

SANDOZ

**Articles of
Incorporation of
Sandoz Group AG**

Section 1: Corporate Name, Registered Office, Purpose and Duration

Corporate name,
registered office

Article 1

Under the corporate name

Sandoz Group AG

Sandoz Group SA

Sandoz Group Ltd.

there exists a company limited by shares with its registered office in Basel.

Purpose

Article 2

- 1 The Company strives to pioneer access for patients to healthcare, in particular generic and biosimilar medicines. For this purpose, the Company acquires, manages and sells participations and intellectual property in the healthcare and medical device industries and conducts all business activities that are directly or indirectly connected with this purpose in Switzerland and abroad.
- 2 The Company may acquire, sell, mortgage or manage participations in other companies, intellectual property, real estate and may establish branches and subsidiaries in Switzerland and abroad.
- 3 In pursuing its purpose, the Company strives to become the world's leading and most valued generics and biosimilars company.

Duration

Article 3

The duration of the Company is unlimited.

Section 2: Share Capital

Share capital

Article 4

The share capital of the Company is CHF 22,000,000, fully paid-in and divided into 440,000,000 registered shares. Each share has a nominal value of CHF 0.05.

Capital band

Article 5

- 1 The Board of Directors is authorized to increase the share capital at any time until April 15, 2030 by one or more increases of the share capital from CHF 22,000,000 (lower limit), corresponding to 440,000,000 registered shares with a par value of CHF 0.05 each up to CHF 24,200,000, corresponding to 484,000,000 registered shares with a par value of CHF 0.05 each (upper limit).
- 2 The Board of Directors shall determine the number of shares, the issue price, the type of contributions (including cash contributions, contributions in kind, set-off and conversion of reserves or of profit carried forward into

share capital), the date of issue, the conditions for the exercise of pre-emptive rights and the commencement of dividend entitlement. The Board of Directors may issue new shares by means of a firm underwriting by a bank or another third party and a subsequent offer to the existing shareholders. The Board of Directors is authorized to limit or exclude the trading of pre-emptive rights. The Board of Directors may allow pre-emptive rights that have not been exercised to lapse or place them on the shares for which pre-emptive rights have been granted but not exercised at market conditions or otherwise use them in the interests of the Company.

- 3 For a share capital increase within the capital band, the Board of Directors is authorized to withdraw or limit the pre-emptive rights of the shareholders and to allocate pre-emptive rights to individual shareholders, the Company or third parties for purposes of:
 - a acquiring companies, parts thereof or participations, for the financing or refinancing of such transactions, or for the financing or refinancing of new products, intellectual property or licences by or for investment projects undertaken by the Company or any of its group companies; or
 - b broadening the shareholder constituency of the Company for purposes of the participation of strategic or financing partners or investors, or in connection with the listing of new shares on domestic or foreign stock exchanges; or
 - c raising capital in a fast and flexible manner, which would not or only hardly be achievable or on significantly less favorable terms without the exclusion of subscription rights of existing shareholders; or
 - d for the participation of members of the Board of Directors, members of the Executive Committee, employees, contractors, consultants or other persons performing services for the benefit of the Company or any of its group companies; or
 - e in case of other important reasons in the sense of Article 652b of the Swiss Code of Obligations.
- 4 If the share capital increases due to a conditional capital increase in accordance with article 5a or article 5b of the Articles of Incorporation, the upper and lower limits of the capital band shall increase in accordance with the extent of the increase in the share capital. The Board of Directors shall adjust the limits in the Articles of Incorporation.
- 5 The new registered shares issued from the capital band are subject to the transfer restrictions of article 6 of the Articles of Incorporation.

Conditional capital for equity-linked financing instruments

Article 5a

- 1 The Company's share capital may be increased by the voluntary or mandatory exercise of convertible or option rights to acquire registered shares, or by fulfilling obligations to acquire registered shares that are or have been granted to or assumed by shareholders or third parties alone or in connection with bonds, debentures or similar instruments, including loans, or other financing instruments of the Company or group companies (hereinafter collectively referred to as "Equity-Linked Financing Instruments"), by the issuance of a maximum of 44,000,000 registered shares to be fully paid up with a par value of CHF 0.05 each, up to a maximum of CHF 2,200,000.
- 2 The subscription right of shareholders is excluded.

