

# Annual Report and Accounts 2020

## Corporate Governance Report

### ARYZTA Board and Executive Management

There have been a number of changes to the Board of Directors (the 'Board') and Executive Management since the end of the 2019 financial period, including the election of five new non-executive directors to the Board.

At the ARYZTA 2019 Annual General Meeting ('2019 AGM'), and as part of a continued programme of Board refreshment, Luisa Delgado and Alejandro Legarda Zaragüeta were elected as independent non-executive directors to the Board, on the Board's recommendation, and Andrew Morgan retired without seeking re-election to the Board.

On 16 September 2020, ARYZTA held an Extraordinary General Meeting ('EGM') upon the requisition of Cobas Asset Management, SGIC, S.A., acting in its capacity as fund manager for COBAS SELECCION, FI and COBAS INTERNACIONAL, FI, and VERAISON SICAV (together, the 'Shareholder Group'), where the Shareholder Group and the Board proposed a number of resolutions to the ARYZTA shareholders which resulted in further changes to the composition of the Board and Committees of the Board.

Prior to the EGM, Gary McGann, Dan Flinter, Rolf Watter and Annette Flynn announced their respective resignations as members of the Board with effect from the conclusion of the EGM. As a result, Gary McGann also resigned as Chair of the Board. Gary McGann, Dan Flinter and Rolf Watter each resigned as members of the Remuneration Committee and Annette Flynn resigned as a member and chair of the Audit Committee.

At the EGM, Urs Jordi, Armin Bieri and Heiner Kamps were each elected by the shareholders as non-executive directors to the Board, Armin Bieri and Heiner Kamps were each elected as members of the Remuneration Committee, and Urs Jordi was elected as Chair of the Board. Full biographical details of Urs Jordi, Armin Bieri and Heiner Kamps are set out on pages 37 to 39.

In addition, Kevin Toland (Group CEO) was not re-elected as a member of the Board at the EGM and will focus on his role as Group CEO.

With effect from the conclusion of the EGM on 16 September 2020, the Board of ARYZTA is comprised as follows: Urs Jordi (Chair), Mike Andres, Armin Bieri, Luisa Delgado, Greg Flack, Heiner Kamps, Jim Leighton, Tim Lodge, and Alejandro Legarda Zaragüeta, all of whom are non-executive directors. Full biographical details of each of the directors is set out on pages 37 to 44.

We believe that ARYZTA has the requisite expertise and skills in place at Board level to oversee and support senior management's implementation of our multi-year turnaround plan.

As of 1 August 2020, the Executive Management was comprised as follows: Kevin Toland (Group CEO); Frederic Pflanz (Group CFO); Gregory Sklikas (CEO Europe); Tyson Yu (CEO North America); Claudio Gekker (COO Latin America); Chris Plüss (COO APMEA); John Heffernan (President and Chief Commercial Officer North America); Tony Murphy (Chief People Officer); and Rhona Shakespeare (nee O'Brien) (General Counsel and Company Secretary).

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## Corporate Governance Report (continued)

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On 14 January 2020, ARYZTA announced, as part of a planned organisational evolution, that Tyson Yu had been appointed as CEO of North America and a member of the Executive Management, effective 1 February 2020, and that John Heffernan had been appointed as President and Chief Commercial Officer North America. John Heffernan was previously Group Strategy Officer at ARYZTA. The Company also announced that Dave Johnson assumed the role of Non-Executive Chairman of ARYZTA North America with effective 1 February 2020.

On 2 March 2020, the Company announced the appointment of Chris Plüss as COO APMEA, commencing June 2020, and that Rob O'Boyle would be stepping down from his role as COO APMEA and leaving ARYZTA at the end of May 2020. On 13 May, the Company announced that, due to the ongoing COVID-19 pandemic, Rob O'Boyle had agreed to remain with ARYZTA until 31 July 2020 in order to allow for a seamless transition to Chris Plüss, who took up the role of COO APMEA and member of Executive Management on 1 July 2020.

On 5 August 2020, the Company announced that Frederic Pflanz will step down as Group CFO in early December 2020. A search process for a successor has been initiated by the Group. The Board would like to express its sincere thanks to Frederic for his significant contribution to the business throughout his service.

The Board believes that ARYZTA is in a strong position in terms of the range of talented leaders within the organisation who have the skills and commitment to deliver the multi-year turnaround programme.

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### Governance Framework

Details of the corporate governance framework adopted by ARYZTA (namely the Articles of Association, Organisational Regulations and Terms of Reference for the Committees of the Board) are available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

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### Leadership

#### The Board

The Board is responsible for stewardship, governance and oversight, and for setting the strategic direction of ARYZTA, in order to deliver sustainable value. The Board is also responsible for defining risk appetite and risk mitigation/management. The Board is committed to the highest standards of corporate governance in its management of ARYZTA and its accountability to shareholders and other stakeholders. Strong leadership and strong corporate governance are integral parts of our corporate culture and the Board recognises its obligation to lead by example. Biographical details of the directors are provided on pages 37 to 44.

When assessing its composition, as well as the composition of its main Committees, the Board continuously reviews international best-practice standards and global corporate governance developments.

#### Board Independence

All non-executive directors are considered by the Board to be independent in character and judgement within the meaning of the Swiss Code of Best Practice ('Swiss Code') and

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## Corporate Governance Report (continued)

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none of the non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board's opinion, are likely to affect their independence or judgement. All of the current Board members are independent non-executive directors.

To ensure the effective oversight of financial reporting, risk management, remuneration and the future leadership of the business, the Board delegates certain functions to three main Board Committees. Further details on the role of these key Committees are provided on pages 46 to 49.

### The Chair

The Chair is responsible for the effective leadership, operation and governance of the Board and its Committees. It is the Chair's responsibility to ensure that all directors contribute effectively in the development and implementation of the Group's strategy whilst ensuring that the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy are determined, challenged, justified and where appropriate, accepted.

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### Governance and Culture

As a Board, we are committed to ensuring we adhere to best-practice corporate governance principles and apply them in a pragmatic way that adds value to ARYZTA. Continually enhancing our corporate governance is central to our aim of ensuring the stability of ARYZTA and returning the business to a satisfactory level of performance and growth.

An inclusive culture and the fostering of a performance-based organisation are key focus areas for us as part of our wider governance framework. The Board will continue to work to ensure that ARYZTA's revised strategy, operating model and remuneration framework are aligned with our cultural focus. The success of our strategy is dependent on developing a culture across ARYZTA that supports the pursuit of teamwork and excellence. We continue to focus on ensuring ARYZTA's core vision and values are developed and clearly understood by all our stakeholders, particularly our colleagues in all parts of the organisation. We recognise that the Board and senior executives must lead by example to ensure these values are embedded not just in the boardroom, but are shared and understood throughout the business and form an integral part of interaction with all stakeholders.

A unifying culture embraced by the entire organisation leads to success for the business and pride for our people. At ARYZTA we are proud of our rich baking heritage and seek to passionately fulfil the needs and ambitions of our customers, our people and the environment in which we operate in an increasingly sustainable fashion. We will continue to foster a culture that: delivers on our commitments; is focused on our customers and operational excellence; relentlessly prioritizes food safety and quality; and creates a safe, accepting and inspired workplace.

### Board Renewal

The past three years have seen a number of appointments to ARYZTA's board, with five new non-executive directors elected in the past year, which reflects an ongoing programme of refreshment and renewal as well as the changes driven by the recent EGM. Board refreshment is a fundamental aspect of fostering and sharing diverse perspectives

## Corporate Governance Report (continued)

in the boardroom and generating new ideas and business strategies while maintaining an appropriate level of experience and corporate memory.

Central to effectively setting and overseeing ARYZTA's refocused strategy and determining our approach to risk is our Board's thorough understanding of our business and industry. Throughout the 2020 financial period, led by the Governance & Nomination Committee, the Board continued to review its composition to ensure it meets our objective of having the diversity of skills, experience, gender and geographic background relevant to ARYZTA's strategy and business profile. In the context of the challenges facing the business, the priority was to recruit directors who would add to the existing skills and experience of the Board. With the help of international recruitment firms, significant emphasis was placed on the diversity of skills and expertise required for new appointments and the importance of a strong cultural fit with ARYZTA, as it pursues its future strategy and objectives. A cornerstone of the recruitment process was the identification of individuals with relevant industry experience, but also focusing on candidates who had success in implementing business transformations or turnaround plans.

