
MAY 24, 2023

ABB Ltd, Zurich

Articles of Incorporation

This is a translation of the original German version. In case of any discrepancy, the German version shall prevail.

SECTION 1

Name, Place of Incorporation, Purpose and Duration

**Name, Place of
Incorporation****Article 1**

Under the name

ABB Ltd

ABB AG

ABB SA

there exists a corporation with its place of incorporation in Zurich.

Purpose**Article 2**

¹ The purpose of the Company is to hold interests in business enterprises, particularly in enterprises active in the areas of industry, trade and services.

² The Company may acquire, encumber, exploit or sell real estate and intellectual property rights in Switzerland and abroad and may also finance other companies.

³ The Company may engage in all types of transactions and may take all measures that appear appropriate to promote, or that are related to, the purpose of the Company.

⁴ In pursuing its purpose, the Company shall strive for long-term sustainable value creation.

Duration**Article 3**

The duration of the Company shall be unlimited.

SECTION 2

Share Capital

Share Capital**Article 4**

The share capital of the Company is CHF 225,840,309.00 and is divided into 1,882,002,575 fully paid registered shares. Each share has a par value of CHF 0.12.

**Contingent
Share Capital****Article 4^{bis}**

¹ The share capital may be increased in an amount not to exceed CHF 25,200,000 through the issuance of up to 210,000,000 fully paid registered shares with a par value of CHF 0.12 per share.

- a) up to the amount of CHF 24,000,000 through the exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments by the Company or one of its group companies, and
- b) up to the amount of CHF 1,200,000 through the exercise of warrant rights granted to the shareholders by the Company or one of its group companies. The Board of Directors may grant warrant rights not taken up by shareholders for other purposes in the interest of the Company.

The pre-emptive rights of the shareholders shall be excluded in connection with the issuance of convertible or warrant-bearing bonds or other financial market instruments or the grant of warrant rights. The then 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 The acquisition of shares through the exercise of conversion rights and/or warrants and each subsequent transfer of the shares shall be subject to the restrictions of Art. 5 of these Articles of Incorporation.

³ In connection with the issuance by the Company or one of its group companies of convertible or warrant-bearing bonds or other financial market instruments, the Board of Directors shall be authorized to restrict or deny the advance subscription rights of shareholders if such issuances are for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, participations or new investments or the issuance on national or international capital markets. If advance subscription rights are denied by the Board of Directors, the following shall apply: the convertible or warrant-bearing bonds or other financial market instruments shall be issued at the relevant market conditions and the new shares shall be issued pursuant to the relevant market conditions taking into account the share price and/or other comparable instruments having a market price. Conversion rights may be exercised during a maximum 10-year period, and warrants may be exercised during a maximum 7-year period, in each case from the date of the respective issuance. The advance subscription rights of the shareholders may be granted indirectly.

⁴ The share capital may be increased in an amount not to exceed CHF 11,284,656 through the issuance of up to 94,038,800 fully paid registered shares with a par value of CHF 0.12 per share by the issuance of new shares to employees of the Company and group companies. The pre-emptive and advance subscription rights of the shareholders of the Company shall thereby be excluded. The shares or rights to subscribe for shares shall be issued to employees pursuant to one or more regulations to be issued by the Board of Directors, taking into account performance, functions, levels of responsibility and profitability criteria. Shares or subscription rights may be issued to employees at a price lower than that quoted on the stock exchange.

⁵ The acquisition of shares within the context of employee share ownership and each subsequent transfer of the shares shall be subject to the restrictions of Art. 5 of these Articles of Incorporation.