- 3 The Board of Directors is authorized to restrict or exclude the advance subscription rights of shareholders when issuing Equity-Linked Financing Instruments in connection with:
 - a the financing (including refinancing) of the acquisition of companies, parts of companies, participations or new investment projects of the Company; or
 - b the issue on national or international capital markets or the issue to one or more strategic or financial investors.
- 4 Insofar as the advance subscription rights are excluded:
 - a the Equity-Linked Financing Instruments must be placed at market conditions;
 - b the exercise period of conversion rights shall be set at a maximum of twenty years and that of option rights at a maximum of ten years from the date of issue; and
 - c the conversion or exercise price or the method of calculating such price for the new shares shall be determined in accordance with market conditions and practice at the time of the issue of the Equity-Linked Financing Instruments or the issuance of new shares.
- 5 The declaration on the exercise of conversion or option rights based on this article 5a shall be made in a form that permits written proof and shall refer to this article 5a.
- 6 The new registered shares issued from the conditional capital are subject to the transfer restrictions of article 6 of the Articles of Incorporation.

Conditional capital for
employee participation

Article 5b

- 1 The share capital of the Company shall be increased by a maximum amount of CHF 1,100,000 by issuing a maximum of 22,000,000 fully paid-up registered shares with a nominal value of CHF 0.05 each by exercising purchase rights granted to the members of the Board of Directors, the members of the Executive Committee, employees, contractors, consultants or other persons providing services to the Company or one of its group companies in accordance with one or more participation plans. The issuance of shares or rights shall be made in accordance with one or more plans, regulations or resolutions to be issued by the Board of Directors. The shareholders' subscription and advance subscription rights are excluded for this conditional capital increase.
- 2 The declaration on the exercise of conversion or option rights based on this article 5b shall be made in a form that permits written proof and shall refer to this article 5b.
- 3 The new registered shares issued from the conditional capital are subject to the transfer restrictions of article 6 of the Articles of Incorporation.

Exclusion of
subscription and
advance subscription
rights

Article 5c

The total number of new registered shares issued (i) under the capital band pursuant to article 5, excluding the subscription rights of shareholders, and (ii) from the conditional capital pursuant to article 5a, excluding the advance subscription rights of shareholders, shall not exceed 10% of the share capital at the time of the capital increase until April 15, 2030.

Shareholders' register
and restrictions of
registration, Nominees

Article 6

- 1 The Company shall maintain a shareholders' register showing the last names, first names, domicile, address and nationality (in the case of legal entities the registered office) of the holders or usufructuaries of registered shares.
- 2 Upon request, acquirers of registered shares are registered in the shareholders' register as shareholders with the right to vote, provided that they declare explicitly to have acquired the registered shares in their own name and for their own account. In particular, shares are not deemed to have been acquired on the shareholder's own account if the shareholder has entered (or enters into) an agreement on the return or redemption of the relevant shares or if the shareholder does not (or does not anymore) bear the economic risk associated with the shares in another way. Subject to the restrictions set forth in paragraph 6 of this article, no person or entity shall be registered with the right to vote for more than 5% of the registered share capital as set forth in the commercial register. This restriction of registration also applies to persons who hold some or all of their shares through nominees pursuant to this article. All of the foregoing is subject to Article 685d paragraph 3 of the Swiss Code of Obligations.
- 3 The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.5% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the shareholders' register if the nominee discloses the names, addresses and the number of shares of the persons for whose account it holds 0.5% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement.
- 4 Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the limitation of participation or the nominees (especially as syndicates) shall be treated as one single person or nominee within the meaning of paragraphs 2 and 3 of this article.
- 5 After hearing the registered shareholder or nominee, the Board of Directors may cancel registrations in the shareholders' register with retroactive effect as of the date of registration if the registration was effected based on false information. The respective shareholder or nominee shall be informed immediately of the cancellation of the registration.
- 6 The Board of Directors shall specify the details and give the necessary orders concerning the adherence to the preceding regulations. In particular

cases it may allow exemptions from the limitation for registration in the share register or the regulation concerning nominees. It may delegate its duties.

- 7 The limitation for registration in the share register provided for in this article shall also apply to shares acquired or subscribed by the exercise of subscription, option or conversion rights.

Form of shares

Article 7

- 1 Subject to paragraphs 2 and 4 of this article, the registered shares of the Company are issued as uncertificated securities (in terms of the Swiss Code of Obligations) and as book-entry securities (in terms of the Book Entry Securities Act).
- 2 The Company may withdraw shares issued as book-entry securities from the custodian system (*Verwahrungssystem*).
- 3 Provided being registered in the shareholders' register, any shareholder may request from the Company a statement of his or her registered shares at any time.
- 4 The shareholders have no right to the printing and delivery of certificates. The Company may, however, print and deliver certificates (individual share certificates or global certificates) for shares at any time. The Company may, with the consent of the shareholder, cancel issued certificates that are returned to the Company.

