courts at the registered seat of the Company.

Disclaimer

Lonza Group Ltd has its headquarters in Basel, Switzerland, and is listed on the SIX Swiss Exchange. It has a secondary listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Lonza Group Ltd is not subject to the SGX-ST's continuing listing requirements but remains subject to Rules 217 and 751 of the SGX-ST Listing Manual.

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