

# **ARTICLES OF INCORPORATION**

of

**Phoenix Mecano AG**

**Stein am Rhein**

## **I. Company Name, Registered Office, Duration and Object**

### Article 1

An *Aktiengesellschaft* [joint stock company] under the name Phoenix Mecano AG (Phoenix Mecano SA), with registered office in Stein am Rhein, is established for an indefinite period.

### Article 2

The company's object is the acquisition, permanent administration and financing of investments in industrial undertakings, trading companies and service enterprises of all kinds in Switzerland and abroad, as well as the production of and trade in enclosures, welding torches, industrial gases, electromechanical and mechanical components and equipment, the trade in vehicles, the utilisation of technical expertise and the carrying-on of all business directly or indirectly related to this object. The company may acquire and utilise tangible or intangible assets on its own account or on behalf of others.

## **II. Share Capital, Shares**

### **Article 3**

The company has a share capital of CHF 960,500 (nine hundred and sixty thousand five hundred Swiss francs). It is divided into 960,500 fully paid-up bearer shares with a par value of CHF 1 each. By resolution of the Shareholders' General Meeting, registered shares can be created, bearer shares converted into registered shares and registered shares converted into bearer shares. The company may issue certificates representing a number of shares, although these can be exchanged for smaller certificates or the corresponding number of shares at any time free of charge.

Ownership of a share implies acceptance of the Articles of Incorporation.

The threshold for the obligation to submit an offer within the meaning of Article 32 of the Swiss Federal Act on Stock Exchanges and Securities Trading is 45% of the voting rights.

### **Article 4**

In the event of capital increases, each shareholder shall be entitled to a portion of the newly issued shares in proportion to its existing shareholding.

The Shareholders' General Meeting may exclude or restrict the subscription right for important reasons.

### **III. Company Organs**

#### **Article 5**

The company's organs are:

- A. the Shareholders' General Meeting;
- B. the Board of Directors;
- C. the Auditors.

#### **A. The Shareholders' General Meeting**

#### **Article 6**

The ordinary Shareholders' General Meeting shall be held each year within six months of the end of the financial year, at a place determined by the Board of Directors.

Extraordinary Shareholders' General Meetings shall be called in the cases provided for by law as well as by resolution of the Board of Directors or the Auditors. An extraordinary Shareholders' General Meeting can also be called at the request of one or more shareholders, together representing at least one tenth of the registered capital. The request must be made in writing and state the purpose of the meeting.

#### **Article 7**

Invitations to the Shareholders' General Meeting shall be issued at least twenty days in advance of the meeting by means of a single announcement in the company's publication organs.

The invitation must contain the agenda of the meeting and the proposals by the Board of Directors and the shareholders who called for the convocation of a Shareholders' General Meeting or the inclusion of an item on the agenda. Shareholders representing shares totalling 3% of the share capital may request the inclusion of an item on the agenda. The written request including the shareholder's agenda items and proposals must reach the company at least 45 days prior to the Shareholders' General Meeting.

At least twenty days in advance of the ordinary Shareholders' General Meeting, the annual report, Auditors' report, remuneration report and audit report on the remuneration report shall be made available for inspection by the shareholders at the company's registered office and branch offices. The invitation must refer to this fact and to the right of every shareholder to request that a copy of these documents be sent to them.

#### Article 8

All shareholders are entitled to attend the Shareholders' General Meeting. To participate and make use of their rights to vote and submit proposals, they must demonstrate their share ownership.

Shareholders may be represented at the Shareholders' General Meeting by their legal representative, another third party with written authorisation or the independent proxy. All the shares held by a shareholder may be represented by one person only.

Each share entitles the holder to one vote at the Shareholders' General Meeting.

#### Article 9

The Shareholders' General Meeting shall elect an independent proxy. Natural or legal persons or unincorporated firms shall be eligible for election.