As part of the process of renewal, the Board was delighted that the ARYZTA shareholders voted in favour of the Board's recommendation to elect Luisa Delgado and Alejandro Legarda Zaragüeta as non-executive directors of the Company at the 2019 AGM.

In addition, at the EGM held on 16 September 2020 at the requisition of the Shareholder Group, a number of resolutions concerning the composition of the Board were considered by shareholders. With effect from the conclusion of the EGM, (i) Gary McGann, Dan Flinter, Rolf Watter and Annette Flynn resigned as members of the Board, (ii) Urs Jordi, Armin Bieri and Heiner Kamps were elected as non-executive directors of the Board, Armin Bieri and Heiner Kamps were elected as members of the Remuneration Committee, and Urs Jordi was elected as Chair of the Board, and (iii) Kevin Toland was not re-elected as a member of the Board and will focus on his role as Group CEO.

The effectiveness of the Board is also impacted by the relationship between non-executive directors and management. During the 2020 financial period, together with the Group CEO and Group CFO, Gary McGann as Chair has spent time ensuring the flow of information between senior management and non-executive directors has been sufficient to further assist the Board to be effective in overseeing strategy and performance.

Given the level of recent Board refreshment in 2020, a particular focus for the Chair and the Board will be the induction and development of non-executive directors to ensure the Board and its main Committees continue to evolve in line with our strategy and business.

### Shareholder Engagement

The Board is committed to ongoing dialogue with shareholders to enable clear communication of ARYZTA's objectives and to foster mutual understanding of what is important to the Board and the shareholders. In addition, the Board is continually apprised of shareholder interaction by the Chair, the Group CEO, the Group CFO and the Investor Relations team, consistent with the obligation to develop an understanding of the views and concerns of major shareholders.

## Corporate Governance Report (continued)

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### Risk Management

The Board is and will continue to be focused on ensuring that the Group's risk management and internal control systems are effective in identifying, managing and mitigating potential risks, and thereby underpinning robust decision-making on all capital allocation decisions. The Board has continued to debate and develop its understanding of risk, including appetite, tolerance and testing of risks and how to maximise business opportunities. Supported by the Audit Committee, the Board continues to strive for a better understanding of the risks the Group faces and the actions taken to mitigate them.

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### Compensation Report

At the 2019 EGM, shareholders ratified the 2019 Compensation Report through an advisory vote. Further, in line with Swiss law, shareholders approved the maximum aggregate amount of remuneration of the Board for the period ending at the 2020 AGM and for the Executive Management for the 2021 financial period end.

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### ARYZTA Corporate Governance Report format

The ARYZTA Corporate Governance Report follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance and takes into account the Swiss Code.

The ARYZTA Group consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. The ARYZTA AG company financial statements are prepared in accordance with the requirements of Swiss Law and the Company's Articles of Association. Where necessary, the financial statement disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive on Information relating to Corporate Governance.

In this report, the terms 'ARYZTA' and the 'Company' refer to ARYZTA AG, whereas the 'Group' and the 'ARYZTA Group' refer to ARYZTA AG and its subsidiaries.

To avoid duplication in some sections, cross-references are made to the 2020 Financial Statements (comprising the Group consolidated financial statements and company financial statements of ARYZTA AG), as well as to the Articles of Association of ARYZTA AG (available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance))

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## 1 Group structure and shareholders

### 1.1 Group structure

The ARYZTA General Meeting is the ultimate governing body of the Group and the Board is accountable and reports to the shareholders, by whom it is elected. The Board, while entrusted with the ultimate direction of ARYZTA, as well as the supervision of management, has delegated responsibility for the day-to-day management of the Group, to the extent allowed under Swiss law, through the Group Chief Executive Officer ('CEO'), to Executive Management. The Group's management and organisational structure corresponds to its current segmental reporting lines: ARYZTA Europe, ARYZTA North America and ARYZTA Rest of World. Please refer to the section 'Segmental Reporting' in note 2 to the ARYZTA Group Consolidated financial statements on pages 125 to 128, for further details regarding the Group's reporting segments.

## Corporate Governance Report (continued)

Each segment's management team is responsible for the day-to-day activities of their segment and reports to Executive Management, which in turn reports through the CEO to the Board.

### 1.1.1 Listed companies of the ARYZTA Group ARYZTA AG

Name and domicile:	ARYZTA AG, 8952 Schlieren, Switzerland
Primary listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4 322 836
ISIN:	CH0043228366
Cedel/Euroclear common code:	037252298
Secondary listing:	Irish Stock Exchange Limited, trading as Euronext Dublin, Dublin, Ireland
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN
Irish Stock Exchange symbol:	YZA

Stock market capitalisation as of 1 August 2020

CHF 572,374,008 based on 991,123,823 registered shares outstanding (i.e. disregarding 1,981,904 treasury shares) and closing price of CHF 0.5775 per share.

Stock market capitalisation as of 27 July 2019

CHF 841,008,636 based on 990,587,322 registered shares outstanding (i.e. disregarding 2,518,405 treasury shares) and closing price of CHF 0.8490 per share.

### 1.1.2 Non-listed companies of the ARYZTA Group

Details of the significant subsidiaries and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) as well as the basis for classifying such subsidiaries as significant are set out in note 33 of the 2020 ARYZTA Group consolidated financial statements on page 180.

## Corporate Governance Report (continued)

### 1.2 Significant shareholders

As at period end 2020, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares 2020	Number of shares % 2020
Shareholder Group <sup>1</sup>	198,693,965	20.01%
Black Creek Investment Management Inc.	49,357,355	4.97%
Norges Bank (the Central Bank of Norway)	49,344,613	4.97%
CI Financial Corp. <sup>2</sup>	46,734,200	4.71%
JO Hambro Investment Inc. <sup>3</sup>	39,996,116	4.03%
Deutsche Bank Aktiengesellschaft <sup>4</sup>	30,226,101	3.04%

<sup>1</sup> The Shareholder Group comprises VERAISON SICAV - Engagement Fund; Francisco Garcia Parames and Maria Angeles Leon Lopez, Direct shareholder: Cobas Asset Management, SGIIC, S.A; KFRH Kamps Management GmbH; and Michaela Kamps.

<sup>2</sup> As per an investment advisory agreement between CI and Black Creek, Black Creek is responsible for making discretionary investment decisions on behalf of the Funds and is authorized to exercise the voting rights for the securities held in the Funds at its own discretion.

<sup>3</sup> JO Hambro Capital Management European Select Values Fund holds individually 3% or more voting rights.

<sup>4</sup> DWS Investment GmbH has indirect participation.

Any significant shareholder notifications during the period, and since 1 August 2020, are available from the ARYZTA website at: [www.aryzta.com/investor-centre/shareholder-notifications](http://www.aryzta.com/investor-centre/shareholder-notifications) and also on the SIX Exchange Regulation's website at: [www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

### 1.3 Cross-shareholdings

The ARYZTA Group has no interest in any other company exceeding 5% of voting rights of that other company, where that other company has an interest in the ARYZTA Group exceeding 5% of the voting rights in ARYZTA.

## 2 Capital structure

### 2.1 Capital

The registered share capital of the Company, as at financial period end 2020, amounts to CHF 19,862,115 and is divided into 993,105,727 (inclusive of treasury shares) registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

### 2.2 Authorised and conditional capital

At the 2019 AGM, the shareholders voted in favour of the amendment of the Articles of Association of the Company, to introduce a new Article 4 to create conditional share capital for issuance of shares, options or subscription rights to employees.