Capital Band**Article 4^{ter}**

- ¹ The Company has a capital band ranging from CHF 212,192,469 (lower limit) to CHF 259,346,349 (upper limit). The Board of Directors shall be authorized within the capital band to increase or reduce the share capital once or several times and in any amounts or to acquire or dispose of shares directly or indirectly, until March 23, 2028, or until an earlier expiry of the capital band. The capital increase or reduction may be effected by issuing up to 196,474,500 fully paid-in registered shares with a par value of CHF 0.12 each and cancelling up to 196,474,500 registered shares with a par value of CHF 0.12 each, as applicable, or by increasing or reducing the par value of the existing shares within the limits of the capital band.
- ² In the event of an issue of shares, the subscription and acquisition as well as any subsequent transfer of the shares shall be subject to the restrictions pursuant to Art. 5 of these Articles of Incorporation.
- ³ In the event of a capital increase within the capital band, the Board of Directors shall, to the extent necessary, determine the date of issue, the issue price, the type of contribution (including cash contributions, contributions in kind, set-off, and conversion of reserves or of profit carried forward into share capital), the conditions for the exercise of pre-emptive rights, and the beginning date for dividend entitlement. In this regard, 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 a subsequent offer of these shares to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been withdrawn or have not been duly exercised). The Board of Directors is entitled to permit, to restrict or to exclude the trade with pre-emptive rights. It may permit the expiration of pre-emptive rights that have not been duly exercised, or it may place such rights or shares as to which pre-emptive rights have been granted, but not duly exercised, at market conditions or may use them otherwise in the interest of the Company.
- ⁴ In the event of an issue of shares, the Board of Directors is further authorized to restrict or deny the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are to be used:
- a) for the acquisition of an enterprise, parts of an enterprise, or participations, or for new investments, or, in case of a share placement, for the financing or refinancing of such transactions; or
 - b) for the purpose of broadening the shareholder constituency in connection with a listing of shares on domestic or foreign stock exchanges.
- ⁵ After a change of the par value, new shares shall be issued within the capital band with the same par value as the existing shares.
- ⁶ If the share capital increases as a result of an increase from contingent share capital pursuant to Art. 4^{bis} of these Articles of Incorporation, the upper and lower limits of the capital band shall increase in an amount corresponding to such increase in the share capital.
- ⁷ In the event of a reduction of the share capital within the capital band, the Board of Directors shall, to the extent necessary, determine the use of the reduction amount.

Exclusion of pre-emptive and advance subscription rights**Article 4^{quater}**

Until March 23, 2028, or an earlier expiry of the capital band, the total number of newly issued shares which may be issued with the restriction or withdrawal of (advance) subscription rights (i) from the contingent share capital pursuant to Art. 4^{bis} para. 1a of these Articles of Incorporation, and (ii) from the capital band pursuant to Art. 4^{ter} of these Articles of Incorporation, in any event shall not exceed 196,474,500 new shares.

**Share Register and
Restrictions on
Registration,
Nominees**

Article 5

- ¹ The Company shall maintain a share register listing the surname and first name (in the case of legal entities, the company name) and address (in the case of legal entities, the place of incorporation) of the holders and usufructuaries of the registered shares. A person registered in the share register shall notify the share registrar of any change in contact information. Communications from the Company shall be deemed to have been validly made if sent to the shareholder's or authorized delivery agent's last registered contact information in the share register.
- ² Acquirers of registered shares shall be registered upon request in the share register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account, and that there is no agreement on the redemption of the relevant shares and that they bear the economic risk associated with the shares.
- ³ If persons fail to expressly make the declarations pursuant to para. 2 of this Article in their registration applications (the "Nominees"), the Board of Directors shall enter such persons in the share register with the right to vote, provided that the Nominee has entered into an agreement with the Board of Directors concerning his status and is subject to a recognized bank or financial market supervision.
- ⁴ After hearing the registered shareholder or Nominee, the Board of Directors may cancel registrations in the share register, retroactive to the date of registration, if such registrations were made based on incorrect information. The relevant shareholder or Nominee shall be informed immediately as to the cancellation.
- ⁵ The Board of Directors shall regulate the details and issue the instructions necessary for compliance with the preceding provisions. In special cases, it may grant exemptions. The Board of Directors may delegate its duties.
- ⁶ Notwithstanding paras. 2–4 of this Article, acquirers of registered shares may be registered in the share register with Euroclear Sweden AB ("Euroclear") in accordance with Swedish law.