The term of office of the independent proxy shall conclude at the end of the ordinary Shareholders' General Meeting following the proxy's election. The term may be renewed.

If the company does not have an independent proxy, the Board of Directors shall appoint one for the next Shareholders' General Meeting.

The Shareholders' General Meeting may dismiss the independent proxy at the end of the Shareholders' General Meeting.

The independent proxy shall perform their duties in accordance with the relevant legislation.

The Board of Directors shall ensure that shareholders can also transmit their proxies and instructions to the independent proxy by electronic means. The Board of Directors shall determine the requirements applying to proxies and instructions.

The independent proxy is obliged to exercise the voting rights transferred to them by shareholders in accordance with the shareholders' instructions. If no instructions are received, the proxy shall abstain from voting.

If the independent proxy is unable to perform their duties or if the company no longer has an independent proxy, the proxies and instructions given to the independent proxy shall be transferred to the independent proxy appointed by the Board of Directors pursuant to paragraph 3 above.

#### Article 10

The Shareholders' General Meeting shall be chaired by the Chairman or Vice-Chairman of the Board of Directors or, if they are unable to do so, by another member of the Board of Directors.

Minutes shall be kept of the proceedings and signed by the Chairman and Secretary.

#### Article 11

Unless the law or the Articles of Incorporation stipulate a qualified majority, the Shareholders' General Meeting shall pass its resolutions by means of an absolute majority of the votes cast, irrespective of the number of shareholders present or the number of votes. Abstentions shall not be counted in determining the number of votes cast. In the event of a tie the Chairman shall have the casting vote, except in elections, where the final decision will be taken by lots if need be.

The adoption and amendment of the Articles of Incorporation and any resolutions entailing an amendment of the Articles of Incorporation must be approved by three quarters of the votes cast, irrespective of the number of shareholders present or the number of votes.

Unless the Shareholders' General Meeting decides on a secret ballot or this is ordered by the Chairman, elections and votes shall be held openly.

#### Article 12

The Shareholders' General Meeting shall have the following non-transferable powers:

1. Approval of the management report and the consolidated financial statements;

2. Approval of the annual financial statements and passing of resolutions on the allocation of retained earnings, in particular the setting of dividends;
3. Granting of discharge to the Board of Directors and management;
4. Election of:
  - the members of the Board of Directors;
  - the Chairman of the Board of Directors;
  - the members of the Compensation Committee; and
  - an independent proxy.
5. Election of the Auditors;
6. Adoption and amendment of the Articles of Incorporation;
7. Approval of the remuneration of the Board of Directors, the persons to whom the Board of Directors has fully or partially delegated management of the company (the management) and any advisory board;
8. Passing of resolutions on other matters reserved to the authority of the Shareholders' General Meeting by law or under the Articles of Incorporation or which are submitted to the Shareholders' General Meeting by the Board of Directors.

### Article 13

Each year the Shareholders' General Meeting shall, with binding effect, separately approve, based on a proposal by the Board of Directors, the maximum total amounts of the remuneration of the Board of Directors, the management (including any Delegate) and any advisory board, for the next financial year commencing after the ordinary Shareholders' General Meeting (the "approval period"). The maximum total amounts approved by the Shareholders' General Meeting may be paid by the company and/or by one or more Group companies.

If an approved maximum total amount for remuneration of the management is insufficient to compensate any members appointed after the resolution of the Shareholders' General Meeting up to the commencement of the next approval period, the company shall have at its disposal an additional amount per person of up to 50% of the previously approved maximum total remuneration of the

management for the approval period in question. The Shareholders' General Meeting shall not vote on the additional amount appropriated.

In addition to the approval pursuant to paragraph 1, the Shareholders' General Meeting may, each year, with binding effect, separately approve, based on a proposal by the Board of Directors, an increase in the approved maximum total amounts for remuneration of the Board of Directors, the management and any advisory board for the approval period ongoing at the time of the relevant Shareholders' General Meeting and/or for the preceding approval period. The Board of Directors shall be entitled to pay all kinds of authorised remuneration using the approved maximum total amounts and/or the additional amounts.

