

# Brochure on Amendments to Articles of Association

UBS Group AG

5 April 2023

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## Explanations from the Board of Directors on the proposed amendments to the Articles of Association

On 1 January 2023, the main parts of the Swiss Corporate Law Reform have entered into force. The revised Swiss Code of Obligations, amongst other things, adapts Swiss Corporate Law to the modern economic needs of companies and strengthens shareholder rights, introduces more flexibility with regards to capital and modernizes the way general meetings can be held.

Companies must adapt their articles of association within two years upon entry into force of the revised law. The below overview lists the proposed amendments which are mainly triggered by the Swiss Corporate Law Reform in a compare version and explains the changes to the Articles of Association that the Board of Directors proposes to UBS shareholders at this year's Annual General Meeting.

The proposed key amendments include the way how the corporation's reports can be inspected, the threshold to convene Extraordinary General Meetings, the introduction of the basis to hold hybrid and virtual General Meetings, the removal of the restriction that a shareholder can only be represented by another shareholder at a General Meeting, adaptations of the list of powers of the General Meeting in line with the revised law, changes in connection with the external mandates of the Board of Directors and the Group Executive Board as well as compensation related changes and clarifications with regards to publications and notices. Further, the proposed changes include additional minor changes which are not related to the legal reform. Changes which are not related to the Swiss Corporate Law Reform are held in black instead of red.

## Section 1 | Name, registered office, business object and duration of the Corporation

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### Articles 1 to 3 / Name and registered office; Purpose; Duration

[No changes]

## Section 2 | Share capital (Vote 5.4)

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### Article 4 / Share capital

<sup>†</sup> The share capital of the Corporation is CHF 352,463,572.20, divided into 3,524,635,722 registered shares with a par value of CHF 0.10 each. The share capital is fully paid up.

<sup>2</sup> ~~Registered shares may be converted into bearer shares and bearer shares into registered shares by resolution of the General Meeting.~~

#### Explanations

##### Paragraph 1 (share capital in foreign currency):

The change from CHF currency amount to USD currency amount is covered separately by agenda item 13.

##### Paragraph 2 (conversion of shares):

Article 4 paragraph 2 will be deleted as the statutory basis is explicitly mentioned in the revised Swiss Code of Obligations and there is no need for repetition in the Articles of Association.

### Article 4a / Conditional capital

[No changes]

#### Explanations

**Share capital in foreign currency:** The change from CHF currency amount to USD currency amount is covered separately by agenda item 13.

### Article 5 / Share register and nominees

[No changes]

### Article 6 / Form of shares

<sup>1</sup> [No changes]

<sup>2</sup> [No changes]

<sup>3</sup> ~~Intermediated securities based on registered shares of the Corporation cannot be transferred by way of assignment. A security interest in any such intermediated securities also cannot be granted by way of assignment.~~

#### Explanations

##### Paragraph 3 (non-assignment of intermediated securities):

The new provision prevents that intermediated securities ("Bucheffekten") may be transferred by way of written assignment (including assignment for security purposes). This change is not triggered by the Swiss Corporate Law Reform and reflects a long-standing practice in the Swiss market.

### Article 7 / Exercise of rights

[No changes]

## Section 3 | Corporate bodies / A. General Meeting (Vote 5.1) and (Vote 5.2 on article 10a paragraph 2)

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### Article 8 / Authority

[No changes]

### Article 9 / Types of General Meetings a. Annual General Meeting

The Annual General Meeting takes place every year within six months after the close of the financial year; the annual report, the compensation report and the reports of the Auditors must be available ~~for inspection by~~ to shareholders ~~at the Corporation's registered office~~ at least twenty days before the meeting.

#### Explanations

**Availability of reports:** Updated wording is in line with the revised Swiss Code of Obligations, which removes the requirement to make the report available at the Corporation's registered office. UBS will continue to make the reports available electronically.

