



## **Overview and Comments to the Revision of the Articles of Association of**

**SFS Group AG  
(SFS Group SA)  
(SFS Group Ltd.)**

**Stock Company with its legal Seat in Heerbrugg SG (Widnau)**

### **Preliminary remarks**

Parliament has passed the reform of Swiss corporate law, the majority of which came into force on January 1, 2023. The revised corporate law includes, among other things, an improvement in the protection of minority shareholders and the modernization of the provisions on the conduct of general meetings. The companies are granted a transitional period of two years for implementation. The Board of Directors proposes to amend the Articles of Incorporation of SFS Group AG as follows, both to comply with the requirements of the revision of the Swiss Code of Obligations, which entered into force on January 1, 2023, and to make further adjustments to the current practice and legal situation (see agenda item 5 in the invitation to the Annual General Meeting).

In addition to the explanations in the invitation to the Annual General Meeting, the thematic blocks on which individual votes will be taken are set out below. This is followed by a comparison of the current wording of the Articles of Association and the proposed new wording. Amendments are marked in color and further explanations are provided for each article in the "Explanation/Comment" column. In the column on the far right, the sub-item in which the corresponding article of the Articles of Association is to be voted on is referenced.

**Agenda item 5.1            Adjustments due to the reform of the corporate law as of January 1, 2023**  
**Art. 3 para. 2, Art. 3a, Art. 5 para. 2, Art. 6, Art. 7 para. 3, Art. 9 para. 2, Art. 13, Art. 17 para. 1 item 8, Art. 22 para. 2, Art. 23, Art. 30 paras. 1 and 2**

The proposed amendments are related to the entry into force of the revised corporate law as of January 1, 2023. These amendments are intended, on the one hand, to amend provisions of the Articles of Association that conflict with mandatory law and, on the other hand, to adapt provisions of the Articles of Association that reflect the wording of the Stock Corporation Act in force until December 31, 2022 to the new wording of the revised corporate law.

These amendments include adjustments to the capital provisions (Art. 3 para. 2, Art. 3a), specifications of the requirements for entry in the share register (Art. 5 para. 2), expansion of the powers of the General Meeting and strengthening of minority shareholders (Art. 6, Art. 7 para. 3, Art. 9 para. 2, Art. 13), additions to the duties of the Board of Directors in cases of insolvency (Art. 17 para. 1 item 8), specification of the requirements for the distribution of profits (Art. 22 para. 2), adjustments to the additional mandates permitted for members of the Board of Directors and the Executive Board (Art. 23, although the total number of mandates permitted has not increased), and restrictions on the remuneration of new members of the Executive Board (Art. 30 paras. 1 and 2).

**Agenda item 5.2            Introduction of the possibility to hold the General Meeting in virtual or hybrid form**  
**Art. 7 para. 1**

The proposed amendment is intended to enable SFS Group AG to hold a General Meeting both virtually and in hybrid form. In principle, the General Meeting shall also be held physically in the future, unless the actual or legal circumstances do not allow this.

**Agenda item 5.3            Introduction of the possibility to use the new electronic means**  
**Art. 8 paras. 2 and 3, Art. 18 para. 1**

The proposed amendments are intended to enable SFS Group AG to use electronic means for the invitation to the General Meeting of Shareholders (Art. 8 paras. 2 and 3) as well as for the organization and conduct of the meetings of the Board of Directors (Art. 18). These possibilities are so provided for in the revised corporate law as of January 1, 2023 and give the Board of Directors the necessary flexibility to also use state-of-the-art means of communication.

**Agenda item 5.4            Editorial adjustments**  
**Art. 4, Art. 5 para. 3, Art. 11 para. 1, Art 15 para. 2, Art 31**

The proposed amendments are of an editorial nature and implement changes in the Intermediated Securities Act (Art. 4), adapt references to amended legal bases (Art. 5 para. 3, Art. 31) or provide for clarifications (Art. 11 para. 1). The function of lead director is no longer required in its current form (Art. 15 para. 2).

Articles of Association from May 4, 2022 (old)	Articles of Association from April 26, 2023 (new)	Explanation/Comment	GM Item
<p><i>Artikel 1: Corporate Name, Registered Office</i></p> <p>Under the corporate name</p> <p style="padding-left: 40px;">SFS Group AG (SFS Group Ltd) (SFS Group SA)</p> <p>a Company exists pursuant to Articles 620 et seq. of the Swiss Code of Obligations (hereinafter "CO") having its registered office in Heerbrugg (municipality of Widnau, St. Gallen). The duration of the Company is unlimited.</p>			
<p><i>Artikel 2: Purpose</i></p> <p>The purpose of the Company is to acquire, hold and manage investments in domestic and foreign companies, in particular of controlling investments in industrial and trading companies, the management and sustainable development of these investment companies within a group of companies as well as the provision of financial and organizational means for the management of a group of companies.</p> <p>The Company may acquire, mortgage, utilize and sell real estate properties and intellectual property rights in Switzerland and abroad as well as incorporate and finance subsidiaries and branches.</p> <p>The Company may engage in all kinds of commercial and financial transactions that are beneficial for the realisation of its purpose, in particular provide and take out loans, issue bonds, provide suretyships and guarantees, provide collateral as well as make investments in all marketable investment classes.</p>			