Exercise of rights

Article 8

- 1 The shares are not divisible. The Company accepts only one representative per share.
- 2 The right to vote and the related rights associated with a registered share may only be exercised vis-à-vis the Company by a shareholder, usufructuary or nominee who is registered in the share register with voting rights.

Section 3: Corporate Bodies

A. General Meeting of Shareholders

Competence

Article 9

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

General Meetings
a. Annual General Meeting

Article 10

The Annual General Meeting of Shareholders shall be held each year within six months after the close of the financial year of the Company.

b. Extraordinary
General Meeting of
Shareholders

Article 11

- 1 Extraordinary General Meetings of Shareholders shall take place when the Board of Directors or the Auditors deem it necessary.
- 2 Furthermore, Extraordinary General Meetings of Shareholders shall be convened upon resolution of a General Meeting of Shareholders or if it is requested by one or more shareholders who are representing in the aggregate not less than 5% of the share capital in a petition signed by such shareholder or shareholders specifying the items for the agenda and the proposals.

Convening of
General Meeting of
Shareholders

Article 12

- 1 General Meetings of Shareholders shall be convened by the Board of Directors at the latest twenty days before the date of the meeting. The meeting shall be convened by way of a notice appearing once in the Swiss Official Gazette of Commerce.
- 2 The content of the notice is governed by the law.

Agenda

Article 13

- 1 Shareholders holding at least 0.5% of the registered share capital recorded in the commercial register or of the voting rights may request that an item be included in the agenda of a General Meeting of Shareholders. Such request must be made in writing at the latest forty-five days before the meeting and specify the items and the proposals of such shareholder. If an explanatory statement is to be included in the notice of the meeting, it must be submitted within the same deadline and formulated in a short, clear and concise manner.
- 2 No resolution shall be passed at a General Meeting of Shareholders on matters for which no proper notice was given. This provision shall not apply to requests made at a General Meeting of Shareholders to convene an Extraordinary General Meeting of Shareholders or to initiate a special audit.

Electronic
participation

Article 14

- 1 The Board of Directors may decide that shareholders who cannot be present at the venue of the General Meeting of Shareholders may exercise their rights through electronic means.
- 2 The Board of Directors may also order that the General Meeting of Shareholders be held electronically without a venue.

Presiding officer,
minutes,
vote counters

Article 15

- 1 The General Meeting of Shareholders shall take place at the registered office of the Company, unless the Board of Directors decides otherwise. The Chair of the Board of Directors or in his or her absence a Vice-Chair or any other member of the Board of Directors designated by the Board of Directors shall take the chair.
- 2 The chair of the meeting shall appoint a secretary and the vote counters. The minutes shall be signed by the chair of the meeting and the secretary.

Article 16

- 1 The Board of Directors may issue regulations regarding the participation and the representation at the General Meeting of Shareholders and may allow electronic proxies without qualified signatures.
- 2 A shareholder can be represented by his or her legal representative or, by means of a written proxy, by a representative of his or her choice. Furthermore, a shareholder may be represented by the Independent Proxy (in German: *Unabhängiger Stimmrechtsvertreter*).
- 3 The General Meeting of Shareholders shall elect the Independent Proxy for a term of office lasting until completion of the next Annual 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.

Article 17

Each share provides entitlement to one vote.

Article 18

- 1 Unless the law requires otherwise, the General Meeting passes resolutions and elections with the absolute majority of the votes validly represented.
- 2 Resolutions shall be taken and elections conducted either on a show of hands or by electronic voting, unless the General Meeting decides for, or the presiding officer orders, a secret ballot
- 3 The chair may at any time order to repeat an election conducted or resolution taken on a show of hands with a secret ballot, if he or she doubts the results of the vote. In this case, the preceding election conducted or resolution taken on a show of hands is deemed not to have taken place.
- 4 If the first ballot of an election is inconclusive and if there is more than one candidate, the chair shall order a second ballot in which the relative majority shall be decisive.