**Article 10 / b. Extraordinary General Meetings**<sup>1</sup> [No changes]<sup>2</sup> Such a meeting must also be convened upon a resolution of the General Meeting or a written request from one or more shareholders representing together at least one tenth twentieth of the share capital, specifying the items to be included on the agenda and the proposals to be put forward.**Article 10a / Venue**<sup>1</sup> The Board of Directors may also provide that shareholders who are not present at the venue(s) of the General Meeting may exercise their rights by electronic means.<sup>2</sup> Alternatively and in exceptional circumstances, the Board of Directors may provide that the General Meeting shall be held by electronic means without a venue.**Article 11 / Convening**<sup>1</sup> The General Meeting shall be called by the Board of Directors or, if need be, by the Auditors at least twenty days before the meeting is to take place in accordance with Article 47 of these Articles of Association. The meeting is called by publishing a single notice in the publication of record designated by the Corporation. An invitation will be sent to all registered shareholders.<sup>2</sup> The notice to convene the General Meeting shall specify  
a) the date, beginning, mode and venue  
b) the agenda items with  
c) the proposals motions of the Board of Directors together with a brief statement of the reasons  
d) and proposals the motions from shareholders together with a brief statement of the reasons, if any  
e) the name and address of the independent proxy and;  
f) in the event of elections, the names of the proposed candidates.**Article 12 / Placing of items on the agenda**<sup>1</sup> Shareholders representing shares with an aggregate par value of CHF 62,500 may submit proposals requests for matters items to be placed on the agenda for consideration by the General Meeting; or that motions relating to agenda items be included in the notice to convene the General Meeting. provided that their proposals Their requests for agenda items or motions shall be are submitted in writing within the deadline published by the Corporation and include specify the actual requests for agenda items and motion(s) to be put forward.<sup>2</sup> No resolutions may be passed concerning matters items which have not been duly placed on the agenda, except on a motion put forward at the General Meeting to call an Extraordinary General Meeting or a motion for a special audit investigation to be carried out.*Explanations***Paragraph 2 (threshold to call an extraordinary****General Meeting):** In line with the revised Swiss Code of Obligations, the threshold for shareholders in public companies to call a General Meeting is reduced to 5% of share capital (nominal value) or of voting rights.*Explanations***Paragraph 1 (hybrid General Meetings):** The revised Swiss Code of Obligations introduced a legal basis enabling the board of directors to allow shareholders to exercise their rights directly by electronic means (direct voting) at a General Meeting in addition to a physical meeting venue.**Paragraph 2 (virtual General Meetings):** The revised Swiss Code of Obligations allows for general meetings to be held virtually (i.e., without a physical meeting venue). UBS does not intend to hold its General Meetings in a virtual format. It proposes to include the option for exceptional circumstances only. If a virtual General Meeting shall be held, UBS will establish and disclose clear procedures. The Board of Directors will ensure that shareholders will have the same rights during a virtual General Meeting as in a traditional physical General Meeting.*Explanations***Paragraph 1 (simplification by referring to Article 47):** The Board of Directors can convene the General Meeting in the form as foreseen in Article 47.**Paragraph 2 (content of invitation to the General****Meeting):** The wording is updated to reflect the specifications in relation to the content of the invitation in the revised Swiss Code of Obligations. Further, a consistent wording with regards to motions, proposals and requests on agenda items is introduced, which, however, is not triggered by the Swiss Corporate Law Reform (also see Article 12 below).*Explanations***Paragraph 1 (adjustment of terminology and conditions with regards to motions):** The wording is amended in line with the revised Swiss Code of Obligations to also reflect the conditions to include motions in the invitation and align the wording on agenda items and motions (alignment of wording is not triggered by the Swiss Corporate Law Reform; see comment on Article 11 above).

The change from CHF currency amount to USD currency amount is covered separately by agenda item 13.

**Paragraph 2 (adjustment of terminology):** The revised Swiss Code of Obligations uses the term "special investigation" (*Sonderuntersuchung*) instead of "special audit" (*Sonderprüfung*).

### Article 13 / Chairmanship, tellers, minutes

[No changes]

### Article 14 / Shareholder proxies

<sup>1</sup> [No changes]

<sup>2</sup> A shareholder may only be represented at the General Meeting by their legal representative, under a written power of attorney by another shareholder eligible to vote a proxy who does not need to be a shareholder or, under a written or electronic power of attorney, by the Independent Proxy.