<p><i>Art. 3: Share Capital</i></p> <p>The share capital of the Company amounts to CHF 3,890,000 and is divided into 38,900,000 registered shares with a nominal value of CHF 0.10 (10 centimes) each. The share capital is fully paid-up.</p> <p>The General Meeting may, at any time, convert registered shares into bearer shares and vice versa by amending the Articles of Association.</p>	<p><i>Art. 3 par. 2</i>  canceled</p>	<p>According to Art. 622 para. 3 revCO a conversion of registered shares into bearer shares and vice versa no longer requires a separate provision in the Articles of Associations.</p>	<p>5.1</p>
<p><i>Art. 3a: Authorized Share Capital</i></p> <p>The Board of Directors is authorized, at any time until 31 December 2023, to increase the share capital by no more than CHF 20,000 by issuing no more than 200,000 fully paid up registered shares with a nominal value of CHF 0.10 each. Increases by underwriting as well as partial increases are permissible. The newly issued registered shares are subject to the transfer limitation pursuant to Article 5 of the Articles of Association. The Board of Directors is authorized to exclude shareholders' subscription rights and to allocate them to third parties if the new shares are used for the acquisition and financing of the acquisition of Hoffmann SE, Munich by SFS Group AG or one of its subsidiaries. The issue price of the newly issued registered shares, the date for entitlement for dividends and the type of contribution shall be determined by the Board of Directors.</p>	<p><i>Art. 3a</i>  canceled</p>	<p>Art. 651 CO has been canceled. There is no longer any provision for authorized share capital in the revised corporate law.</p> <p>As the purpose of the existing authorized share capital (acquisition and financing of the acquisition of Hoffmann SE) was fulfilled in 2022, this provision would have remained with no effect anyway.</p>	<p>5.1</p>