The registered share capital may be increased in an amount not to exceed CHF 993,105.72 by issuing up to 49,655,286 fully paid-up registered shares with a par value of CHF 0.02 each (representing 5% of the currently issued share capital) through the direct or indirect issuance of shares, options or related subscription granted to members of the Board of Directors in lieu of cash fees, members of the Executive Management and employees of the Company and its Group companies. For further details, refer to Article

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## Corporate Governance Report (continued)

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4 of the Articles of Association, which is available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

Pursuant to Article 5 of the Articles of Association (governing authorised share capital), the Board is currently authorised to increase the share capital of the Company by an amount not exceeding CHF 1,986,211.44 through the issue of up to 99,310,572 registered shares (representing 10% of the existing issued share capital of the Company) to be paid up in full with a par value of CHF 0.02 per share. Authority for this purpose expires on 14 November 2021.

The Board has the power to determine the issue price, the date of issue, the date of entitlement to dividends, the allocation of non-exercised pre-emptive rights and the type of contribution to be made in respect of the issue of new shares in the Company. The Board may withdraw or limit the pre-emptive rights in the event of the use of those shares: (1) for acquisitions, (2) to broaden the shareholder constituency, or (3) for the purposes of employee participation.

For further details, refer to Article 5 of the Articles of Association, which is available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).



## Corporate Governance Report (continued)

### 2.3 Changes in capital

Changes in share capital, treasury shares and the allocation of treasury shares to awards granted in connection with the ARYZTA Long-Term Incentive Plans (performance share units, restricted stock units, options and option equivalents) over the last three financial periods are as follows:

	Nominal value		Shares		Treasury shares	Performance share unit and restricted stock unit award allocation <sup>1</sup>	Option and option equivalent allocation <sup>1</sup>	Unallocated Treasury shares
	CHF	Shares in issue	Shares outstanding					
<b>FY 2017</b>		<b>91,810,534</b>	<b>88,758,527</b>	<b>3,052,007</b>	<b>177,957</b>	<b>3,660,500</b>	<b>(786,450)</b>	
Scrip dividend issuance	0.02	1,110,253	1,110,253	–	–	–	–	
Exercise of LTIP awards	–	–	64,899	(64,899)	(64,899)	–	–	
Forfeitures of LTIP awards	–	–	–	–	(22,777)	(2,100,000)	2,122,777	
<b>FY 2018</b>	<b>0.02</b>	<b>92,920,787</b>	<b>89,933,679</b>	<b>2,987,108</b>	<b>90,281</b>	<b>1,560,500</b>	<b>1,336,327</b>	
Issuance of shares	0.02	900,184,940	900,184,940	–	–	–	–	
Exercise of LTIP awards	–	–	84,815	(84,815)	(84,815)	–	–	
Release of treasury shares as restricted shares	–	–	383,888	(383,888)	–	–	(383,888)	
Modification of LTIP awards	–	–	–	–	20,241	5,777,930	(5,798,171)	
Granting of LTIP awards	–	–	–	–	13,098,422	19,133,076	(32,231,498)	
Forfeitures of LTIP awards	–	–	–	–	(69,506)	(60,140)	129,646	
<b>FY 2019</b>	<b>0.02</b>	<b>993,105,727</b>	<b>990,587,322</b>	<b>2,518,405</b>	<b>13,054,623</b>	<b>26,411,366</b>	<b>(36,947,584)</b>	
Exercise of LTIP awards	–	–	25,684	(25,684)	(25,684)	–	–	
Release of treasury shares as restricted shares	–	–	510,817	(510,817)	–	–	(510,817)	
Granting of LTIP awards	–	–	–	–	15,299,880	464,067	(15,763,947)	
Forfeitures of LTIP awards	–	–	–	–	(1,640,431)	(4,264,665)	5,905,096	
<b>FY 2020</b>	<b>0.02</b>	<b>993,105,727</b>	<b>991,123,823</b>	<b>1,981,904</b>	<b>26,688,388</b>	<b>22,610,768</b>	<b>(47,317,252)</b>	

<sup>1</sup> The number of awards granted during 2019 were presented as the maximum number of awards that could potentially vest. This has been presented as the target number of awards that could potentially vest in the above table to maintain consistent presentation with the Compensation Report.

Of the 993,105,727 registered shares, 991,123,823 are outstanding and 1,981,904 are classified as treasury shares. For changes in the Company's authorised and conditional share capital, please refer to the ARYZTA Corporate Governance 2019 and 2018, page 32 and page 33, respectively. <https://www.aryzta.com/investor-centre/results-and-reports/>

### 2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 1 August 2020, ARYZTA has 993,105,727 fully paid-up, registered shares (including 1,981,904 treasury shares) with a nominal value of CHF 0.02 each. Each share entered in the share register with voting rights entitles the holder to one vote at the General Meeting and all shares have equal dividend rights. ARYZTA has not issued any participation certificates<sup>2</sup>.

### 2.5 Profit-sharing certificates

ARYZTA has not issued any profit-sharing certificates<sup>2</sup>.

<sup>2</sup> Participation and profit-sharing certificates are instruments which have similar features to shares, but may differ with regard to their entitlement to dividend payments, voting rights, preferential rights to company assets or other similar rights.

## Corporate Governance Report (continued)

### 2.6 Restrictions on transferability and nominee registrations

Article 7 of the Articles of Association deals with the Shareholders' Register and Restrictions on Transferability, and is available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

#### 2.6.1 Limitations on transferability

Pursuant to Article 7 b) of the Articles of Association, persons acquiring registered shares are, on application, entered in the share register without limitation as shareholders with voting power, provided they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act) of 19 June 2015 ('FMIA') and expressly declare that they have acquired the shares in their own name and for their own account. Pursuant to Article 7 f) of the Articles of Association, the Company may in special cases approve exceptions to the regulations described in section 2.6 above. The decision to grant exceptions is at the Board's discretion.

#### 2.6.2 Exceptions granted in the period under review

As part of the establishment of ARYZTA, former holders of IAWS Group plc shares and options received ARYZTA registered shares, delivered initially in the form of Capita Depository Interests and since replaced by CREST<sup>1</sup> Depository Interests ('CDIs')<sup>2</sup>. A CDI represents an entitlement to an ARYZTA registered share. CDI holders are not the legal owners of the shares represented by the CDIs. They are not in a position to directly enforce or exercise rights like a shareholder. However, CDI holders do maintain an interest in the shares represented by the CDIs.

To facilitate voting by CDI holders, the Company has entered into arrangements with Euroclear UK and Ireland to enable, by way of exception, registration of CREST International Nominees Limited ('CREST') in the share register as nominee with voting rights for the number of registered shares corresponding to the number of CDIs on the CDI register. There were no other exceptions to the provisions of section 2.6.1 above granted in the period under review. CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

In November 2018, the Swiss Federal Council passed an ordinance designed to remedy the expiry of the EU Commission's decision recognizing the equivalence of the Swiss legal and supervisory framework applicable to SIX Swiss Exchange. The implication of this Ordinance is that since 1 July 2019, non-Swiss trading venues may no longer trade equity securities of Swiss companies without FINMA recognition. There is an exemption from this requirement for equity securities which were listed or admitted to trading on non-Swiss trading venues with the consent of the issuer prior to 30 November 2018. The listing of ARYZTA shares on Euronext Dublin falls into this category and is "grandfathered" accordingly. ARYZTA will continue to monitor the implications of the Ordinance and any further developments between the Swiss and EU authorities.

<sup>1</sup> The CREST system, operated by Euroclear UK and Ireland, is the system for the holding and settlement of transactions in uncertificated (UK, Irish and Channel Island) securities.

<sup>2</sup> ARYZTA shares are held in trust by Euroclear UK and Ireland for the benefit of CREST members who have been issued with dematerialised interests representing entitlements to ARYZTA registered shares in the form of CDIs.

## Corporate Governance Report (continued)

### 2.6.3 Admissibility of nominee registrations

Pursuant to Article 7 c) of the Articles of Association, nominee shareholders are entered in the share register with voting rights without further inquiry up to a maximum of 1.5% of the outstanding share capital available at the time. Above this 1.5% limit, registered shares held by nominees are 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) discloses the names, addresses and shareholdings of the persons for whose account the nominee holds 0.3% or more of the outstanding share capital available at that time, and provided that the disclosure requirement stipulated by the FMIA is complied with. The Board has the right to conclude agreements with nominees concerning their disclosure requirements.