<sup>3</sup> [No changes]

### Article 15 and 16 / Independent proxy; Voting right

[No changes]

### Article 17 / Resolutions, elections

<sup>1</sup> Resolutions and elections are decided at the General Meeting by an ~~absolute~~ majority of the votes represented cast, excluding blank and invalid ballots, subject to these Articles of Association and the compulsory provisions of the law.

<sup>2</sup> [No changes]

<sup>3</sup> [No changes]

<sup>4</sup> [No changes]

<sup>5</sup> [No changes]

### Article 18 / Powers

The General Meeting has the following powers:

- a) To establish and amend the Articles of Association
- b) To elect the members and the Chairman of the Board of Directors and the members of the compensation committee
- c) To elect the Auditors
- d) To elect the Independent Proxy
- e) To approve the management report and the Group financial statements
- f) To approve the financial statements and to decide upon the appropriation of the net profit shown in the balance sheet
- g) To determine interim dividends and approve the interim financial statements required for this purpose
- gh) To approve the compensation for the Board of Directors and the Group Executive Board pursuant to Article 43 of the Articles of Association
- i) To take the decision on the repayment of the statutory capital reserve
- hj) To give the members of the Board of Directors and of the Group Executive Board a discharge
- k) To de-list equity securities of the Corporation
- tl) To take decisions on all matters reserved to the General Meeting by law or by the Articles of Association, or which are placed before it by the Board of Directors.

#### Explanations

**Paragraph 2 (shareholders' representation):** According to the revised Swiss Code of Obligations, shareholders of listed companies may be represented at the General Meeting by non-shareholders. The restriction to the representation by other shareholders will be removed.

#### Explanations

**Paragraph 1 (wording adjustments):** The amended wording of the Articles of Association reflects the revised Swiss Code of Obligations.

Resolutions and elections will be decided by the majority of the votes represented going forward and the wording changes from "votes cast" to "votes represented". The voting procedure remains the same for UBS.

#### Explanations

**Litera g), i) and k) (new; updated list of powers):** The wording is amended to reflect the new list of powers according to the revised Swiss Code of Obligations.

### Section 3 | Corporate bodies / B. Board of Directors (Vote 5.3)

#### Article 19 / Number of Board members

[No changes]

#### Article 20 / Term of office

<sup>1</sup> The ~~term of office~~ for members of the Board of Directors and its Chairman are elected individually and for a term of office until the expires after completion of the next Annual General Meeting.

<sup>2</sup> [No changes]

#### Explanations

**Paragraph 1 (wording adjustment in English version only):** The English version of Articles of Association is adapted to reflect the existing wording in the German version of the Articles of Association. This change is not triggered by the Swiss Corporate Law Reform.

#### Article 21 / Organization

[No changes]

#### Article 22 / Convening, participation

<sup>1</sup> [No changes]

<sup>2</sup> The Board of Directors shall also be convened if one of its members or the Group Chief Executive Officer submits a written request (including by e-mail or other electronic means) to the Chairman to hold such a meeting.

#### Explanations

**Paragraph 2 (form of requests):** The wording is amended to clarify that a written request can be made via email or other form of electronic means. This change is not triggered by the Swiss Corporate Law Reform.

#### Article 23 / Decisions

<sup>1</sup> Decisions of the Board of Directors are taken by ~~an absolute~~ majority of the votes present. In case of a tie, the presiding chair of the meeting shall cast the deciding vote.

<sup>2</sup> The number of members who must be present to constitute a quorum and the modalities for the passing of resolutions shall be laid down by the Board of Directors in the Organization Regulations. No such quorum is required for decisions confirming and amending resolutions relating to changes to capital increases and changes in currency of the share capital.

#### Explanations

**Paragraph 1 (updated wording):** The term “absolute” is removed in line with the deletion in Article 17.

**Paragraph 2 (updated wording):** The amended wording ensures that not only capital increases but also capital reductions and changes in currency of the share capital decided by the General Meeting can be implemented with a simplified quorum. The term “changes to capital” includes capital increases and capital decreases.