<p><i>Artikel 4: Form of Shares</i></p> <p>The Company issues its registered shares only as uncertified securities (Wertrechte) and registers them as book-entry securities (in terms of the Book-Entry Securities Act). Shareholders have no right to request conversion of the form in which registered shares are issued into another form. The shareholder may at any time require from the Company the delivery of an attestation certifying his current shareholding.</p> <p>The uncertified securities (Wertrechte), their number and division and the shareholders are registered in a register for uncertified securities. This register for uncertified securities is not public.</p> <p>Uncertified securities (Wertrechte) may only be transferred by way of assignment provided that they are not registered as book-entry securities. In order to be valid, the assignment must be reported to the Company, which may refuse the entry of the assignee in the share register in accordance with Article 5 of the present Articles of Association.</p> <p>The transfer of book-entry securities and the granting of security rights on book-entry securities have to be compliant with the Book-Entry Securities Act. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded. The transfer restrictions according to Article 5 of the present Articles of Association are not affected by these new regulations.</p>	<p><i>Art. 4</i></p> <p>The Company issues its registered shares only as <b>simple</b> uncertified securities (<b>einfache</b> Wertrechte) and registers them as book-entry securities (in terms of the <b>Federal Intermediated Securities Act</b> <del>Book-Entry Securities Act</del>). Shareholders have no right to request conversion of the form in which registered shares are issued into another form. The shareholder may at any time require from the Company the delivery of an attestation certifying his current shareholding.</p> <p><b>The Shareholder is not entitled to the printing and delivery of securities or the conversion of registered shares issued in a certain form into another form</b></p> <p>The <b>simple</b> uncertified securities (<b>einfache</b> Wertrechte), their number and division and the shareholders are registered in a register for uncertified securities. This register for uncertified securities is not public.</p> <p><b>Simple</b> uncertified securities (<b>einfache</b> Wertrechte) may only be transferred by way of assignment provided that they are not registered as book-entry securities. In order to be valid, the assignment must be reported to the Company, which may refuse the entry of the assignee in the share register in accordance with Article 5 of the present Articles of Association.</p> <p>The transfer of book-entry securities and the granting of security rights on book-entry securities have to be compliant with the <b>Federal Intermediated Securities Act</b> <del>Book-Entry Securities Act</del>. The transfer of book-entry securities or the granting of security rights on book-entry securities by way of assignment is excluded. The transfer restrictions according to Article 5 of the present Articles of Association are not affected by these new regulations.</p>	<p>Follow-up of the changes in the Federal Intermediated Securities Act.</p> <p>In accordance with the case law of the Federal Supreme Court, according to which a statutory provision is required for the exclusion of the printing and delivery of securities.</p> <p>Follow-up of the changes in the Federal Intermediated Securities Act.</p>	<p>5.4</p>
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<p><i>Art. 5: Share Register, Transfer Restrictions</i></p> <p>The identity of the owners/usufructuaries of registered shares shall be entered in the share register stating first/last name (for legal entities the company name), domicile, address and citizenship (for legal entities the legal domicile).</p> <p>Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Article 5 para. 3, 4 and 5 of the Articles of Association. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.</p> <p>Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as nominees) shall be</p>	<p><i>Art. 5 par. 2</i></p> <p>Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired <b>and to hold</b> the said shares in their own name and for their own account, <b>that there is no agreement on the redemption or return of corresponding shares, that they bear the economic risk associated with the shares,</b> and <b>that they</b> comply with the disclosure requirement <b>pursuant to the respectively valid and applicable provisions of stock exchange law stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995.</b> Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Article 5 para. 3, 4 and 5 of the Articles of Association. If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 days upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognized acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.</p> <p><i>Art. 5 par. 3</i></p> <p>Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as nominees) shall be</p>	<p>Adaptation to the wording of the revised corporate law.</p> <p>The Stock Exchange Act has been annulled as per January 1, 2020; the reference to the relevant statutory provision shall be kept more general.</p>	<p>5.1</p>
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<p>entered in the share register with voting rights without further inquiry up to a maximum of 2.0% of the share capital outstanding at that time. Above this limit registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question at the application for registration or thereafter upon request by the Company makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3% or more of the share capital outstanding at that time and provided that the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements</p> <p>The above mentioned limit of registration also applies to the subscription for or acquisition of registered shares by exercising pre-emptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties.</p> <p>Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restriction are considered as one shareholder or nominee.</p> <p>The Company may in special cases approve exceptions to the above restrictions (Article 5 para. 3, 4 and 5 of the Articles of Association). After due consultation with the persons concerned, the Company is further authorized to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective</p>	<p>entered in the share register with voting rights without further inquiry up to a maximum of 2.0% of the share capital outstanding at that time. Above this limit registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question at the application for registration or thereafter upon request by the Company makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3% or more of the share capital outstanding at that time and provided that the disclosure requirement pursuant to the respectively valid and applicable provisions of stock exchange law stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.</p>	<p>The Stock Exchange Act has been annulled as per January 1, 2020; the reference to the relevant statutory provision shall be kept more general.</p>	<p>5.4</p>
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<p>person does not provide the information pursuant to Article 5 para. 3. The concerned person has to be informed about the deletion.</p> <p>Until an acquirer becomes a shareholder with voting rights for the shares in accordance with Article 5 of the Articles of Association, she/he may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights.</p>			
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<p><i>Art. 6: Authorities</i></p> <p>The General Meeting is the supreme corporate body of the Company. It has the following non-transferable powers:</p> <ol style="list-style-type: none"> <li>1. to adopt and amend the Articles of Association;</li> <li>2. to elect and recall the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Nomination and Compensation Committee, the Auditors and the Independent Proxy;</li> <li>3. to approve the management report and the annual accounts as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends;</li> <li>4. to approve the aggregate amounts of the maximum compensation of the members of the Board of Directors and the executive management pursuant to Articles 25 and 26 of the Articles of Association;</li> <li>5. to grant discharge to the members of the Board of Directors;</li> </ol> <p>1. to pass resolutions regarding issues which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.</p>	<p><i>Art. 6</i></p> <p>The General Meeting is the supreme corporate body of the Company. It has the following non-transferable powers:</p> <ol style="list-style-type: none"> <li>1. to adopt and amend the Articles of Association;</li> <li>2. to elect and recall the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Nomination and Compensation Committee, the Auditors and the Independent Proxy;</li> <li>3. to approve the management report, <b>the consolidated financial statements</b> and the annual accounts as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, in particular to determine the dividends;</li> <li>4. <b>to determine the interim dividend and approve the interim financial statements required for this purpose;</b></li> <li>5. <b>to pass resolutions regarding the repayment of the statutory capital reserve;</b></li> <li>6. to approve the aggregate amounts of the maximum compensation of the members of the Board of Directors and the executive management pursuant to Articles 25 and 26 of the Articles of Association;</li> <li>7. to grant discharge to the members of the Board of Directors;</li> <li>8. <b>to pass resolutions regarding the delisting of the Company's securities;</b></li> <li>9. to pass resolutions regarding issues which are reserved to the General Meeting by law or by the Articles of Association or which are presented to it by the Board of Directors.</li> </ol>	<p>The additions are made on the basis of the extended provisions according to Art. 698 revCO.</p>	<p>5.1</p>
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<p><i>Art. 7: Meetings</i></p> <p>The ordinary General Meeting shall be held annually within six months after the close of the business year. The Board of Directors determines the time and location of the General Meeting.</p> <p>Extraordinary General Meetings shall be called as often as necessary, in particular, in all cases required by law.</p> <p>Extraordinary General Meetings shall be convened by the Board of Directors within 2 months if shareholders representing at least ten percent of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.</p>	<p><i>Art. 7 para. 1</i></p> <p>The ordinary General Meeting shall be held annually within six months after the close of the business year. The Board of Directors determines the time, <b>form</b> and location of the General Meeting.</p> <p><b>The Board of Directors may also determine that the General Meeting be held simultaneously at different locations. In this case, the votes of the participants must be transmitted directly in sound and vision to all meeting locations. The Board of Directors may provide that shareholders who are not present at the location of the General Meeting may exercise their rights electronically. Alternatively, the Board of Directors may provide for the General Meeting to be held by electronic means without a venue.</b></p> <p><i>Art. 7 para. 3</i></p> <p>Extraordinary General Meetings shall be convened by the Board of Directors within 2 months if shareholders <b>representing having at their disposal</b> at least <b>ten five</b> percent of the share capital <b>or voting rights</b> request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.</p>	<p>The new corporate law provides for more flexibility in the conduct of the General Meeting in Art. 701a et seq. revCO (hybrid or virtual conduct of the General Meeting).</p> <p>Adaptation necessary due to the new provision according to Art. 699 para. 3 revCO.</p>	<p>5.2</p> <p>5.1</p>
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<p><i>Art. 8: Notice</i></p> <p>General Meetings shall be convened by the Board of Directors and, if need be, by the Auditors. The liquidators shall also be entitled to convene a General Meeting.</p> <p>Notice of the General Meeting shall be given by publication in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. To the extent the post or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post or e-mail. The notice shall state the day, time and place of the Meeting, the agenda, the proposals of the Board of Directors and the proposals of the shareholders who have requested the General Meeting or that an item be included on the agenda.</p>	<p><i>Art. 8 para. 2</i></p> <p><del>Notice of the General Meeting shall be given by publication in the Swiss Official Gazette of Commerce</del>  The Board of Directors shall notify the shareholders of the convening of the General Meeting of Shareholders at least 20 days prior to the date of the meeting by means of a single publication in the Company's official gazette and, in addition, in writing or electronically (by e-mail). <del>To the extent the post or e-mail addresses of the shareholders are known, notice shall be sent simultaneously by post or e-mail.</del> The notice shall state the day, time, form and place of the Meeting, the agenda, the proposals of the Board of Directors, including a brief explanation, and the as well as possible proposals of the shareholders <del>who have requested the General Meeting or that an item be included on the agenda.</del> including a brief explanation as well as the name and the address of the Independent Proxy.</p> <p>The Board of Directors may summarize the items on the agenda in the notice of the meeting, provided that it makes further information available to the shareholders by other means.</p>	<p>New possibility to use electronic means according to Art. 700 revCO.</p> <p>New provision according to Art 700 para. 4 revCO.</p>	<p>5.3</p>
<p>The annual business report and the Auditors' report must be submitted for examination by the shareholders at the registered office of the Company at least twenty days prior to the date of the ordinary General Meeting. Reference to such submission and to the shareholders' right to request the conveying of these documents to them shall be included in the notice to the General Meeting.</p>	<p><i>Art. 8 para. 3</i></p> <p>The annual business report and the Auditors' report must be made available to <del>submitted for examination by</del> the shareholders <del>at the registered office of the Company</del> at least twenty days prior to the date of the ordinary General Meeting. <del>If the documents are not accessible electronically, each shareholder may request that they be sent to him in due time. Reference to such submission and to the shareholders' right to request the</del></p>	<p>New possibility to use electronic means according to Art. 699a para. 1 revCO.</p>	<p>5.3</p>