Pursuant to Article 7 d) of the Articles of Association, the limit of registration in Article 7 c) of the Articles of Association described above also applies to the subscription for, or acquisition of, registered shares by exercising option or convertible rights arising from registered or bearer securities issued by the Company, as well as by means of purchasing pre-emptive rights arising from either registered or bearer shares.

Pursuant to Article 7 e) of the Articles of Association, 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 that act in concert with intent to evade the entry restriction, are considered as one shareholder or nominee.

### 2.6.4 Procedure and conditions for cancelling transferability privileges

After due consultation with the person concerned, the Company is authorised to delete entries in the share register as a shareholder with voting rights, with retroactive effect, if they were effected on the basis of false information, or if the respective person does not provide the information pursuant to Article 7 c) described in section 2.6.3 above.

### 2.7 Convertible bonds, warrants and options

As of 1 August 2020, ARYZTA has not issued any convertible bonds or warrants.

As of 1 August 2020, a total of 10,143,286 Performance Share Unit and Restricted Stock Unit awards and 36,825,740 option and Option Equivalent Plan awards were outstanding, subject to fulfilment of predefined vesting conditions in connection with the ARYZTA Long Term Incentive Plan.

Please refer to the Compensation Report on pages 64 to 82 of this Annual Report for further information pertaining to any Long Term Incentive Plan awards granted as an element of Executive Management compensation.

## Corporate Governance Report (continued)

### 3 Board of Directors

#### 3.1 Members of the Board of Directors

The composition of the Board has changed significantly since the end of the 2019 financial period, with five new non-executive directors being elected to the Board. At the ARYZTA 2019 AGM, and as part of a programme of Board refreshment, Luisa Delgado and Alejandro Legarda Zaragüeta were elected as independent non-executive directors to the Board, and Andrew Morgan retired from the Board as a director without seeking re-election. Full biographical details of Luisa Delgado and Alejandro Legarda Zaragüeta are set out below. Full biographical details of Andrew Morgan are set out in the 2019 ARYZTA annual report available on the ARYZTA website at: <https://www.aryzta.com/investor-centre/results-and-reports/>.

On 16 September 2020, ARYZTA held an Extraordinary General Meeting ('EGM') upon the requisition of the Shareholder Group, where the Shareholder Group and the Board proposed a number of resolutions to the ARYZTA shareholders which resulted in further changes to the composition of the Board. Prior to the EGM, Gary McGann, Dan Flinter, Rolf Watter and Annette Flynn announced their respective resignations as members of the Board with effect from the conclusion of the EGM. At the EGM, Urs Jordi, Armin Bieri and Heiner Kamps were elected as non-executive directors to the Board and Armin Bieri and Heiner Kamps were elected as members of the Remuneration Committee, with Urs Jordi also being elected as Chair of the Board.

In addition, Kevin Toland (Group CEO) was not re-elected as a member of the Board at the EGM and will focus on his role as Group CEO. With effect from the conclusion of the EGM on 16 September 2020, the Board consisted of the Chair and eight non-executive directors. Board policy is that a majority of its membership consists of independent non-executive Directors, as determined in accordance with the Swiss Code. The Board confirms that it is fully compliant with the Swiss Code. All eight non-executive directors and the Chair are considered by the Board to be independent in character and judgement and none of these non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board's opinion, are likely to affect their judgement.

## Corporate Governance Report (continued)

With effect from the conclusion of the EGM, the Board of ARYZTA was comprised as follows:



**Urs Jordi** (1965, Swiss)

**Chair (since the conclusion of the EGM), and non-executive member**

*Business economist, NKS (Aarau, Baden)*

Urs Jordi has more than 25 years of experience in various national and international food companies at management and board level. He held various management positions within the Hiestand and ARYZTA Group, most recently as CEO of the listed Hiestand Holding AG (from 2008 within ARYZTA AG), and from 2010 to 2013 as CEO ARYZTA Food Europe & Asia Pacific. Since 2014, Urs Jordi has been involved in various own investments. For this purpose, he serves on the boards of Schweizer Zucker AG, bb Trading AG and the Belgian Vandemoortele Group (a declaration of resignation in the event of his election to the Board of Directors of the Company is available). Urs Jordi is a trained baker and confectioner. Urs became a member and Chair of the ARYZTA Board in September 2020.



**Mike Andres** (1958, American)

**Non-executive member**

*Bachelor of Science in Business Administration from University of Tennessee, United States*

Mike Andres spent the majority of his career with McDonald's Corporation having most recently served, up to 2017, as President of McDonald's USA, the largest global segment of McDonald's Corporation. He previously served in a range of senior positions at McDonald's, which he joined in 1982, including leading the turnaround and sale of the restaurant chain, Boston Market. Mike brings a deep understanding of consumer markets globally, and in North America in particular, to the Group. Mike became a member of the ARYZTA Board in November 2018.



**Armin Bieri** (1964, Swiss)

**Non-executive member**

*Bachelor of Science in Economics from the University of St. Gallen*

Armin Bieri has more than 30 years of management experience in the food and beverage industry. His functional areas of expertise are marketing, sales, logistics and finance. He has held management positions at Nestlé, Coca-Cola, Müller Milch and ARYZTA/Hiestand. From 2005 to 2012, he was CEO of Hiestand Switzerland and Head of Sales/Marketing of Hiestand Group (from 2008 within ARYZTA AG) and from 2012 to 2015, he was CEO ARYZTA Food Solution Asia Pacific. Since 2016, Armin Bieri is the owner of the consulting company 8P Consulting. His major consulting focus includes growth strategies & commercial efficiency. He has been a board member of ARGUS Data Insights Holding AG since 2003. Armin became a member of the Board with effect from the conclusion of the EGM on 16 September 2020.

## Corporate Governance Report (continued)



**Luisa Deplazes de Andrade Delgado** (1966, Swiss)

**Non-executive member**

*License en droit lic.iur. from University of Geneva; Master of Laws LL.M from Kings College University of London; Postgraduate Diploma European Studies Universiade Lusíada Lisbon*

Luisa Delgado has nearly 30 years of international executive experience across multiple industries including luxury retail, optical, IT and particularly FMCG. Luisa brings significant B2B commercial experience, especially in Europe, having worked in a variety of roles with Procter & Gamble ('P&G') over a 20-year international career. Initially holding HR leadership roles in Portugal, UK and Belgium, most recently as Vice President of Europe through a business transformation (2002 to 2007). From 2007 to 2012 she spent 5 years as General Manager/Vice President for the Nordics region at P&G, also in a turnaround transformation. In 2012, Luisa joined SAPAG as an executive board member and Chief Human Resources Officer (CHRO) and also became a Non-Executive Director at SAFILO Group, the Milan listed global luxury eyewear leader. In 2013 she was appointed CEO of SAFILO Group, and led until 2018 the worldwide Group's transformation of its end-to-end product design and engineering, manufacturing, B2B distribution in optical stores, chains and travel retail, license partnership management and multichannel marketing. Luisa is currently a member of the supervisory board of INGKA HoldingBV (the holding company of IKEA) and Zertus Group. She is a board member of Barclays Bank Suisse SA and AO World plc, where she is also Chair of the Remuneration Committee. Luisa is also an investor and entrepreneur in the luxury and retail sector. Luisa became a member of the Board in November 2019.



**Greg Flack** (1964, American)

**Non-executive member**

*Bachelor of Science in Business Administration from Minnesota State University, Moorhead, United States*

Greg Flack is a partner and executive chair of Green Chile Concepts, LLC, a US frozen food service and consumer foods company, a position he has held since 2014. He spent most of his food industry career at The Schwan Food Company, a multi-national frozen food company. Early in his career, he was instrumental in building an industry-leading food service business and held multiple leadership positions before being appointed CEO and an Executive Board member from 2008 until 2013. His responsibilities included participating as a member of the board of directors, setting the strategic direction for the company, and managing the operations of a shared services group as well as three operating divisions across the retail, foodservice, and direct to home markets. He joined Schwan in 1987 and led the multibillion dollar enterprise with a team of over 15,000 employees. During his tenure as Schwan CEO, he successfully led a turnaround strategy and restructuring of the business. Greg brings significant food industry expertise and a track record of innovation, business growth and transformation to the group. Greg became a member of the Board in November 2018.