#### Article 24 / Duties and powers

[No changes]

#### Article 25 / Ultimate responsibility for the management of the Corporation

The ultimate responsibility for the management of the Corporation comprises in particular:

a) to e) [No changes]

f) Decisions on increasing or decreasing the share capital, to the extent this falls within the authority of the Board of Directors (Article 651 paragraph 4 of the Swiss Code of Obligations), on the report concerning an increase in capital (Article 652e of the Swiss Code of Obligations) and on the ascertainment of changes to capital increases and the corresponding amendments to the Articles of Association.

#### Explanations

**Litera f) (updated wording):** The amended wording ensures that not only capital increases, but also capital reductions are considered. The term “changes to capital” includes capital increases and capital decreases.

### Article 26 / *Supervision, control*

Supervision and control of the business management comprises in particular the following:

- a) Review and approval of the management report, Group and parent company financial statements, the compensation report as well as quarterly financial statements.
- b) [No changes]
- c) [No changes]

#### Explanations

##### **Litera a) (clarification with regards to the reports):**

The amended wording is introduced in line with the language in the Organization Regulations of UBS Group AG and is in accordance with the non-transferable and inalienable duties of the board of directors. This change is not triggered by the Swiss Corporate Law Reform.

### Article 27 to 30 / *Delegation, Organization Regulations; Number of members, term of office and organization of the compensation committee; Duties and powers of the compensation committee; Signatures*

[No changes]

### Article 31 / *Mandates*

<sup>1</sup> [No changes]

<sup>2</sup> The following mandates are not subject to the limitations set forth in paragraph 1:

- a) [No changes]
- b) [No changes]
- c) Mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations without commercial purpose. No member of the Board of Directors shall hold more than ten such mandates.

<sup>3</sup> Mandates shall mean ~~mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register activities as a member of the board of directors, management board or in comparable functions in other businesses with commercial purpose~~. Mandates in different legal entities which are under joint control are deemed one mandate.

#### Explanations

##### **Paragraph 2 (wording amendment):**

Clarification in line with revised law.

**Paragraph 3 (definition of mandates):** Under the revised Swiss Code of Obligations, not only mandates in the board of directors, but also in the management board and other comparable functions in companies with a commercial purpose are included. The amended wording of the Articles of Association reflects this change in law.

### Article 32 and 33 / *Terms of agreements relating to compensation; Loans*

[No changes]

## Section 3 | Corporate bodies / C. Group Executive Board (Vote 5.3)

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### Article 34 and 35 / *Organization; Functions, authorities*

[No changes]

### Article 36 / *Mandates*

<sup>1</sup> [No changes]

<sup>2</sup> The following mandates are not subject to the limitations set forth in paragraph 1:

- a) [No changes]
- b) [No changes]
- c) Mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations without commercial purpose. No member of the Board of Directors shall hold more than eight such mandates.

<sup>3</sup> Mandates shall mean ~~mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register activities as a member of the board of directors, management board or in comparable functions in other businesses with commercial purpose~~. Mandates in different legal entities which are under joint control are deemed one mandate.

#### Explanations

##### **Paragraph 2 (wording amendment):**

Clarification in line with revised law.

**Paragraph 3 (definition of mandates):** Under the revised Swiss Code of Obligations, not only mandates in the board of directors, but also in the management board and other comparable functions in companies with a commercial purpose are included. The amended wording of the Articles of Association reflects this change in law.

**Article 37 / Employment contract terms**

<sup>1</sup> [No changes]

<sup>2</sup> The Corporation or companies controlled by it may enter into non-compete agreements with the members of the Group Executive Board for the time after termination of the employment agreement for a duration of up to one year. The respective consideration shall not exceed the ~~total~~ average annual compensation paid or granted to such member of the Group Executive Board ~~for during~~ the last ~~full~~ three financial years prior to termination.

*Explanations*

**Paragraph 2 (non-compete covenants):** Compensation for a non-compete covenant may only be paid if the non-compete covenant is commercially justified, and the amount does not exceed the average annual compensation of the past three years. The amended wording of the Articles of Association reflects this change in law.

**Article 38 / Loans**

[No changes]

**Section 3 | Corporate bodies / D. Auditors**

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**Article 39 / Term of office, authority and duties**

[No changes]

**Section 4 | Financial statements and appropriation of profit, reserves (Vote 5.4)**

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**Article 40 / Financial year**

[No changes]

**Article 41 / Appropriation of disposable profit**

<sup>1</sup> At least 5% of the profit for the year after set-off of balance sheet losses, if any, is allocated to the ~~general~~ statutory reserve from retained earnings until such time as said reserve, together with the statutory capital reserve, amounts to 20% of the share capital.