Article 19

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

- a the adoption and amendment of the Articles of Incorporation;
- b the election and removal of the members of the Board of Directors, the Chair of the Board of Directors, the members of the Human Capital & ESG Committee, the Independent Proxy and the Auditors;
- c the approval of the management report (if required), the consolidated financial statements and the report on non-financial matters;
- d the approval of the financial statements and decision on the appropriation of available earnings shown on the balance sheet, in particular with regard to dividends (including any repayment of the statutory capital reserves and the approval of interim dividends and the interim financial statements required for such purpose);

- e the approval of the aggregate amounts of compensation of the Board of Directors and the Executive Committee in accordance with article 31 of these Articles of Incorporation;
- f the granting of discharge to the members of the Board of Directors and members of the Executive Committee;
- g the delisting of the shares of the Company; and
- h the decision on matters that are reserved by law or by the Articles of Incorporation to the General Meeting of Shareholders.

Special quorum

Article 20

The approval of at least two-thirds of the votes represented is required for resolutions of the General Meeting of Shareholders on:

- a an alteration of the purpose of the Company;
- b the consolidation of shares, unless the approval of all affected shareholders is required;
- c an increase of the share capital out of equity, against contributions in kind or by way of set off against a receivable and the grant of special rights;
- d a restriction or suspension of subscription rights;
- e the introduction of a conditional capital or a capital band;
- f an implementation of restrictions on the transfer of registered shares and the removal of such restrictions;
- g the creation of shares with increased voting powers;
- h the change of the currency of the share capital;
- i the introduction of the deciding vote for the chair at the General Meeting of Shareholders;
- j a provision in the Articles of Incorporation allowing to hold the General Meeting of Shareholders abroad;
- k the delisting of the shares of the Company;
- l the change of location of the registered office of the Company;
- m the introduction of an arbitration clause in the Articles of Incorporation;
- n the merger, split or transformation of the Company under the Merger Act (subject to mandatory statutory provisions); and
- o the dissolution of the Company

B. Board of Directors

Number of directors

Article 21

The Board of Directors shall consist of a minimum of 7 and a maximum of 10 members.

Term of offices

Article 22

- 1 The members of the Board of Directors and the Chair of the Board of Directors shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders.

- 2 Members whose term of office has ended may be immediately re-elected, subject to paragraph 3 hereinafter.
- 3 A member shall not serve on the Board of Directors for more than ten years or beyond the age of 70. The Board of Directors may, in special circumstances and if deemed in the best interest of the Company, propose exceptions to this rule to the General Meeting of Shareholders.

Organization of the
Board of Directors

Article 23

- 1 The Board of Directors constitutes itself in compliance with the legal requirements and taking into consideration the resolutions of the General Meeting of Shareholders. It shall elect one or two Vice-Chairpersons. It shall appoint a secretary, who need not be a member of the Board of Directors.
- 2 If the office of the Chair of the Board of Directors is vacant, the Board of Directors shall appoint a new Chair from amongst its members for the remaining term of office.

Convening of meetings

Article 24

The Chair shall convene meetings of the Board of Directors if and when the need arises or if a member so requests in writing.

Meetings, resolutions

Article 25

- 1 The organization of the meetings, including the quorum and the passing of resolutions, is determined by the Board of Directors in the organizational regulations.
- 2 The Chair shall have the deciding vote.

Powers of the
Board of Directors

Article 26

- 1 The Board of Directors has in particular the following non-transferable and inalienable duties:
 - a the ultimate direction of the Company's business and issuing of the necessary directives;
 - b the determination of the organization of the Company;
 - c the determination of the principles of accounting, financial controlling and financial planning;
 - d the appointment and removal of the persons entrusted with the management and representation of the Company (including CEO and the other members of the Executive Committee);
 - e the ultimate supervision of the persons entrusted with the management of the Company, specifically with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
 - f the preparation of the annual report, the compensation report and the report on non-financial matters in accordance with the provisions of the law and the Articles of Incorporation, as well as further reports which must be approved by the Board of Directors;
 - g the preparation of the General Meeting of Shareholders and carrying out of its resolutions;

- h the filing of a request for a moratorium and the notification to the court in the event of over-indebtedness;
 - i the adoption of resolutions concerning the implementation of changes in share capital to the extent that such power is vested in the Board of Directors, as well as resolutions concerning the confirmation of changes in share capital and respective amendments to the Articles of Incorporation; and
 - j all further non-transferable and inalienable duties of the Board of Directors foreseen by the law.
- 2 In addition, the Board of Directors can pass resolutions with respect to all matters which are not reserved to the authority of the General Meeting of Shareholders by law or the Articles of Incorporation.

Delegation of powers

Article 27

The Board of Directors may, within the limits of the law and the Articles of Incorporation, delegate the management of the Company in whole or in part to one or several of its members (including to ad hoc or permanent committees of the Board of Directors) or to third persons (Executive Committee).