## Corporate Governance Report (continued)



**Heiner Kamps** (1955, German)

**Non-executive member**

*Masterbaker and Business Degree*

Heiner Kamps is a successful food entrepreneur with over 40 years of industrial experience. He founded the bakery chain Kamps AG, which he led as CEO until 2002. Since 2003, Heiner Kamps has held shares in various companies. From 2005 to 2018, he and other investors, owned a majority stake in the Nordsee GmbH fast food chain. From 2011 to 2015, he was CEO of the Müller Milch Group and from 2015 to 2018 chairman of its supervisory board. Heiner Kamps founded the charitable foundation Brot gegen Not (Bread against misery), which supports training in the bakery trade in needy regions. He is a trained baker and confectioner. Heiner became a member of the ARYZTA Board in September 2020.



**Jim Leighton** (1956, American)

**Non-executive member**

*Masters Business Administration, Keller Graduate School of Management;*

*Bachelor of Arts, Business Administration & Industrial Relations, University of Iowa*

Jim Leighton is Managing Director and Chief Executive Officer of Inghams Group, the leading poultry company in Australia and New Zealand, listed on the Australian Securities Exchange. He has more than 40 years' experience in fast-moving consumer goods. Jim was most recently the President and Founder of 40 North Foods, a start-up venture backed by global company Pilgrims Pride and JBS. His previous roles include Senior Vice President of Operations of ConAgra Foods, one of the largest publicly traded food companies in the United States; Interim Chief Executive Officer and Chief Operating Officer at Boulder Brands, one of the largest growing Health and Wellness food companies in North America; and President of Perdue Foods; the global multi-billion dollar Group company. Jim became a member of the ARYZTA Board in December 2017.



**Tim Lodge** (1964, English)

**Non-executive member**

*MA from the University of Cambridge and Fellow of the Chartered Institute of Management Accountants*

Tim Lodge is an experienced finance executive, who was CFO of COFCO International from 2016 to 2017, where he helped combine two businesses into a global agribusiness with revenues of \$34 billion. He oversaw improvements in the internal control environment and the raising of both debt and equity capital. He spent most of his previous career at Tate & Lyle PLC, a UK- listed international food ingredients company, where he served as CFO from 2008 until 2014. During his tenure at Tate & Lyle, he oversaw a significant balance sheet reduction and business transformation programme. Tim is a non-executive director of Arco Ltd and chairs its Audit Committee. He was appointed as a non-executive director of SSP Group plc in October 2020. Tim brings significant financial expertise and a proven track record in the food and food ingredients business to the Company. Tim became a member of the Board in November 2018.

## Corporate Governance Report (continued)



**Alejandro Legarda** (1956, Spanish)

**Non-executive member**

*Graduate in Mechanical Engineering, Master in Business Administration from IESE University of Navarra, Spain, PhD in Economics and Innovation Management from Polytechnic University, Madrid*

Alejandro Legarda Zaragüeta is a highly experienced senior executive with significant management and non-executive director experience within various sectors, including transport, gas and food related industries. From 1994 to 2004 he was managing director of Construcciones y Auxiliar de Ferrocarriles S.A. ('CAF'), a listed group which manufactures railway vehicles and signalling equipment and stayed on as a director of the non-executive board until 2019. His responsibilities were the management of the company's global business. From 2006 to 2018, Alejandro was an independent director of Viscofan S.A., a listed group and the world leader in the manufacturing of casings for meat products, with commercial presence in over 100 countries around the world. He was independent director for Pescanova and Nueva Pescanova, a multinational fishing, farming and processing group from 2014 to 2017. Amongst the boards he has served on, Alejandro was executive chairman of the board of Nortegas Energia y Distribución S.A. from 2017 to 2019 and an independent director of Duro Felguera S.A. from 2018 to 2019. Alejandro became a member of the Board in November 2019.

**As at 1 August 2020, the Board of ARYZTA was comprised as follows:**



**Gary McGann** (1950, Irish)

**Chair (since December 2016), and non-executive member**

*BA from University College Dublin; MScMgmt from IMI/Trinity College Dublin and a Fellow of the Association of Chartered Certified Accountants*

Gary McGann is the Chair of Flutter Entertainment plc. He is the former Group Chief Executive Officer of the Smurfit Kappa Group plc, one of the leading providers of paper-based packaging solutions in the world. He is also former CEO of Aer Lingus Group, Gilbeys of Ireland and Grand Met Finance Ireland Ltd. Gary is also Chair of Sicon Ltd (Sisk Group) and Aon Ireland, and a former President of IBEC (Irish Business and Employers' Confederation) and CEPI (Confederation of European Paper Industries). In the 'not for profit sector', he is a director of Barnardos and The Ireland Funds. Gary became Chair and a member of the ARYZTA Board in December 2016.



## Corporate Governance Report (continued)



**Mike Andres** (1958, American)

**Non-executive member**

*Bachelor of Science in Business Administration from University of Tennessee, United States*

Mike Andres spent the majority of his career with McDonald's Corporation having most recently served, up to 2017, as President of McDonald's USA, the largest global segment of McDonald's Corporation. He previously served in a range of senior positions at McDonald's, which he joined in 1982, including leading the turnaround and sale of the restaurant chain, Boston Market. Mike brings a deep understanding of consumer markets globally, and in North America in particular, to the Group. Mike became a member of the ARYZTA Board in November 2018.



**Luisa Deplazes de Andrade Delgado** (1966, Swiss)

**Non-executive member**

*License en droit lic.iur. from University of Geneva; Master of Laws LL.M from Kings College University of London; Postgraduate Diploma European Studies Universiade Lusíada Lisbon*

Luisa Delgado has nearly 30 years of international executive experience across multiple industries including luxury retail, optical, IT and particularly FMCG. Luisa brings significant B2B commercial experience, especially in Europe, having worked in a variety of roles with Procter & Gamble ('P&G') over a 20-year international career. Initially holding HR leadership roles in Portugal, UK and Belgium, most recently as Vice President of Europe through a business transformation (2002 to 2007). From 2007 to 2012 she spent 5 years as General Manager/Vice President for the Nordics region at P&G, also in a turnaround transformation. In 2012, Luisa joined SAPAG as an executive board member and Chief Human Resources Officer (CHRO) and also became a Non-Executive Director at SAFILO Group, the Milan listed global luxury eyewear leader. In 2013 she was appointed CEO of SAFILO Group, and led until 2018 the worldwide Group's transformation of its end-to-end product design and engineering, manufacturing, B2B distribution in optical stores, chains and travel retail, license partnership management and multichannel marketing. Luisa is currently a member of the supervisory board of INGKA HoldingBV (the holding company of IKEA) and Zertus Group. She is a board member of Barclays Bank Suisse SA and AO World plc, where she is also Chair of the Remuneration Committee. Luisa is also an investor and entrepreneur in the luxury and retail sector. Luisa became a member of the Board in November 2019.

## Corporate Governance Report (continued)



**Greg Flack** (1964, American)

**Non-executive member**

*Bachelor of Science in Business Administration from Minnesota State University, Moorhead, United States*

Greg Flack is a partner and executive chair of Green Chile Concepts, LLC, a US frozen food service and consumer foods company, a position he has held since 2014. He spent most of his food industry career at The Schwan Food Company, a multi-national frozen food company. Early in his career, he was instrumental in building an industry-leading food service business and held multiple leadership positions before being appointed CEO and an Executive Board member from 2008 until 2013. His responsibilities included participating as a member of the board of directors, setting the strategic direction for the company, and managing the operations of a shared services group as well as three operating divisions across the retail, foodservice, and direct to home markets. He joined Schwan in 1987 and led the multibillion dollar enterprise with a team of over 15,000 employees. During his tenure as Schwan CEO, he successfully led a turnaround strategy and restructuring of the business. Greg brings significant food industry expertise and a track record of innovation, business growth and transformation to the group. Greg became a member of the Board in November 2018.