**Share Certificates
and Intermediated
Securities**

Article 6

- ¹ The Company may issue its registered shares as uncertificated securities pursuant to Art. 973c or 973d CO, as intermediated securities in the sense of the Federal Act on Intermediated Securities, or in the form of single or global certificates. Under the conditions set forth by statutory law, the Company may convert its registered shares from one form into another form at any time and without the approval of the shareholders. The Company shall bear the cost of any such conversion.
- ² If registered shares are issued in the form of single certificates or global certificates, they shall bear the signatures of two members of the Board of Directors. These signatures may be facsimile signatures.
- ³ The shareholder has no right to demand a conversion of the form of the registered shares. In particular, the shareholder has no claim to the certification of the membership in a security. Each shareholder may, however, at any time request a written confirmation from the Company of the registered shares held by such shareholder, as reflected in the share register.
- ⁴ Intermediated securities based on registered shares of the Company cannot be transferred by way of assignment. A security interest in any such intermediated securities also cannot be granted by way of assignment.
- ⁵ Uncertificated registered shares registered with Euroclear may be pledged in accordance with Swedish law.

Exercise of Rights**Article 7**

- ¹ The Company shall only accept one representative per share.
- ² The right to vote and rights relating thereto under a registered share may be exercised vis-à-vis the Company only by a shareholder, usufructuary or Nominee registered in the share register with the right to vote.

Dividend Access Facility**Article 8**

- ¹ The Company has established a dividend access facility under which shareholders who are resident in Sweden have the option to be registered with Euroclear as holders of a total of up to 600,004,716 registered shares of the Company, with suspended dividend entitlement. The claim to dividends against the Company on such registered shares shall be suspended as long as such registered shares are registered with Euroclear. In lieu thereof, on each such registered share, an amount equivalent to the dividend resolved on a registered share of the Company shall be paid in Swedish krona by ABB Norden Holding AB based on the dividend entitlement on a preference share.
- ² In deciding on the appropriation of dividends, the General Meeting of Shareholders shall take into account that the Company will pay dividends only on shares that do not participate in the dividend access facility.

SECTION 3

Corporate Bodies

A. General Meeting of Shareholders

Competence**Article 9**

The General Meeting of Shareholders is the supreme body of the Company.

Ordinary General Meetings**Article 10**

The Ordinary General Meeting of Shareholders shall be held each year within six months after the close of the fiscal year of the Company; the business report, the compensation report, the Auditors' reports, and the report on non-financial matters shall be made available to the shareholders by no later than twenty days prior to the meeting.

Extraordinary General Meetings**Article 11**

¹ Extraordinary General Meetings of Shareholders shall be held when deemed necessary by the Board of Directors or the Auditors.

² Furthermore, Extraordinary General Meetings of Shareholders shall be convened upon resolution of a General Meeting of Shareholders or if this is requested by one or more shareholders who represent an aggregate of at least 5 percent of the share capital or votes and who submit a petition signed by such shareholder(s), specifying the items for the agenda and the proposals.

Notice and Venue of General Meetings**Article 12**

¹ Notice of General Meetings of Shareholders shall be given by the Board of Directors or, if necessary, by the Auditors, by no later than twenty days prior to the meeting date. Notice of the meeting shall be given by way of a single announcement pursuant to Art. 41 of these Articles of Incorporation. Liquidators and representatives of bondholders shall also be entitled to call a General Meeting of Shareholders.

² The notice shall include:

1. date, beginning, mode and venue of the General Meeting of Shareholders
2. the agenda
3. the proposals of the Board of Directors together with a brief statement of the reasons
4. proposals of the shareholders, if any, together with a brief statement of the reasons
5. name and address of the independent proxy.

³ The Board of Directors shall determine the venue of the General Meeting of Shareholders.