<sup>2</sup> [No changes]

*Explanations*

**Paragraph 1 (adjusted wording):** The rules on legal reserves are aligned with the accounting rules, and the creation and dissolution of reserves is clarified. The amended wording of the Articles of Association reflects this change in law.

**Article 42 / Reserves**

The General Meeting determines the utilization of the ~~general~~ statutory capital reserve in accordance with the legal provisions acting upon the proposal of the Board of Directors.

*Explanations*

**Adjusted wording:** Alignment of "general statutory reserves" with the new terminology of the revised Swiss Code of Obligations.

**Section 5 | Compensation of the members of the Board of Directors and the Group Executive Board (Vote 5.3)**

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**Article 43 / Approval of the compensation of the Board of Directors and the Group Executive Board**

[No changes]

**Article 44 / General compensation principles**

<sup>1</sup> [No changes]

<sup>2</sup> When determining individual compensation, the Board of Directors or, where delegated to it, the compensation committee takes into account position and level of responsibility of the recipient and performance of the Corporation and companies controlled by it. It ensures compliance with applicable laws and regulatory requirements.

<sup>3</sup> [No changes]

<sup>4</sup> [No changes]

*Explanations*

**Paragraph 2 (inclusion of precise language):** The amended wording includes a general reference to applicable laws. This change is not triggered by the Swiss Corporate Law Reform.

**Article 45 / Compensation of the Board of Directors**

[No changes]

#### Article 46 / Compensation of the Group Executive Board

<sup>1</sup> [No changes]

<sup>2</sup> [No changes]

<sup>3</sup> [No changes]

<sup>4</sup> [No changes]

<sup>5</sup> If the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover the compensation of a person who becomes a member of ~~or is being promoted within~~ the Group Executive Board after the General Meeting has approved the compensation, the Corporation or companies controlled by it shall be authorized to pay or grant each such Group Executive Board member a supplementary amount during the compensation period(s) already approved. The aggregate pool for such supplementary amounts per compensation period shall not exceed 40% of the average of total annual compensation paid or granted to the Group Executive Board during the previous three years.

#### Explanations

**Paragraph 5 (supplementary amount for appointments to Group Executive Board):** The supplementary amount, which applies when the maximum aggregate amount of compensation approved by the General Meeting is not sufficient to also cover the compensation of a person who becomes a member of the Group Executive Board after the General Meeting, can only be applied to appointments of new Group Executive Board members going forward.

### Section 6 | Notices and jurisdiction (Vote 5.4)

#### Article 47 / Official publication media Official means of publication

<sup>1</sup> The official means of publication of the Corporation shall be the Swiss Official Gazette of Commerce. Public notices appear in the Swiss Official Gazette of Commerce (in French "Feuille-Officielle Suisse du Commerce", or German "Schweizerisches Handelsamtsblatt").

<sup>2</sup> Notices by the Corporation to the shareholders may, at the choice of the Board of Directors, be validly given by publication in the Swiss Official Gazette of Commerce or, in a form that allows proof by text. The Board of Directors may designate other further means of publications as well.

#### Explanations

**Paragraph 1 (publication media):** The official means of publication shall remain the Swiss Official Gazette of Commerce (SOGC). The amended wording is not triggered by the Swiss Corporate Law Reform.

**Paragraph 2 (notices to shareholders):** The new wording provides the flexibility to publish notices to shareholders in alternative forms of text. The Board of Directors may designate additional means of publications. In addition to the SOGC publication, UBS currently intends to publish notices to the shareholders on the UBS website ([www.ubs.com/agma](http://www.ubs.com/agma)) and to invite shareholders via letter to the General Meeting.

#### Article 48 / Jurisdiction

[No changes]

### Section 7 | Disclosure of contributions in kind

#### Article 49 / Contribution in kind

[No changes]

UBS Group AG  
P.O. Box  
CH-8098 Zurich

[ubs.com](http://ubs.com)