	<del>conveying of these documents to them shall be included in the notice to the General Meeting.</del>		
<p><i>Art. 9: Agenda</i></p> <p>The Board of Directors shall state the items on the agenda.</p> <p>Registered shareholders with voting rights individually or jointly representing at least 5 percent of the share capital of the Company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the General Meeting and shall be in writing, specifying the item and the proposals.</p> <p>No resolution shall be passed on items proposed only at the General Meeting and which have no bearing on any of the proposed items of the agenda, apart from those exceptions permitted by law.</p>	<p><i>Art. 9 para. 2</i></p> <p><del>Registered Shareholders with voting rights individually or jointly representing at least 5 percent of the share capital of the Company</del> may demand that items be put on the agenda <b>or that motions on items on the agenda are included in the notice convening the General Meeting of Shareholders, provided they together represent at least 0.5% of the share capital or the votes.</b></p> <p>Such demands have to be submitted to the Chairman of the Board of Directors at least 45 days before the date of the General Meeting and shall be in writing, specifying the item and the proposals.</p>	Adaptation necessary due to the new provision in Art. 699b revCO.	5.1
<p><i>Art. 10: Chair, Minutes</i></p> <p>The General Meeting shall be chaired by the Chairman of the Board of Directors, or, in his absence, by another member of the Board of Directors selected by the Board of Directors, or by another chairman elected for that day by the General Meeting (the "Chairman").</p> <p>The Chairman designates a Secretary for the minutes as well as the scrutineers who do not need to be shareholders.</p> <p>The Board of Directors is responsible for the keeping of the minutes, which are to be signed by the Chairman and by the Secretary.</p>			