**Dan Flinter** (1950, Irish)

**Non-executive member**

*MA in Economics from University College Dublin, Ireland*

Dan Flinter is a former CEO of Enterprise Ireland and a former Executive Director of IDA Ireland. He is Chair of the Boards of PM Group Holdings Ltd and The Irish Times Ltd. He is a board member of Dairygold Co-Operative and Chair of its Remuneration Committee. He is a member of the Board of the Institute of Directors, Ireland and joined the Board of the IEDR (Irish Exchange Domain Registry) in July 2017 and a Director of the National Gallery of Ireland joining in November 2019. He is Chair of the Board of VCIM. He became a member of the Board in December 2015. Dan became a member of the ARYZTA Board in December 2015.

## Corporate Governance Report (continued)



**Annette Flynn** (1966, Irish)

**Non-executive member**

*Bachelor of Commerce from University College Cork, Ireland; Fellow of the Association of Chartered Certified Accountants; and Chartered Director*

Annette Flynn is a non-executive director of Dairygold Co- Operative Society Ltd where she chairs the Audit Committee. Up to September 2019, Annette was a non-executive director of Canada Life International Assurance Ireland DAC, where she chaired the Risk Committee and was also a member of the Audit Committee. She was formerly an executive and subsequently a non-executive Director of UDG Healthcare plc and a non-executive director of Grafton Group plc. Annette's executive career includes various senior roles in UDG Healthcare plc, including Managing Director of the Packaging & Specialty division and Head of Group Strategy. Prior to joining UDG Healthcare, Annette also held senior positions with Kerry Group plc working in their Irish, UK and US operations. Annette became a member of the ARYZTA Board in December 2014.



**Jim Leighton** (1956, American)

**Non-executive member**

*Masters Business Administration, Keller Graduate School of Management;*

*Bachelor of Arts, Business Administration & Industrial Relations, University of Iowa*

Jim Leighton is Managing Director and Chief Executive Officer of Inghams Group, the leading poultry company in Australia and New Zealand, listed on the Australian Securities Exchange. He has more than 40 years' experience in fast-moving consumer goods. Jim was most recently the President and Founder of 40 North Foods, a start-up venture backed by global company Pilgrims Pride and JBS. His previous roles include Senior Vice President of Operations of ConAgra Foods, one of the largest publicly traded food companies in the United States; Interim Chief Executive Officer and Chief Operating Officer at Boulder Brands, one of the largest growing Health and Wellness food companies in North America; and President of Perdue Foods; the global multi-billion dollar Group company. Jim became a member of the ARYZTA Board in December 2017.



**Tim Lodge** (1964, English)

**Non-executive member**

*MA from the University of Cambridge and Fellow of the Chartered Institute of Management Accountants*

Tim Lodge is an experienced finance executive, who was CFO of COFCO International from 2016 to 2017, where he helped combine two businesses into a global agribusiness with revenues of \$34 billion. He oversaw improvements in the internal control environment and the raising of both debt and equity capital. He spent most of his previous career at Tate & Lyle PLC, a UK- listed international food ingredients company, where he served as CFO from 2008 until 2014. During his tenure at Tate & Lyle, he oversaw a significant balance sheet reduction and business transformation programme. Tim is a non-executive director of Arco Ltd and chairs its Audit Committee. He was appointed as a non-executive director of SSP Group plc in October 2020. Tim brings significant financial expertise and a proven track record in the food and food ingredients business to the Company. Tim became a member of the ARYZTA Board in November 2018.

## Corporate Governance Report (continued)



**Kevin Toland** (1965, Irish)

**Executive member**

*Fellow of the Chartered Institute of Management Accountants; Diploma in Applied Finance from the Irish Management Institute*

Kevin Toland is the Chief Executive Officer ('Group CEO') of ARYZTA. From 2013 to 2017 he was CEO of daa plc, which operates Dublin and Cork airports, ARI (a global retailer in travel retail) and daa International. He previously held the position of Chief Executive and President of Glanbia USA & Global Nutritionals, a division of Glanbia plc, based in Chicago, Illinois. He was a member of the Glanbia plc board of directors from 2003 to 2013; and, was based in the US from 2004 to 2012. Kevin is a director of Total Produce plc and IBEC (the Irish Business and Employers Confederation). Kevin became a member of the ARYZTA Board in December 2017.

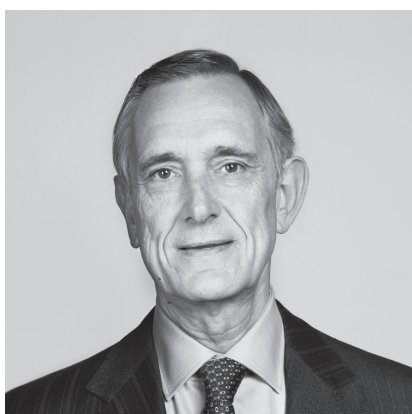


**Rolf Watter** (1958, Swiss)

**Non-executive member**

*Doctorate in Law from the University of Zurich, Master of Law degree from Georgetown University, Washington D.C., USA*

Rolf Watter has been a partner at the Zurich law firm Bär & Karrer since 1994. He specialises in M&A and is an expert in corporate governance. He is currently Chair of PostFinance AG and vice-Chair of Ceva Logistics AG and serves as a director of A.W. Faber Castell (Holding) AG and AP Alternative Portfolio AG. He is also a board member in two charitable foundations, a member of the Regulatory Board of the SIX Swiss Exchange and a professor of law at the University of Zurich. He is a former Chair of Nobel Biocare Holding AG and Cablecom Holdings. In addition, he was a Board member of Zurich Insurance Group AG, Syngenta AG, Forbo Holding AG, and Centerpulse AG. He became a member of the ARYZTA Board in December 2016.



**Alejandro Legarda** (1956, Spanish)

**Non-executive member**

*Graduate in Mechanical Engineering, Master in Business Administration from IESE University of Navarra, Spain, PhD in Economics and Innovation Management from Polytechnic University, Madrid*

Alejandro Legarda Zaragüeta is a highly experienced senior executive with significant management and non-executive director experience within various sectors, including transport, gas and food related industries. He was managing director of Construcciones y Auxiliar de Ferrocarriles S.A. ('CAF'), a listed group which manufactures railway vehicles and signalling equipment, from 1994 to 2004 and stayed on as a director of the non-executive board until 2019. His responsibilities were the management of the company's global business. From 2006 to 2018, Alejandro was an independent director of Viscofan S.A., a listed group and the world leader in the manufacturing of casings for meat products, with commercial presence in over 100 countries around the world. He was independent director for Pescanova and Nueva Pescanova, a multinational fishing, farming and processing group from 2014 to 2017. Amongst the boards he has served on, Alejandro was executive chairman of the board of Nortegas Energia y Distribución S.A. from 2017 to 2019 and an independent director of Duro Felguera S.A. from 2018 to 2019. Alejandro became a member of the Board in November 2019.

## Corporate Governance Report (continued)

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### Retired Board Members (2015-2019)

Andrew Morgan retired from the Board without seeking re-election at the 2019 AGM. His biographical details are available in the 2019 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2019/10/Corporate-Governance-Report.pdf>

Chuck Adair retired from the Board without seeking re-election at the 2018 AGM. His biographical details are available in the 2018 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2018/10/Corporate-Governance-Report.pdf>

Wolfgang Werlé retired from the Board without seeking re-election at the 2017 AGM. His biographical details are available in the 2017 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2017/10/Corporate-Governance-1.pdf>

Owen Killian retired from the Board in March 2017. His biographical details are available in the 2017 Corporate Governance Report: [Report: https://www.aryzta.com/wp-content/uploads/2016/10/Corporate-Governance-Report.pdf](https://www.aryzta.com/wp-content/uploads/2016/10/Corporate-Governance-Report.pdf)

Denis Lucey and Shaun B. Higgins retired from the Board without seeking re-election at the 2016 AGM. Their biographical details are available in the 2016 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2016/10/Corporate-Governance-Report.pdf>

J Brian Davy, Patrick McEniff and John Yamin retired from the Board without seeking re-election at the 2015 AGM. Their biographical details are available in the 2015 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2016/04/corporate-governance-report-v2.pdf>

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### 3.2 Other activities and functions

None of the non-executive members of the Board has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period. Related-party transactions with any members of the Board or Executive Management did not exceed €100,000 in aggregate during the years ended 1 August 2020 and 27 July 2019.