In addition, the Board of Directors may give the Shareholders' General Meeting the opportunity to hold an advisory vote on the remuneration report for the financial year preceding the Shareholders' General Meeting in question.

If the Shareholders' General Meeting refuses to approve a maximum total amount for the members of the Board of Directors, the management or any advisory board, the Board of Directors may submit new proposals at the same Shareholders' General Meeting. If the Board of Directors does not submit new proposals or if the new proposals are also rejected, the Board of Directors may convene another Shareholders' General Meeting at any time, subject to legal requirements and the Articles of Incorporation.

Reimbursement of expenses does not count as remuneration. The company may reimburse members of the management, the Board of Directors and any advisory board in the form of fixed-rate expense allowances up to the amount accepted by the tax authorities.

The company may take out directors' and officers' liability insurance for members of the Board of Directors, the management and any advisory board and pay the contractual premiums or contributions. The payment of premiums or other contributions does not represent remuneration.

Members of the Board of Directors, the management and any advisory board may receive remuneration for services in enterprises directly or indirectly controlled by the company on condition that such remuneration would be permitted if it were paid directly by the company and on condition that it has been approved by the Shareholders' General Meeting of the company. The amounts approved by the Shareholders' General Meeting pursuant to this provision of the Articles of

Incorporation may be paid by the company and/or one or more other Group companies.

Remuneration covered by an approval decision of the Shareholders' General Meeting for a given approval period may also be paid and/or acquired, in part or in full, subsequent to said period without having to be approved again at the time of the payment.

In the event that a permanent employment contract with a member of the management is cancelled or terminated early, the company may pay the member's salary until the end of the notice period, even if the employee is released and accepts a new job. If a member of the management is released during the course of a fixed-term employment contract or if said contract is terminated prematurely, the same shall apply until the end of the fixed term of employment.

If the company has signed a non-competition clause with a member of the management or the Board of Directors, it may pay the member concerned annual compensation of up to 50% of his or her last total annual remuneration (including all supplementary pay, variable and discretionary remuneration), for a maximum of two years.

## **B. The Board of Directors**

### Article 14

The Board of Directors shall comprise at least four members.

The term of office of the members and Chairman of the Board of Directors shall conclude no later than the end of the ordinary Shareholders' General Meeting following their election. The term may be renewed.

### Article 15

The Shareholders' General Meeting shall elect the members of the Board of Directors individually. The Shareholders' General Meeting shall elect the Chairman of the Board of Directors from among the members of the Board of Directors. The Board of Directors shall appoint a Secretary, who does not necessarily have to be a member of the Board of Directors.



If the position of Chairman becomes vacant, the Board of Directors shall appoint a new Chairman for the remainder of the term of office.

#### Article 16

The Board of Directors shall convene at the invitation of its Chairman or, if he or she is unavailable, another member, whenever required for the purposes of business or whenever a member so requests. The agenda must be included in the invitation.

Minutes must be kept of the discussions and resolutions and signed by the Chairman and Secretary.

Resolutions of the Board of Directors may be passed in writing by circular letter unless a member requests an oral discussion. They must be included in the minutes of the Board of Directors meeting.

#### Article 17

The Board of Directors shall have a quorum if a majority of its members is present.

Resolutions shall be passed by a majority of votes cast by those present.

Resolutions taken by circular letter shall be deemed to be passed if they have been approved by a majority of the members of the Board of Directors.

In the event of a tie, the Chairman shall have the casting vote.

#### Article 18

The Board of Directors is the company's senior management body.

The Board of Directors shall be authorised to decide on all matters not conferred upon or reserved for the Shareholders' General Meeting or other company organs. It shall represent the company externally.