<p><i>Art. 11: Resolutions</i></p> <p>Subject to the provisions of Article 5, each share entitles to one vote.</p> <p>Each shareholder may be represented by the Independent Proxy. The Board of Directors determines the requirements regarding proxies and voting instructions.</p> <p>The General Meeting shall pass its resolutions and carry out its elections with the simple majority of the votes cast, to the extent that neither the law nor the Articles of Association provide otherwise. Abstentions, empty votes and invalid votes will not be taken into account for the calculation of the required majority.</p> <p>The members of the Board of the Directors and the members of the Nomination and Compensation Committee are elected individually.</p> <p>The Chairman shall have no casting vote.</p> <p>The Chairman shall determine the voting procedure. If the voting is not done electronically, voting shall be by ballot provided that at least 50 of the shareholders present so demand by a show of hands.</p>	<p><i>Arti. 11 para. 1</i></p> <p>Subject to the provisions of Article 5, each share <b>registered in the share register with voting rights shall entitle the holder entitles</b> to one vote.</p>	<p>Amendment for clarification purposes; no material change.</p>	<p>5.4</p>
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<p><i>Artikel 12: Votes on Compensation</i></p> <p>Each year, the General Meeting votes separately on the proposals by the Board of Directors regarding the aggregate amounts of:</p> <ol style="list-style-type: none"> <li>1. the compensation of the Board of Directors according to Article 25 for the term of office until the next ordinary General Meeting;</li> <li>2. a possible additional compensation of the Board of Directors for the preceding business year;</li> <li>3. the variable compensation of the executive management based on results and targets achieved in the preceding business year, which shall be paid immediately after approval;</li> <li>4. the fixed compensation of the executive management to be paid in the subsequent business year.</li> </ol> <p>If the General Meeting does not approve the proposed amount of the proposed fixed or proposed variable compensation, as the case may be, the Board of Directors may either convene a new extraordinary General Meeting and make new proposals for approval or may submit the proposals regarding compensation for retrospective approval at the next ordinary General Meeting.</p> <p>The aggregate compensation amounts are deemed inclusive of all social security and pension contributions of the members of the Board of Directors resp. the executive management and the Company (contributions by employee and employer).</p> <p>The compensation approved by the General Meeting may be paid by the Company or by companies being directly or indirectly controlled by the Company.</p>			
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<p><i>Art. 13: Quorums</i></p> <p>A resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for:</p> <ol style="list-style-type: none"> <li>1. the cases listed in Article 704 para. 1 CO and in Article 18 and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act);</li> <li>2. the easement or abolition of the restriction of the transferability of the registered shares;</li> </ol> <p>any change to the provisions of this Article 13 of the Articles of Association.</p>	<p><i>Art. 13</i></p> <p>A resolution of the General Meeting passed by at least two thirds of the represented share votes and the <b>absolute</b> majority of the represented shares par value is required for:</p> <p><del>1. the cases listed in Article 704 para. 1 CO and in Article 18 and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act);</del></p> <p><del>3. any change to the provisions of this Article 13 of the Articles of Association.</del></p> <ol style="list-style-type: none"> <li>1. any amendment of the company's objects;</li> <li>2. the consolidation of shares, unless the consent of all the shareholders concerned is required;</li> <li>3. a capital increase from equity capital, in return for contributions in kind or by offset with a claim, and the granting of special privileges;</li> <li>4. the restriction or cancellation of the subscription right;</li> <li>5. the introduction of contingent capital, the introduction of a capital band or the creation of reserve capital in accordance with Article 12 of the Banking Act of November 8, 1934;</li> <li>6. the conversion of participation certificates into shares;</li> <li>7. the easement or abolition of the restriction of the transferability of the registered shares;</li> <li>8. the introduction of shares with preferential right to vote;</li> <li>9. any change in the currency of the share capital;</li> <li>10. the introduction of a casting vote for the person chairing the general meeting;</li> <li>11. a provision of the articles of association on holding the general meeting abroad;</li> </ol>	<p>Adjustment for clarification purposes; all cases which require a qualified 2/3 quorum according to the Code of Obligations (Art. 704 revCO) and the Mergers Act (Art. 18 and 64) shall now be explicitly listed in the Articles of Association.</p> <p>Deletion of item 3, as it is not mentioned in Art. 704 revCO and is also applicable without being mentioned in the Articles of Association.</p>	<p>5.1</p>
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	<p>12. the delisting of the equity securities of the company;</p> <p>13. the relocation of the seat of the company;</p> <p>14. the introduction of an arbitration clause in the articles of association;</p> <p>15. dispensing with the designation of an independent voting representative for conducting a virtual general meeting in the case of companies whose shares are not listed on a stock exchange;</p> <p>16. the dissolution of the company;.</p> <p>17. the merger or transformation resolution pursuant to the Federal Act on Mergers, Demergers, Transformations and Transfers of Assets and Liabilities (Mergers Act).</p>		
<p><i>Art. 14: Independent Proxy</i></p> <p>The term of office of the Independent Proxy ends at the next ordinary General Meeting. Re-election is possible. The duties of the Independent Proxy are governed by the relevant statutory provisions.</p>			
<p><i>Art. 15: Election, Term of Office, Constitution</i></p> <p>The Board of Directors shall consist of a minimum of five and a maximum of nine members. The term of office shall correspond to the legally permitted maximum term of one year and shall end at the end of the next ordinary General Meeting. Re-election is possible as long as the relevant member has not completed the age of 70.</p> <p>The Board of Directors appoints the Lead Director and the Secretary. The Secretary does not need to be a shareholder or a member of the Board of Directors.</p>	<p><i>Art. 15 para. 2</i></p> <p>The Board of Directors appoints <del>the Lead Director and</del> the Secretary. The Secretary does not need to be a shareholder or a member of the Board of Directors.</p>	<p>The appointment of a Lead Director is no longer necessary as the Chairman of the Board is now an independent member of the Board of Directors.</p>	<p>5.4</p>

<p><i>Art. 16: Ultimate Direction, Delegation</i></p> <p>The Board of Directors is entrusted with the ultimate direction of the Company as well as the supervision of the management. It represents the Company towards third parties and attends to all matters which are not delegated to or reserved for another corporate body of the Company by law, the Articles of Association or the regulations.</p> <p>The Board of Directors may delegate the management and the representation of the Company wholly or in part to one or several natural persons or members of the Board of Directors. The Board of Directors shall enact the organizational regulations and arrange for the respective contractual relationships.</p>			
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<p><i>Art. 17: Duties</i></p> <p>The Board of Directors has the following non-transferable and irrevocable duties:</p> <ol style="list-style-type: none"> <li>1. to ultimately direct the Company and issue the necessary directives;</li> <li>2. to determine the organization;</li> <li>3. to organize the accounting, the internal control system (ICS), the financial control and the financial planning as well as to perform a risk assessment;</li> <li>4. to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;</li> <li>5. to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Association, regulations and directives;</li> <li>6. to prepare the business report, as well as the General Meeting and to implement the latter's resolutions;</li> <li>7. to prepare the compensation report;</li> <li>8. to inform the judge in the event of over-indebtedness;</li> <li>9. to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;</li> <li>10. to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby;</li> <li>11. to examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors;</li> <li>12. to execute the agreements pursuant to Articles 12, 36 and 70 of the Merger Act.</li> </ol> <p>If the office of the Chairman of the Board of Directors is vacant, the Nomination and Compensation Committee is not complete or the Company does not have an Independent Proxy, the Board of Directors shall appoint a substitute for the time period until the conclusion of the next ordinary General Meeting that must be - with the</p>	<p><i>Artikel 17 para. 1 item 8:</i></p> <p>To submit an application for a debt-restructuring moratorium and to inform the court judge in the event of over-indebtedness;</p>	<p>Addition necessary due to the new provision in Art. 716a revCO.</p>	<p>5.1</p>
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<p>exception of the Independent Proxy - a member of the Board of Directors.</p>			
<p><i>Art. 18: Organization, Minutes</i>  The organization of the meetings, the presence quorum and the passing of resolutions of the Board of Directors shall be in compliance with the organizational regulations.</p> <p>The Chairman shall have the casting vote.  Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the Secretary of the Board of Directors.</p>	<p><i>Art. 18 para. 1</i>  The organization of the meetings, the presence quorum and the passing of resolutions of the Board of Directors shall be in compliance with the organizational regulations. <b>The Board of Directors constitutes a quorum when the majority of its members are present. Presence is also given in the case of telephone or video conferences or participation by other electronic means. Meetings may also be held without a meeting place. Unless a member requests oral deliberation, resolutions may also be adopted in writing on paper or in electronic form. In the case of resolutions passed electronically, no signature is required. The majority quorum is not required for the adoption of resolutions on capital increases, capital reductions and changes to the share capital as well as the associated amendments to the Articles of Association.</b></p>	<p>The new corporate law provides for more flexibility in the conduct of meetings of the Board of Directors as well as in the decision-making process of the Board of Directors. These can also be done using electronic means (Art. 713 para. 2 revCO).</p>	<p>5.3</p>