⁴ The Board of Directors can determine that the General Meeting of Shareholders be held simultaneously at different locations, provided that the contributions of the participants are transmitted directly in video and audio to all venues and/or that shareholders, who are not present at the venue(s) of the General Meeting of Shareholders may exercise their rights by electronic means.

⁵ Alternatively, the Board of Directors may also provide that the General Meeting of Shareholders will be held by electronic means without a venue.

Agenda**Article 13**

- ¹ One or more shareholders who, alone or together, hold at least 0.02 percent of the share capital or votes may demand that an item be included on the agenda or that a proposal relating to an agenda item be included in the notice convening the General Meeting of Shareholders. Such a request must be received by the Company in writing at least forty days prior to the meeting and shall specify the agenda items and the proposal or proposals together with a brief statement of the reasons.
- ² No resolutions may be passed at a General Meeting of Shareholders concerning agenda items for which proper notice was not given. This provision shall not apply, however, to proposals made during a General Meeting of Shareholders to convene an Extraordinary General Meeting of Shareholders or to initiate a special investigation.
- ³ No previous notification shall be required for proposals concerning items included on the agenda and for debates as to which no vote is taken.

**Presiding Officer,
Minutes, Vote
Counters****Article 14**

- ¹ The Chairman of the Board or, in his absence, a Vice-Chairman or any other Member appointed by the Board, shall take the chair.
- ² The presiding officer shall have all powers and authority necessary to ensure the orderly and undisturbed conduct of the General Meeting of Shareholders.
- ³ The presiding officer shall appoint the minute-taker and the vote counters. The minutes shall be signed by the presiding officer and the secretary.
- ⁴ The resolutions and election results shall be made available electronically within 15 days after the General Meeting of Shareholders, stating the exact proportion of votes; each shareholder may request that the minutes be made available to him within 30 days after the General Meeting of Shareholders.

Proxies**Article 15**

- ¹ The Board of Directors shall issue procedural rules regarding participation in and representation at the General Meeting of Shareholders.
- ² A shareholder may be represented by the independent proxy ("Unabhängiger Stimmrechtsvertreter"), his legal representative or, by means of a written proxy, any other proxy who need not be a shareholder. All shares held by one shareholder may be represented by only one representative.
- ³ The General Meeting of Shareholders shall elect the independent proxy for a term of office extending until completion of the next Ordinary General Meeting of Shareholders. 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 General Meeting of Shareholders.

Voting Rights**Article 16**

Subject to Art. 5 para. 2 of these Articles of Incorporation, each share shall grant the right to one vote.

**Resolutions,
Elections****Article 17**

- ¹ Unless otherwise required by law or these Articles of Incorporation, the General Meeting of Shareholders shall pass resolutions and decide elections upon a majority of the votes represented.
- ² The presiding officer of the General Meeting of Shareholders shall determine whether resolutions and elections are to be decided by open ballot, in writing or electronically.

³ The presiding officer may at any time order that an election or resolution be repeated if, in his view, the results of the vote are in doubt. In this case, the preceding election or resolution shall be deemed to have not occurred.

⁴ If the first ballot fails to result in an election and more than one candidate is standing for election, the presiding officer shall order a second ballot in which a relative majority shall be decisive.

**Specific Powers of
the General Meeting**

Article 18

The following powers shall be vested exclusively in the General Meeting of Shareholders:

- a) adoption and amendment of the Articles of Incorporation
- b) election of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, the Auditors and the independent proxy
- c) approval of the annual management report and consolidated financial statements
- d) approval of the annual financial statements and decision on the allocation of profits shown on the balance sheet, in particular with regard to dividends
- e) the determination of interim dividends and the approval of the interim financial statements required for this purpose
- f) the resolution on the repayment of the statutory capital reserve
- g) approval of the compensation of the Board of Directors and of the Executive Committee pursuant to Art. 34 of these Articles of Incorporation
- h) granting discharge to the members of the Board of Directors and the persons entrusted with management
- i) the delisting of the Company's equity securities
- j) the approval of the report on non-financial matters
- k) passing resolutions as to all matters reserved to the authority of the General Meeting by law or under these Articles of Incorporation or that are submitted to the General Meeting by the Board of Directors, subject to Art. 716a Swiss Code of Obligations.