Signature power

Article 28

The Board of Directors shall designate those of its members as well as those third persons who shall have legal signatory power for the Company and shall further determine the manner in which such persons may sign on behalf of the Company.

Organization and powers of the Human Capital & ESG Committee

Article 29

- 1 The Human Capital & ESG Committee ("HC & ESGC") shall consist of a minimum of three and a maximum of five members of the Board of Directors.
- 2 The members of the HC & ESGC shall be elected individually by the General Meeting of Shareholders for a term of office lasting until completion of the next Annual General Meeting of Shareholders. Members of the HC & ESGC whose term of office has expired shall immediately be eligible for re-election.
- 3 If there are vacancies on the HC & ESGC, the Board of Directors shall appoint substitutes for the remaining term of office.
- 4 The Board of Directors shall elect a chair of the HC & ESGC. The Board of Directors shall, within the limits of the law and the Articles of Incorporation, define the organization of the HC & ESGC in regulations.
- 5 The HC & ESGC has the following responsibilities:
 - a development of a compensation strategy in line with the principles described in the Articles of Incorporation and submission for approval to the Board of Directors;
 - b proposal to the Board of Directors of the principles and structure of the compensation plans;
 - c support of the Board of Directors in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the members of the Board of Directors and the Executive Committee;

- d submission of the compensation report to the Board of Directors for approval;
 - e information of the Board of Directors about compensation policies, compensation programs and key decisions regarding compensation as well as comparisons of compensation levels at key competitors;
 - f regular reporting to the Board of Directors on the decisions and deliberations of the HC & ESGC;
 - g assumption of other responsibilities assigned to it by law, the Articles of Incorporation or by the Board of Directors.
- 6 The Board of Directors issues regulations to determine for which positions of the Board of Directors and of the Executive Committee the HC & ESGC shall submit proposals regarding compensation, and for which positions it shall determine the compensation in accordance with the Articles of Incorporation.

C. Auditors

Term, powers
and duties

Article 30

The Auditors, who 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 Board of Directors and the Executive Committee

Approval of
compensation by the
General Meeting of
Shareholders

Article 31

- 1 The General Meeting of Shareholders shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:
- a the compensation of the Board of Directors for the period until the next Annual General Meeting of Shareholders; and
 - b the compensation of the Executive Committee paid, promised or granted for the following financial year.

The Board of Directors may submit for approval by the General Meeting of Shareholders additional proposals relating to the same or different periods.

- 2 If the General Meeting of Shareholders rejects the proposal of the Board of Directors for the total compensation of the Board of Directors and/or the Executive Committee, the decision on how to proceed shall reside with the Board of Directors. The options for the Board of Directors shall be to either convene an Extraordinary General Meeting to submit a new compensation proposal, or to determine the compensation for the corresponding period on an interim basis, subject to approval at the next Annual General Meeting of Shareholders.
- 3 Notwithstanding the preceding paragraphs, the Company or companies controlled by it may pay out compensation prior to approval by the General

Meeting of Shareholders subject to subsequent approval by a General Meeting of Shareholders.

- 4 The Board of Directors shall submit the compensation report to an advisory vote of the General Meeting of Shareholders.

Additional amount

Article 32

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 members who become members of the Executive Committee during a compensation period for which the General Meeting of Shareholders has already approved the compensation of the Executive Committee, the Company or companies controlled by it shall be authorized to pay or grant to such member(s) an additional amount during the compensation period(s) already approved. The total additional amount for each relevant compensation period for which approval by the General Meeting of Shareholders has already been obtained shall not exceed (in full and not *pro rata temporis*) 40% of the aggregate amount of compensation of the Executive Committee last approved by the General Meeting of Shareholders per compensation period.

General compensation principles

Article 33

- 1 Compensation of the non-executive members of the Board of Directors comprises fixed compensation elements only. In particular, non-executive members of the Board of Directors shall receive no company contributions to any pension plan, no performance-related elements and no financial instruments (e.g. options).
- 2 Compensation of the members of the Executive Committee comprises fixed and variable compensation elements. Fixed compensation comprises the base salary and may comprise other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements.
- 3 Compensation (to non-executive members of the Board of Directors and to members of the Executive Committee) may be paid or granted in the form of cash, shares, other benefits or in kind. Compensation to members of the Executive Committee may also be paid or granted in the form of financial instruments or similar units. Compensation may be paid by the Company or companies controlled by it. The Board of Directors determines the valuation of each compensation element on the basis of the principles that apply to the establishment of the compensation report.