<p><i>Art. 19: Nomination and Compensation Committee</i></p> <p>The General Meeting elects at least two but no more than four members of the Board of Directors as members of the Nomination and Compensation Committee. The term of office of the members of the Nomination and Compensation Committee shall be one year and shall end at the next ordinary General Meeting. Re-election is possible.</p> <p>The Nomination and Compensation Committee has the following duties regarding compensation matters:</p> <ol style="list-style-type: none"> <li>1. proposals to the full Board of Directors regarding the compensation scheme of the SFS Group pursuant to the principles of Articles 25 and 26 of the Articles of Association;</li> <li>2. proposals to the full Board of Directors regarding the determination of compensation-related targets for the executive management;</li> <li>3. proposals to the full Board of Directors regarding the approval of the individual compensation of the Chairman of the Board of Directors, the other members of the Board of Directors as well as the maximum individual aggregate compensation of the CEO;</li> <li>4. proposals to the full Board of Directors regarding the individual compensation (fixed and variable compensation) of the other members of the executive management as well as their further terms of employment and titles.</li> <li>5. proposals to the full Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme for members of the executive management;</li> <li>6. proposals to the full Board of Directors regarding mandates pursuant to Article 23 and further additional occupation of the members of the executive management;</li> <li>7. further duties and responsibilities as provided for in the Articles of Association.</li> </ol>			
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<p>The Board of Directors will provide for possible further duties und responsibilities of the Nomination and Compensation Committee in the organizational regulations.</p>			
<p><i>Art.20: Duty of Audit, Election, Appointment and Duties of Auditors</i></p> <p>The General Meeting shall elect the Auditors pursuant to the provisions of this Article. The Auditors must be registered in the Commercial Register.</p> <p>The Auditors shall perform a regular audit of the Company's annual financial statements.</p> <p>The Board of Directors shall monitor compliance with these provisions and nominate for election by the General Meeting such Auditors which meet the respective requirements, in particular, regarding qualification and independence pursuant to the provisions of the CO (Articles 727 et seq.) and the Swiss Audit Supervision Act of 16 December 2005 in the relevant applicable version.</p> <p>The Auditors' term of office shall be 1 year. It shall end with the approval of the last annual financial accounts. Re-election and revocation are possible at any time.</p> <p>The Auditors' rights and obligations are those foreseen in Articles 728 et seq. CO.</p>			

<p><i>Art.21: Annual Accounts and Consolidated Financial Statements</i></p> <p>The annual accounts (individual financial statements), consisting of the profit and loss statement, the balance sheet, the cash flow statement, the annex and the management report, shall be drawn up in accordance with the provisions of the Swiss Code of Obligations, in particular Articles 958 et seq. CO, and pursuant to the generally accepted commercial principles and customary rules in that business area.</p> <p>The consolidated financial statements shall be drawn up in accordance with an accepted accounting standard in the sense of Article 962 CO.</p> <p>The Board of Directors shall determine the start and the end of the Company's business year.</p>			
<p><i>Art. 22: Distribution of Profits</i></p> <p>Subject to the statutory provisions regarding the distribution of profits, in particular Articles 671 et seq. CO, the profits as shown on the balance sheet may be allocated by the General Meeting at its discretion.</p> <p>The dividend may only be determined after the transfers foreseen by law to the compulsory reserve funds have been deducted. All dividends unclaimed within a period of five years after their due date shall be forfeited to the Company.</p>	<p><i>Art. 22 para. 2</i></p> <p>The dividend may only be determined after the transfers <del>foreseen by law</del> to the compulsory reserve funds <b>and the voluntary retained earnings</b> have been <b>made deducted</b>. All dividends unclaimed within a period of five years after their due date shall be forfeited to the Company.</p>	<p>Adaptation necessary due to the new provision in Art. 675 para. 3 revCO.</p>	<p>5.1</p>