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### 3.3 Number of activities permitted outside the Group

Pursuant to Article 25 of the Articles of Association, the members of the Board currently may hold no more than the following number of additional mandates in the supreme executive bodies of companies and organisations outside of the Company:

- up to four mandates in listed companies;
- up to five mandates in non-listed companies;
- up to four mandates in (i) charitable organisations, (ii) associations or foundations and (iii) other non-profit institutions.

For further details, refer to Article 25 of the Articles of Association, which is available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

## Corporate Governance Report (continued)

### 3.4 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. All directors are subject to individual annual election by the General Meeting.

### 3.5 Internal organizational structure

#### 3.5.1 Allocation of tasks within the Board of Directors

The Board has adopted Organizational Regulations that define the essential roles and responsibilities of the Board, the Chair, the Committees of the Board and the Executive Management. By virtue of Swiss law, the office of Chair and the members of the Remuneration Committee are subject to annual election by the General Meeting. The Chair of the Remuneration Committee and membership of the Audit Committee, the Governance and Nomination Committee and the respective Chairs thereof, are determined annually by the Board, following the Annual General Meeting, in accordance with the Organizational Regulations, which are available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

#### 3.5.2 Tasks and areas of responsibility for each Committee of the Board of Directors

ARYZTA has an Audit Committee, a Governance and Nomination Committee, a Remuneration Committee and a newly formed Strategy Committee. The powers and responsibilities of each Committee are set out in their respective Terms of Reference, as approved by the Board and which are available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

As of 1 August 2020, these Committees were comprised as follows:

	Governance and Nomination Committee	Audit Committee	Remuneration Committee
Gary McGann (Chair)	X		X
Mike Andres			X
Luisa Delgado		X	
Greg Flack		X	
Dan Flinter	X <sup>1</sup>		X
Annette Flynn		X <sup>1</sup>	
Andrew Morgan		X	
Tim Lodge		X	
Rolf Watter	X		X <sup>1</sup>
Jim Leighton	X		
Alejandro Legarda Zaragüeta	X		

## Corporate Governance Report (continued)

As of 6 October 2020, the Board Committees were comprised as follows:

	Governance and Nomination Committee	Audit Committee	Remuneration Committee	Strategy Committee
Urs Jordi (Chair)	X			X
Mike Andres			X	
Armin Bieri			X	X <sup>1</sup>
Luisa Delgado		X		X
Greg Flack		X		
Heiner Kamps			X <sup>1</sup>	X
Tim Lodge		X <sup>1</sup>		
Jim Leighton	X			
Alejandro Legarda Zaragüeta	X <sup>1</sup>			X

X denotes that the Board Member is on the applicable Committee.

1 denotes the Board Member who chairs the applicable Committee.

### Audit Committee

From 28 July 2019 until the Annual General Meeting on 14 November 2019, the Audit Committee was comprised of four non-executive directors, namely Annette Flynn (Chair), Greg Flack, Tim Lodge and Andrew Morgan. At the 2019 AGM, Andrew Morgan retired from the Board and ceased to be a member of the Audit Committee. In addition, Luisa Delgado was elected as an independent non-executive director of the Board and became a member of the Audit Committee. From 14 November 2019 to the EGM on 16 September 2020, the Audit Committee was comprised of four non-executive Directors, namely Annette Flynn (Chair), Luisa Delgado (from the date of her election), Greg Flack and Tim Lodge. Following the resignation of Annette Flynn from the Board with effect from 16 September 2020, the Audit Committee was comprised of three non-executive Directors, namely Tim Lodge (Chair), Luisa Delgado and Greg Flack. Each of these directors is considered by the Board to be independent in judgment and character. In the financial year ending on 1 August 2020, the Audit Committee met eight times and the average duration of the meetings was approximately three hours.

The Audit Committee's role includes reviewing the Group consolidated financial statements and Company financial statements, the interim and full-year results and the significant financial reporting judgements contained therein. The Audit Committee reports its recommendations to the Board and any decision is made by the entire Board. The Audit Committee also reviews the Group's internal controls, and the scope and effectiveness of the Group's Internal Audit function. The Head of Internal Audit has access to the Audit Committee at all times and he, as well as the Group CFO, attend meetings of the Audit Committee by invitation. The Head of Internal Audit meets regularly with the Chair of the Audit Committee for interim updates and he participated in all Audit Committee meetings during the 2020 financial period and has regular meetings with the Group.

In the financial period 2020 the Audit Committee, operating under its Terms of Reference, discharged its responsibilities by reviewing:

- the draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's reports thereon;
- the appropriateness of the Group's accounting policies;
- the audit and non-audit fees payable to the external auditor;

## Corporate Governance Report (continued)

- the external auditor's plan for the audit of the Group's accounts, which included key areas of extended scope work, key risks to the accounts, confirmations of the external auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- the tender process and appointment of the external auditor;
- the Group's financial controls and risk systems;
- the Internal Audit function's terms of reference, resources and work programme and reports on its work during the year;
- the arrangements by which, and the effectiveness of how, members of staff may, in confidence, raise matters of concern, including potential fraud; and
- the quality of underlying earnings reported by ARYZTA.

### Remuneration Committee

From 28 July 2019 to the EGM, the Remuneration Committee was comprised of four non-executive Directors, namely Rolf Watter (Chair), Mike Andres, Dan Flinter and Gary McGann. Following the resignations of Rolf Watter, Dan Flinter and Gary McGann from the Board with effect from the conclusion of the EGM, the Remuneration Committee was comprised of three non-executive Directors, namely Heiner Kamps (Chair), Mike Andres, and Armin Bieri.

Each of these directors is considered by the Board to be independent in judgement and character. In the 2020 financial period, the Remuneration Committee met six times and the average duration of the meetings was approximately two hours.

The Remuneration Committee is responsible for determining all elements of the remuneration of the members of the Board and the Group CEO, and for approving the remuneration of other members of the Executive Management, upon the recommendation of the Group CEO. The Remuneration Committee also reviews and makes recommendations to the Board on an annual basis regarding the proposed total remuneration of the Board and the Executive Management for future financial periods for approval at the Annual General Meeting of shareholders. The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in the Compensation Report on pages 64 to 82 of this Annual Report, in accordance with the Swiss Code of Obligations ('CO') and the SIX Directive on Information relating to Corporate Governance.

### Governance and Nomination Committee

From 28 July 2019 to the EGM, the Governance and Nomination Committee was comprised of four non-executive directors, namely Dan Flinter (Chair), Jim Leighton, Gary McGann and Rolf Watter. Following the resignations of Dan Flinter, Gary McGann and Rolf Watter from the Board with effect from the conclusion of the EGM, the Governance and Nomination Committee was comprised of three non-executive directors, namely Alejandro Legarda Zaragüeta (Chair), Jim Leighton and Urs Jordi. Each of these directors is considered by the Board to be independent in judgement and character. In the 2020 financial period, the Governance and Nomination Committee met five times and the average duration of the meetings was approximately two hours. The Board as a whole also discussed matters relating to the Governance and Nomination Committee on a number of occasions in the 2020 financial period in relation to the election of new directors to the Board.

The Governance and Nomination Committee is responsible for identifying and nominating, for approval by the Board and ultimately the shareholders, candidates to fill Board vacancies and for the continuous review of senior management succession plans.



## Corporate Governance Report (continued)

In addition, the Governance and Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making appropriate recommendations to the Board in order to ensure an adequate size and a well-balanced composition of the Board. The Governance and Nomination Committee is also responsible for making determinations regarding the independence of members of the Board. The Governance and Nomination Committee (together with other directors) engaged in a number of interviews over the course of financial period 2020 to identify and recommend for approval to the full Board, Alejandro Legarda Zaragüeta for election by shareholders at the 2019 AGM as part of the Board renewal programme.

The Governance and Nomination Committee is charged with monitoring the Company's compliance with corporate governance best practices and with applicable legal, regulatory and listing requirements and recommending to the Board such changes or actions as it deems necessary. The Chair of the Governance and Nomination Committee is responsible for reviewing the performance and effectiveness of the Chair in consultation with each member of the Board, and of the full Board. In the financial period 2020, the Governance and Nomination Committee worked collaboratively with the Remuneration Committee on matters which were of common interest and relevance.