Special Quorum

Article 19

The approval of at least two-thirds of the votes represented and of a majority of the par value of shares represented shall be required for resolutions of the General Meeting of Shareholders, in particular, with respect to:

- a) a modification of the purpose of the Company
- b) the creation of shares with increased voting powers
- c) restrictions on the transfer of registered shares and the removal of such restrictions
- d) restrictions on the exercise of the right to vote and the removal of such restrictions
- e) the introduction of conditional share capital or the introduction of a capital band
- f) an increase in share capital through the conversion of capital surplus, through an in-kind contribution or by set-off against a claim, and a grant of special benefits
- g) the restriction or denial of pre-emptive rights
- h) a transfer of the place of incorporation of the Company
- i) the combination of shares, if not the consent of all affected shareholders is required
- j) the change of currency of the share capital
- k) the introduction of the casting vote of the presiding officer in the General Meeting of Shareholders
- l) the delisting of the Company's equity securities
- m) the introduction of an arbitration clause in the Articles of Incorporation
- n) the dissolution of the Company.

B. Board of Directors

Number of Directors **Article 20**

The Board of Directors shall consist of no fewer than 7 and no more than 13 members.

Election, Term of Office **Article 21**

¹ The members of the Board of Directors and the Chairman of the Board of Directors shall be individually elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

² Members whose terms of office have expired shall be immediately eligible for re-election.

³ If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from among its members for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

Organization of the Board, Reimbursement of Expenses **Article 22**

¹ Except for the election of the Chairman of the Board of Directors and the members of the Compensation Committee by the General Meeting of Shareholders, the Board of Directors shall constitute itself. It may elect from among its members one or several Vice-Chairmen. It shall appoint a secretary who need not be a member of the Board.

² The members of the Board of Directors shall be entitled to the reimbursement of all expenses incurred in the interests of the Company.

Convening of Meetings **Article 23**

The Chairman shall convene meetings of the Board of Directors if and when the need arises or whenever a member or the chief executive officer so requests in writing or electronically.

Resolutions **Article 24**

¹ In order to pass resolutions, at least a majority of the members of the Board of Directors must be present. No attendance quorum shall be required for resolutions of the Board of Directors providing for the amendment and the confirmation of capital changes or a change in the currency of the share capital.

² Resolutions of the Board of Directors shall be adopted upon a majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote.

³ Resolutions may be passed by way of circulation (in writing or electronically), provided that no member requests oral deliberation.

Specific Powers of the Board **Article 25**

¹ The Board of Directors has, in particular, the following nondelegable and inalienable duties:

- a) the ultimate direction of the business of the Company and the issuance of the necessary instructions
- b) the determination of the organization of the Company
- c) the administration of accounting, financial control and financial planning
- d) the appointment and removal of the persons entrusted with management and representation of the Company
- e) the ultimate supervision of the persons entrusted with management of the Company, specifically in view of their compliance with law, these Articles of Incorporation, the regulations and directives
- f) the preparation of the business report, the compensation report, and the report on non-financial matters, and other reports as required by law, if any

- g) the preparation of the General Meetings of Shareholders as well as the implementation of the resolutions adopted by the General Meetings of Shareholders
- h) the adoption of resolutions concerning a change of the share capital to the extent that such power is vested in the Board of Directors, and of resolutions concerning the confirmation of capital changes and corresponding amendments to the Articles of Incorporation (including deletions), as well as making the required report on the capital increase
- i) the submission of a petition for debt-restructuring moratorium and the notification of the court if liabilities exceed assets.

² In addition, the Board of Directors may pass resolutions with respect to all matters that are not reserved to the authority of the General Meeting of Shareholders by law or under these Articles of Incorporation.