<p><i>Art. 23: Permitted Additional Activities</i></p> <p>The members of the Board of Directors may have the following other functions in the superior management or administrative bodies of legal units obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the SFS Group:</p> <ol style="list-style-type: none"> <li>1. up to 5 mandates as member of the Board of Directors or any other superior management or administrative body of publicly traded companies pursuant to Article 727 para. 1 number 1 CO; and, in addition,</li> <li>2. up to 10 mandates as member of the Board of Directors or any other superior management or administrative body of companies pursuant to Article 727 para. 1 number 2 CO; and, in addition,</li> <li>3. up to 20 mandates as member of the Board of Directors or any other superior management or administrative body of legal entities that do not meet the above mentioned criteria.</li> <li>4. up to 10 mandates in associations, charity foundations and employee assistance foundations.</li> </ol> <p>With the approval of the Nomination and Compensation Committee, the members of the executive management may have the following other functions in the superior management or administrative bodies of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof and which are not controlled by the Company, do not control the Company or do not constitute pension funds insuring employees of the SFS Group:</p> <ol style="list-style-type: none"> <li>1. up to 2 mandates as member of a Board of Directors or any other superior management or administrative body of publicly traded companies pursuant to Article 727 para. 1 number 1 CO; and, in addition,</li> </ol>	<p><i>Art. 23</i></p> <p>The members of the Board of Directors may:</p> <ol style="list-style-type: none"> <li>1. hold a maximum of 5 mandates as a member of the highest management or administrative body or other comparable functions at other listed legal entities; and in addition</li> <li>2. hold a maximum of 10 mandates as a member of the highest management or administrative body or other comparable functions at non-listed legal entities with an economic purpose.</li> </ol> <p>Members of the Executive Board may:</p> <ol style="list-style-type: none"> <li>1. hold a maximum of 2 mandates as a member of the highest management or administrative body or other comparable functions with other legal entities listed on a stock exchange; and additionally</li> <li>2. hold a maximum of 5 mandates as a member of the highest management or administrative body or other comparable functions at non-listed legal entities with an economic purpose.</li> </ol> <p>In general, the acceptance of mandates may not impair the member in the performance of his duties toward the company.</p> <p>Mandates at companies controlled by the company and mandates held by the member in the exercise of his function as a member of the Board of Directors or the Executive Committee do not count as mandates outside the Group for the purpose of this provision.</p> <p>Mandates at interrelated companies outside the Group, dual functions as well as mandates which are exercised in the exercise of such a mandate function as a member of the supreme management or administrative body at a legal entity outside the Group shall be counted as one mandate for this provision.</p> <p>For the purposes of this article, mandates are understood to mean mandates or activities as a member of the highest management or administrative body of legal entities which are obliged to be entered in the</p>	<p>Adjustment necessary due to new provision transferred from the Ordinance against Excessive Compensation in Listed Stock Companies (OaEC) to the new corporate law (Art. 626 para. 2 item1 revCO).</p>	<p>5.1</p>
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<p>2. up to 3 mandates as member of the Board of Directors or any other superior management or administrative body of companies pursuant to Article 727 para. 1 number 2 CO; and, in addition</p> <p>3. up to 5 mandates as member of the Board of Directors or any other superior management or administrative body of other legal entities that do not meet the above mentioned criteria.</p> <p>With respect to the additional activities of both the members of the Board of Directors and the executive management, mandates in companies that are under uniform control or the same beneficial ownership are deemed one mandate.</p>	<p>commercial register or in a corresponding foreign register.</p>		
<p><i>Art. 24: Agreements related to Compensation for Members of the Board of Directors and the Executive Management</i></p> <p>The mandate agreements of the members of the Board of Directors have a fixed term until the conclusion of the next ordinary General Meeting. Early termination or removals remain reserved.</p> <p>The employment agreements of the members of the executive management shall in principle be concluded for an indefinite period. If the Board of Directors considers a fixed term appropriate, such fixed term shall not exceed 1 year. With respect to employment agreements entered into for an indefinite period, the maximum notice period must not exceed 12 months.</p>			

<p><i>Art. 25: Principles relating to the compensation of the members of the Board of Directors</i></p> <p>The members of the Board of Directors shall receive a fixed basic fee and fixed fees for memberships in committees of the Board of Directors as well as a lump sum compensation for expenses that is determined by the full Board of Directors based on the proposal of the Nomination and Compensation Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting. The compensation is awarded in cash and in form of a fixed number of shares in the Company. In exceptional cases and subject to and within the limits of the approval by the General Meeting, the members of the Board of Directors may be awarded an additional compensation.</p>			
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<p><i>Art. 26: Principles of compensation relating to the members of the Executive Management</i></p> <p>Subject to the approval by the General Meeting, the compensation of the members of the executive management consists of a fixed compensation in cash, a performance and success-based compensation in cash (Variable Cash Compensation) as well as a number of shares (Variable Share Compensation).</p> <p>The Variable Cash Compensation is based on the level of achievement of specific pre-defined targets for a one year performance period. The targets may relate to turnover, EBIT margin, volume of net working capital and other company related or individual target values. Upon proposal by the Nomination and Compensation Committee, the Board of Directors is responsible for the selection and weighting of target categories.</p> <p>The level of the Variable Cash Compensation is determined by the Board of Directors for each member of the Executive Management as a percentage of the fixed compensation and may not exceed an amount equal to 100% of such compensation. The targets are determined annually for each member of the executive management at the beginning of the one year performance period by the Board of Directors upon proposal by the Nomination and Compensation Committee.</p> <p>An additional part of the Variable Compensation of the members of the Executive Board is paid in shares. The Board of Directors determines annually at the beginning of the performance period a specific number of shares for each member.</p> <p>After the end of the performance period, the Board of Directors determines upon proposal by the Nomination and Compensation Committee the number of shares that shall be transferred to each member of the executive management according to the level of individual target achievement. The respective number of shares is transferred to the members after approval of such</p>			
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<p>compensation by the General Meeting. The shares remain blocked for at least three years. In case of a member leaving the executive management, the allocated shares remain in his ownership.</p> <p>No additional compensation shall be awarded for activities in companies that are directly or indirectly controlled by the Company. Article 12 para. 4 remains reserved.</p>			
<p><i>Art. 27: Expenses</i></p> <p>Expenses that are not covered by the lump sum compensation for expenses pursuant to the expense regulations of the Company are reimbursed against presentation of the relevant receipts. This additional compensation for expenses actually incurred does not need to be approved by the General Meeting.</p>			
<p><i>Art. 28: Loans, Credits, Pension Benefits other than from Occupational Pension Funds, Securities</i></p> <p>The Company shall not grant loans, credits, pension benefits other than from occupational pension funds or securities to the members of the Board of Directors or the executive management. Advance payments of fees for lawyers, court fees and similar costs relating to the defence against corporate liability claims up to a maximum amount of CHF 1,000,000 are not subject to this provision.</p> <p>In principle, there will be no payments to pension funds or similar institutions for the members of the Board of Directors. In exceptional cases, such payments may be made upon request of the Nomination and Compensation Committee and subject to the approval by the General Meeting if the members in question do not have other insurable income from subordinate employment.</p>			