The Board of Directors may, subject to mandatory statutory provisions and pursuant to its own rules of procedure governing organisational matters, transfer the management or individual branches thereof and the representation of the company to one or more of its members or to other natural persons.

To this end it may set up committees, subject to the election of the Compensation Committee by the Shareholders' General Meeting, appoint delegates or appoint a management comprising one or more natural persons from within or outside its own ranks, as well as designating executives with a power of attorney.

The Board of Directors shall, without prejudice to Article 19 of the Articles of Incorporation below, determine the powers and duties of any such committees, delegates, management or executives with a power of attorney.

The Board of Directors shall appoint the individuals authorised to sign on behalf of the company in a legally binding way and shall determine the arrangements governing signatures.

#### Article 19

The Shareholders' General Meeting shall elect a Compensation Committee comprising one or more members. The members of the Compensation Committee shall be elected individually. Only members of the Board of Directors shall be eligible for election. The term of office of members of the Compensation Committee shall conclude no later than the end of the ordinary Shareholders' General Meeting following their election. The term may be renewed.

If the Compensation Committee has fewer members than the number elected by the last Shareholders' General Meeting and is therefore not complete, the Board of Directors shall appoint the missing members for the remainder of the term of office.

The Compensation Committee shall be tasked with preparing the Board of Directors' resolution concerning the remuneration of members of the Board of Directors, the management and any advisory board and submitting a proposal on this subject to the Board of Directors. Based on the Compensation Committee's proposal, the Board of Directors shall pass a resolution concerning the remuneration of members of the Board of Directors, the management and any advisory board and shall submit this to the Shareholders' General Meeting for approval pursuant to Article 13 of the Articles of Incorporation.

#### Article 20

The remuneration of members of the Board of Directors, the management and any advisory board shall be set at an appropriate and competitive level and in accordance with the strategic goals and success of the Group.

The company may pay executive members of the Board of Directors and the members of the management performance-related remuneration. The amount of this remuneration shall be based on the qualitative and quantitative targets and parameters set by the Board of Directors, in particular the overall success of the

Group. The performance-related remuneration may be paid in cash or through the allocation of equity securities, conversion or option rights or other rights to equity securities. The Board of Directors shall specify detailed rules for the performance-related remuneration of members of the Board of Directors, the management and any advisory board. Non-executive members of the Board of Directors shall receive a fixed remuneration only.

The company may allocate equity securities, conversion or option rights or other rights to equity securities to members of the Board of Directors, the management and any advisory board as part of their remuneration. If equity securities, conversion or option rights or other rights to equity securities are allocated, the amount of the remuneration shall correspond to the value of the allocated securities and/or rights at the time of the allocation according to generally accepted valuation methods. The Board of Directors may stipulate a lock-up period for retaining the securities and/or rights and determine when and to what extent the beneficiaries acquire permanent entitlement and under what conditions any lock-up periods lapse and the beneficiaries immediately acquire permanent entitlement (e.g. in the event of a change of control, substantial restructuring or certain types of employment contract termination). The Board of Directors shall specify detailed rules.

The equity securities, conversion or option rights or other rights to equity securities which members of the Board of Directors, the management and any advisory board receive in their capacity as company shareholders (e.g. subscription rights in connection with a capital increase or options in connection with a capital reduction) are not counted as remuneration and do not fall within the scope of this provision.

#### Article 21

Employment contracts with members of the management and contracts with members of the Board of Directors, on which the remuneration of said members is based, shall be concluded for a fixed term of no more than one year or for an indefinite term with a notice period of no more than twelve months to the end of a calendar month.

Loans and credit to members of the Board of Directors, the management and any advisory board may not as a rule exceed 100% of the annual remuneration of the individual in question.

Members of the Board of Directors, the management and any advisory board shall receive occupational pension benefits in accordance with the statutory or regulatory

provisions applying to them in Switzerland or abroad, including any non-mandatory benefits. The provision of such benefits does not represent remuneration requiring approval.