Delegation of Powers

Article 26

Subject to Art. 25 of these Articles of Incorporation, the Board of Directors may delegate management of the Company in whole or in part to individual directors or to third persons pursuant to regulations governing the internal organization or by adopting a resolution.

Signature Power

Article 27

The due and valid representation of the Company by members of the Board of Directors or other persons shall be set forth in regulations governing the internal organization.

C. Compensation Committee

Number of Members

Article 28

The Compensation Committee shall consist of no fewer than three members of the Board of Directors.

Election, Term of Office

Article 29

¹ The members of the Compensation Committee shall be individually elected by the General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

² Members whose terms of office have expired shall be immediately eligible for re-election.

³ If there are vacancies on the Compensation Committee, the Board of Directors may appoint substitute members from among its members for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.

Organization of the Compensation Committee

Article 30

¹ The Compensation Committee shall constitute itself. The Board of Directors shall elect the chairman of the Compensation Committee.

² The Board of Directors shall issue regulations establishing the organization and decision-making process of the Compensation Committee.

Powers

Article 31

¹ The Compensation Committee shall support the Board of Directors in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the General Meeting of Shareholders 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.

- ² The Board of Directors shall determine in regulations for which positions of the Board of Directors and of the Executive Committee the Compensation Committee shall submit proposals for the performance metrics, target values and the compensation to the Board of Directors, and for which positions it shall itself determine, in accordance with the Articles of Incorporation and the compensation guidelines established by the Board of Directors, the performance metrics, target values and the compensation.
- ³ The Board of Directors may delegate further tasks to the Compensation Committee that shall be determined in regulations.

D. Auditors

Term, Powers and Duties

Article 32

The Auditors, which shall be elected by the General Meeting of Shareholders each year, shall have the powers and duties vested in them by law.

SECTION 4

Compensation of the Members of the Board of Directors and of the Executive Committee

General Compensation Principles**Article 33**

- ¹ Compensation of the members of the Board of Directors consists of fixed compensation. Total compensation shall take into account position and level of responsibility of the recipient.
- ² Compensation of the members of the Executive Committee consists of fixed and variable compensation elements. Fixed compensation comprises the base salary and other compensation elements. Variable compensation may comprise short-term and long-term variable compensation elements. Total compensation shall take into account position and level of responsibility of the recipient.
- ³ Short-term variable compensation elements shall be governed by performance metrics that take into account the performance of the Company, the group or parts thereof, targets 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. Depending on achieved performance, the compensation may amount to a multiplier of target level.
- ⁴ Long-term variable compensation elements shall be governed by performance metrics that take into account strategic and/or financial objectives, achievement of which is generally measured during a perennial period, as well as retention elements. Depending on achieved performance, the compensation may amount to a multiplier of target level.
- ⁵ The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine the performance metrics and target levels of the short- and long-term variable compensation elements, as well as their achievement.
- ⁶ Compensation may be paid in the form of cash, shares, or in the form of other types of benefits; for the Executive Committee, compensation may in addition be paid in the form of share-based instruments or units. The Board of Directors or, to the extent delegated to it, the Compensation Committee shall determine grant, vesting, exercise and forfeiture conditions. In particular, they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation based upon assumed target achievement, or for forfeiture, in each case in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. The Company may procure the required shares through purchases in the market or by using contingent share capital.
- ⁷ Compensation may be paid by the Company or companies controlled by it.

Approval of Compensation by the General Meeting of Shareholders**Article 34**

- ¹ The General Meeting of Shareholders shall approve the proposals of the Board of Directors in relation to the maximum aggregate amounts of:
 - a) compensation of the Board of Directors for the next term of office
 - b) compensation of the Executive Committee for the following financial year.
- ² The Board of Directors may submit for approval by the General Meeting of Shareholders deviating or additional proposals relating to the same or different periods.