<p><i>Art. 29: Participation Plans</i></p> <p>The Company may periodically offer shares of the Company to important and long-serving employees at conditions to be determined by the full Board of Directors based on the proposal of the Nomination and Compensation Committee. The Board of Directors issues plans or regulations addressing the following elements in particular: Determination of the purchase price, granting of a potential discount on the purchase price, maximum reference value (valued upon allocation) in relation to the individual annual base compensation as well as a possible blocking period of the shares. Members of the Board of Directors and the executive management may be included in this programme.</p>			
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<p><i>Art. 30: Additional Amount of Compensation for New Members of the Executive Management</i></p> <p>If newly appointed or promoted members of the executive management take office after the General Meeting has approved the aggregate maximum amount of compensation of the members of the executive management for the next business year, such newly appointed or promoted members may receive for the period until the next ordinary General Meeting an aggregate compensation in each case of up to 25% of the last aggregate amount of compensation for the executive management approved by the General Meeting.</p> <p>This additional of compensation amount may only be paid, if the aggregate amount of compensation for the executive management that has been approved by the General Meeting until the next General Meeting is not sufficient to compensate the newly appointed or promoted members. The General Meeting may not vote on this additional amount.</p> <p>Within this additional amount of compensation, the Company can pay a bonus to compensate a newly joining member of the executive management for incurred disadvantages in connection with the change of employment. If the additional amount is not sufficient enough to compensate for the disadvantages / to pay the bonus, the part of the bonus surpassing the additional amount has to be approved by the next ordinary General Meeting.</p>	<p><i>Art. 30 paras. 1&amp;2:</i></p> <p>If newly appointed <del>or promoted</del> members of the executive management take office after the General Meeting has approved the aggregate maximum amount of compensation of the members of the executive management for the next business year, such newly appointed <del>or promoted</del> members may receive for the period until the next ordinary General Meeting an aggregate compensation in each case of up to 25% of the last aggregate amount of compensation for the executive management approved by the General Meeting.</p> <p>This additional of compensation amount may only be paid, if the aggregate amount of compensation for the executive management that has been approved by the General Meeting until the next General Meeting is not sufficient to compensate the newly appointed <del>or promoted</del> members. The General Meeting may not vote on this additional amount.</p>	<p>Adaptation necessary due to the new provision in Art. 735a revCO.</p>	<p>5.1</p>
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<p><i>Art. 31: Opting Out</i></p> <p>The obligation to submit a public takeover offer pursuant to Articles 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) is set aside in accordance with Article 22 para 2 SESTA (Opting out).</p>	<p><i>Art. 31</i></p> <p><del>The obligation to submit a public takeover offer pursuant to Articles 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA) is set aside in accordance with Article 22 para 2 SESTA</del> An acquirer of equity securities of the Company is not obliged to make a public tender offer pursuant to Articles 135 and 163 of the Financial Market Infrastructure Act (FinMIA) within the meaning of Article 125 paragraphs 3 and 4 of the FinMIA (Opting out).</p>	<p>The Stock Exchange Act has been annulled as per January 1, 2020; the opting out is now regulated in the Financial Market Infrastructure Act (FinMIA). The reference in the Articles of Association has been amended accordingly.</p>	<p>5.4</p>
<p><i>Art. 32: Dissolution and Liquidation</i></p> <p>The General Meeting may at any time resolve the dissolution and liquidation of the Company in accordance with the provisions of the law and of the Articles of Association.</p> <p>The liquidation shall be carried out by the Board of Directors to the extent that the General Meeting has not entrusted the same to other persons.</p> <p>The liquidation of the Company shall take place in accordance with Articles 742 et seq. CO. The liquidators are authorized to dispose of the assets (including real estate) by way of private contract.</p> <p>After all debts have been satisfied, the net proceeds shall be distributed among the shareholders in proportion to the amounts paid-in.</p>			
<p><i>Art. 33: Notices and Announcements</i></p> <p>The publication instrument of the Company is the Swiss Official Gazette of Commerce. The Board of Directors may designate further means of publication.</p> <p>Notices by the Company to the shareholders and other announcements shall be published in the Swiss Official Gazette of Commerce.</p>			