Non-occupational pension benefits paid to a member of the Board of Directors, the management or any advisory board by the company or a Group company shall be permitted up to a maximum of 20% of the annual remuneration of the individual in question per year, provided that the individual in question is not affiliated to an occupational pension scheme in Switzerland or abroad.

If a member of the management, the Board of Directors or any advisory board falls ill or has an accident, the company may continue to pay the member's salary under regulatory rules adopted by the Board of Directors and/or in connection with insurance payments and also make one-off payments in connection with insurance payments. In the context of early retirement, the company may make bridging payments to insured persons or additional contributions to a pension scheme, although these must not exceed the amount of the last total annual remuneration of the member concerned per year.

#### Article 22

Members of the Board of Directors, the management and any advisory board may not hold or perform more than the following number of additional positions or activities in senior management or administrative bodies of other legal entities which are required to register themselves in the commercial register or an equivalent foreign register and which do not control or are not controlled by the company:

- 5 mandates with companies whose equity securities are listed on a stock exchange, where multiple mandates with different companies belonging to the same group count as one mandate; and
- 10 paid mandates with other legal entities, where multiple mandates with different companies belonging to the same group count as one mandate; and
- 10 unpaid mandates, where the reimbursement of expenses is not considered as remuneration.

Mandates fulfilled by a member of the Board of Directors or the management at the instruction of the company are not covered by this restriction on additional mandates.

## **C. The Auditors**

### Article 23

The ordinary Shareholders' General Meeting shall elect one or more auditors, who shall fulfil the legal requirements of this office as Statutory Auditors. Trading companies and associations may also be elected.

The term of office shall be one year, ending at the Shareholders' General Meeting to which the Auditors report.

The Auditors shall have the tasks assigned to them by law. Unless otherwise specified, they must also audit the consolidated financial statements.

## **IV. Financial Year, Appropriation of Retained Earnings, Reserves**

### Article 24

The financial year shall correspond to the calendar year.

### Article 25

Of the retained earnings resulting from the balance sheet after deduction of the necessary depreciation and provisions, 5% must initially be allocated to the general reserve until the latter amounts to 20% of the paid-up share capital.

The remainder, subject to additional contributions to the general reserve pursuant to Article 671(2)(3) of the Swiss Code of Obligations (CO) and subject to Article 677 CO, shall be freely available to the Shareholders' General Meeting.

### Article 26

Subject to mandatory statutory provisions, the reserves shall be freely available to the Shareholders' General Meeting to do with as it sees fit.

### Article 27

Dividends that have not been collected within five years of their payment date shall accrue to the company's free reserves.

## **V. Dissolution and Liquidation**

### **Article 28**

The Shareholders' General Meeting may at any time resolve to dissolve the company, pursuant to statutory provisions.

In the event that the company is dissolved, the liquidation shall be effected by the sitting Board of Directors in accordance with the provisions of the Swiss Code of Obligations (CO), unless the Shareholders' General Meeting resolves otherwise. The proceeds of liquidation must first be used to refund the shares at their face value. The remaining proceeds of liquidation shall be divided up between all securities according to their par value.

The liquidators shall be entitled to sell assets including real estate by private contract, unless the Shareholders' General Meeting has directed otherwise.

The powers of the Shareholders' General Meeting shall remain intact even during liquidation, albeit subject to the restriction specified in Article 739(2) CO.

## **VI. Announcements and Pro Memoria**

### **Article 29**

The company's official publication organ is the Swiss Official Gazette of Commerce.

Notices to holders of bearer shares shall be given by publication in the Swiss Official Gazette of Commerce and in a daily newspaper published in Zurich.

The Board of Directors may decide to use additional publication organs.

### **Article 30**

These Articles of Incorporation shall take effect following their approval by today's ordinary Shareholders' General Meeting and shall replace the version dated 23 May 2014.