- ³ In the event the General Meeting of Shareholders does not approve a proposal of the Board of Directors, the Board of Directors shall determine, taking into account all relevant factors, the respective (maximum) aggregate amount or (maximum) partial amounts, and submit the amount(s) so determined for approval by a General Meeting of Shareholders.
- ⁴ Compensation may be paid out prior to approval by the General Meeting of Shareholders subject to subsequent approval.
- ⁵ If variable compensation is approved prospectively, the Board of Directors shall submit the compensation report to the General Meeting of Shareholders for a consultative vote.

**Supplementary
Amount for Changes
to the Executive
Committee**

Article 35

If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to also cover the compensation of one or more persons who become members of the Executive Committee after the General Meeting of Shareholders has approved the compensation of the Executive Committee for the relevant period, then the Company or companies controlled by it shall be authorized to pay such members a supplementary amount during the compensation period(s) already approved. The supplementary amount per compensation period shall not exceed 30 percent of the maximum aggregate amount of compensation of the Executive Committee last approved.

SECTION 5

Agreements with Members of the Board of Directors and the Executive Committee, Credits

Agreements with Members of the Board of Directors and the Executive Committee**Article 36**

- ¹ The Company or companies controlled by it may enter into agreements for a fixed term or for an indefinite term with members of the Board of Directors relating to their compensation. 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 for a fixed term or for an indefinite term with members of the Executive Committee. 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 with members of the Executive Committee for the time after termination of employment. Their duration shall not exceed one year, and consideration paid for such non-compete undertaking shall not exceed the last total annual compensation of such member of the Executive Committee but shall in no event exceed the average of the compensation of the last three fiscal years.

Credits**Article 37**

Credits may not be granted to a member of the Board of Directors or of the Executive Committee.

SECTION 6

Mandates Outside the Group

**Mandates Outside
the Group****Article 38**

- ¹ No member of the Board of Directors may hold more than ten additional mandates, of which no more than four may be in listed companies.
- ² No member of the Executive Committee may hold more than five mandates, of which no more than one may be in a listed company.
- ³ The following mandates shall not be subject to the limitations set forth in paras. 1 and 2 of this Article:
 - a) mandates in companies which are controlled by the Company or which 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 of the Executive Committee shall hold more than ten such mandates; and
 - c) mandates in associations, charitable organizations, foundations, trusts, employee welfare foundations, educational institutions, nonprofit institutions and other similar organizations. No member of the Board of Directors or of the Executive Committee shall hold more than twenty-five such mandates.
- ⁴ Mandates shall mean mandates in comparable functions at other enterprises with an economic purpose. Mandates in different legal entities that are under joint control or same beneficial ownership are deemed one mandate.

SECTION 7

Annual Financial Statements, Consolidated Financial State- ments and Profit Allocation

**Fiscal Year,
Business Report****Article 39**

¹ The fiscal year shall close as of December 31 of each year, closing for the first time on December 31, 1999.

² For each fiscal year, the Board of Directors shall prepare a business report, which consists of a management report as well as annual financial statements and consolidated financial statements, in accordance with the applicable provisions of the Swiss Code of Obligations and established accounting principles.

**Allocation of
Profit Shown on
the Balance Sheet,
Reserves****Article 40**

¹ The profit shown on the balance sheet shall be allocated by the General Meeting of Shareholders within the limits set by applicable law. The Board of Directors shall submit its proposals to the General Meeting of Shareholders.

² In addition to the reserves required by law, and subject to applicable law, the General Meeting of Shareholders may create other reserves.

³ Dividends that have not been collected within five years after their expiry date shall pass to the Company and be allocated to the profit reserves.

SECTION 8

Means of Publication, Communications

**Means of Publica-
tion, Communica-
tions**

Article 41

- ¹ The official publication organ of the Company shall be the Swiss Official Gazette of Commerce.
- ² Notices by the Company to the shareholders may, at the election of the Board of Directors, be validly given by publication in the Swiss Official Gazette of Commerce or in a form that allows proof by text.