Variable compensation

Article 34

- 1 The variable compensation paid or granted to the members of the Executive Committee in a certain year shall consist of compensation elements from short- and long-term compensation plans (as defined in this article 34).
- 2 The short-term compensation plans are based on performance metrics that take into account the performance of the Sandoz Group and/or parts thereof, and/or individual targets. Achievements are generally measured based on the one-year period to which the short-term compensation relates. The short-term compensation pay-outs shall be subject to caps that

may be expressed as predetermined multipliers of the respective target levels.

- 3 The long-term compensation plans are based on performance metrics that take into account strategic objectives of the Sandoz Group (such as financial, innovation, shareholder return and/or other metrics). Achievements are generally measured based on a period of not less than three years. The long-term compensation pay-outs shall be subject to caps that may be expressed as predetermined multipliers of the respective target levels.
- 4 The Board of Directors or, to the extent delegated to it, the HC & ESGC determines performance metrics, target levels, and their achievement.
- 5 The Board of Directors or, to the extent delegated to it, the HC & ESGC determines grant, vesting, blocking, exercise and forfeiture conditions of the compensation; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of predefined events such as death, disability, retirement or termination of an employment or mandate agreement.

Agreements with members of the Board of Directors and of the Executive Committee

Article 35

- 1 The Company or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a term not exceeding the term of office of the respective members of the Board of Directors. The Company or companies controlled by it may enter into contracts of employment with members of the Executive Committee for a fixed term not exceeding one year or for an indefinite period of time with a notice period not exceeding twelve months.
- 2 Contracts of employment with members of the Executive Committee may contain a prohibition of competition for the time after the end of employment if this is commercially justified. The overall consideration for such prohibition shall not exceed the average annual compensation (i.e., annual base salary and annual incentive) for the three preceding business years.

Mandates outside the Sandoz Group

Article 36

- 1 No member of the Board of Directors may hold more than 6 additional mandates in other companies, of which no more than 4 additional mandates shall be in other listed companies. Chairs of the board of directors of other listed companies count as two mandates.
- 2 No member of the Executive Committee may hold more than one additional mandate in another company. Each mandate shall be subject to approval by the Board of Directors. Members of the Executive Committee are not allowed to hold mandates as chairs of the board of directors of other listed companies.
- 3 The following mandates are not subject to these limitations:
 - a Mandates in companies which are controlled by the Company;
 - b Mandates which a member of the Board of Directors or of the Executive Committee holds 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 5 such mandates.
- 4 Mandates shall mean any membership in the board of directors, in the executive board or in the advisory board, or a comparable function under

foreign law, in a company with an economic purpose. Mandates in different legal entities which are under joint control are deemed one mandate.

- 5 The Board of Directors may issue regulations that may determine additional restrictions, taking into account the position of the respective member.

Loans

Article 37

No loans or credits shall be granted to the members of the Board of Directors or the Executive Committee.

Section 5: Annual Financial Statements, Consolidated Financial Statements and Profit Allocation

Financial year

Article 38

The Board of Directors shall prepare for each financial year as of 31 December an annual report consisting of financial statements with a management report if required and the consolidated financial statements. In addition, the Board of Directors shall prepare for each financial year as of 31 December a report on non-financial matters.

Allocation of profit shown on the balance sheet, Reserves

Article 39

- 1 The allocation of the profit shown on the balance sheet shall be determined by the General Meeting of Shareholders subject to the legal provisions. The Board of Directors shall submit to the General Meeting of Shareholders its proposals.
- 2 In addition to statutory reserves additional reserves may be accrued.
- 3 Dividends which have not been claimed within five years after the due date fall back to the Company and shall be allocated to the general reserves.

Section 6: Publications and Place of Jurisdiction

Publications

Article 40

- 1 Notifications to shareholders and external communications of the Company shall be made in the Swiss Official Gazette of Commerce. The Board of Directors may designate additional publication organs.
- 2 Notices to shareholders may instead or in addition be sent (i) by regular mail to their addresses entered in the share register, (ii) by e-mail or (iii) in any other form that the Board of Directors deems appropriate.

Place of jurisdiction

Article 41

The exclusive place of jurisdiction for any disputes arising from or in connection with the shareholding in the Company shall be at the registered office of the Company.

Transitional provision

Article 42

Section 4 (articles 31 – 37) of these Articles of Incorporation shall only enter into effect on the day of the listing of the Company's shares on the SIX Swiss Exchange.