### Strategy Committee

Post the EGM, the Board formed a new Committee, which will focus on the plan to change ARYZTA. We will have more details on the work of the Committee and Board's strategic plans in due course. The Strategy Committee comprises Armin Bieri (Chair), Luisa Delgado, Urs Jordi, Heiner Kamps, and Alejandro Legarda Zaragüeta.

### Ad hoc Committee

In addition, in the financial period 2020 the Board from time to time delegated authority to an ad hoc committee comprising the Chair, the Chair of the Audit Committee and the CEO to prepare announcements to be made on behalf of the Company to comply with the Company's disclosure and other obligations under the EU Market Abuse Regime and certain Swiss securities laws, including the Swiss Financial Market Infrastructure Act and the Listing Rules of the SIX Stock Exchange.

### 3.5.3 Work methods of the Board and its Committees

A total of 22 Board meetings and update calls were held during the 2020 financial period. These included meetings held in person and, as a result of travel and social distancing restrictions imposed by COVID-19 related regulations, by conference and video call.

The increased volume of Board meetings and update calls held during the 2020 financial period was directly related to (i) the significant impact of COVID-19 on the business, and (ii) the strategic review initiated by the Board in April 2020 to be undertaken by Rothschild & Co. The Board met regularly to discuss and assess the impact of COVID-19 on the performance and operations of the business and to consider and discuss matters relating to the strategic review. The average duration of the Board meetings (i) held in person was approximately six hours, and (ii) held by conference or video call was approximately three hours. At the Board meetings, the Chairs of the Committees reported to the Board on their activities and recommendations to the Board. Details of the remit of the Committees are set out in section 3.5.2.

The attendance rates for the Board and Committee meetings held during the 2020 financial period are set out on page 50:

## Corporate Governance Report (continued)

### Board of Directors<sup>1</sup>

	Eligible to attend	Attended
Gary McGann (Chair)	22	22
Mike Andres	22	22
Luisa Delgado	21	20
Greg Flack	22	22
Dan Flinter	22	22
Annette Flynn	22	22
Jim Leighton	22	22
Tim Lodge	22	22
Andrew Morgan	1	1
Kevin Toland	22	22
Rolf Watter	22	20
Alejandro Legarda Zaragüeta	21	21

1 There were 22 Board meetings up to 1 August, 2020, 7 of which were scheduled and 15 unscheduled.

### Audit Committee<sup>2</sup>

	Eligible to attend	Attended
Annette Flynn (Chair)	8	8
Greg Flack	8	8
Luisa Delgado	7	5
Tim Lodge	8	8
Andrew Morgan	1	1

2. There were 8 Audit Committee meetings 6 of which were scheduled and 2 unscheduled

### Governance and Nomination Committee

	Eligible to attend	Attended
Dan Flinter (Chair)	5	4
Gary McGann	5	5
Jim Leighton	5	5
Rolf Watter	5	5
Alejandro Legarda Zaragüeta	4	4

### Remuneration Committee

	Eligible to attend	Attended
Rolf Watter (Chair)	6	6
Mike Andres	6	6
Dan Flinter	6	5
Gary McGann	6	6

### 3.6 Definition of areas of responsibility

The Board is the ultimate governing body of ARYZTA AG. It has the power and competencies afforded by Swiss law (art. 716a of the CO) including in particular:

- 1) to approve the strategic objectives, annual budget and capital allocations;
- 2) to appoint and remove executive management; and
- 3) to act as the ultimate supervisory authority.

## Corporate Governance Report (continued)

The following matters fall within the exclusive competency of the Board of Directors:

- To ultimately direct the Company and issue necessary directives;
- To determine the organisation of the Company;
- To organise the accounting, the internal control system, the financial control and the financial planning system, as well as perform a risk assessment;
- To appoint and remove the persons entrusted with the management and the representation of the Company and to grant signatory power;
- To ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law and with the Articles of Association, regulations and directives;
- To prepare the business report, as well as to convene the General Meeting and to implement its resolutions;
- To inform the judge in the event of over-indebtedness;
- To pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-up shares;
- To pass resolutions confirming increases in share capital and the amendments to the Articles of Association entailed thereby;
- To examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the external auditors; and
- To execute the agreements pursuant to art. 12, 36 and 70 of Swiss merger law.

The Board has delegated responsibility for the day-to-day management of the Group, through the Group CEO, to Executive Management, to the extent allowed by Swiss law.

### 3.7 Information and control instruments pertaining to Group Executive Management

The Executive Management reports in a structured manner to the Board through the Group CEO and Group CFO. In particular, at each Board meeting, the Group CEO informs the Board of the status of current business operations, significant developments and major business transactions and the Group CFO reports on financial performance across the Group and on key financial figures and parameters. In addition, other executives within the Group deliver presentations directly to the Board as and when appropriate.

As detailed in the Group Risk Statement, on pages 85 to 87, the Group has formal risk assessment processes in place through which risks are identified that could prevent the Group from achieving its strategic objectives and associated mitigating controls are evaluated. The Board of Directors is ultimately responsible for risk management with the Audit Committee taking ownership for monitoring the risk assessment process. Group Risk work with business unit, regional and Executive Management to identify and assess the risks faced by the Group and determine appropriate risk mitigation strategies and controls for each. The Group Risk Statement details the principal risks and uncertainties faced by the Group.

The Board approves the formal Risk Assessment, as well as the design, implementation and maintenance of the Internal Control System on an annual basis. The Internal Control System risk control matrices details the required controls across a range of defined financial, operational and IT processes to minimize and/or mitigate risk in each of these areas. The risk control matrices are updated annually or as material business/process changes necessitate. All business units and Group functions are required to maintain completed risk control matrices and associated documentation to evidence controls operating effectively. Internal

## Corporate Governance Report (continued)

Control System and associated documentation are subject to review by both Internal and External Audit with results presented to the Audit Committee.

The ARYZTA Internal Audit function reports directly to the Audit Committee and to the Group CFO. Internal Audit may audit all Group activities and meets with the Group CEO and also with the other members of the Executive Management team at least twice annually. Internal Audit discusses audit plans with the Audit Committee on at least an annual basis, but may discuss them more frequently should circumstances require. The external auditors Ernst & Young AG, Zurich (the external auditors of the ARYZTA Group consolidated financial statements and the company financial statements of ARYZTA AG), conduct their audits in compliance with the auditing standards referenced in their respective opinions. Ernst & Young AG were appointed as external auditors by the shareholders of the Company at the 2019 AGM.

### 4.1 Group Executive Management

As of August 1, 2019, Executive Management comprised as follows: Kevin Toland (Group CEO); Frederic Pflanz (Group CFO); Gregory Sklikas (CEO Europe); Tyson Yu (CEO North America); Claudio Gekker (COO Latin America); Chris Plüss (COO APMEA); John Heffernan (President and Chief Commercial Officer North America); Tony Murphy (Chief People Officer); and Rhona Shakespeare (nee O'Brien) (General Counsel and Company Secretary).

On 14 January 2020, ARYZTA announced, as part of a planned organisational evolution, that Tyson Yu had been appointed as CEO of North America and a member of Executive Management, effective 1 February 2020, and that John Heffernan had been appointed as President and Chief Commercial Officer North America. John Heffernan was previously Group Strategy Officer at ARYZTA. The Company also announced that Dave Johnson assumed the role of Non-Executive Chairman of ARYZTA North America with effect from effective 1 February 2020. Full biographical details of Dave Johnson are set out in the 2019 ARYZTA annual report available on the ARYZTA website at: <https://www.aryzta.com/investor-centre/results-and-reports/>.

On 2 March 2020, the Company announced the appointment of Chris Plüss as COO APMEA, commencing early June 2020, and that Rob O'Boyle would be stepping down from his role as COO APMEA and leaving ARYZTA at the end of May 2020. On 13 May, the Company announced that, due to the ongoing COVID-19 pandemic, Rob O'Boyle had agreed to remain with ARYZTA until 31 July 2020 in order to allow for a seamless transition to Chris Plüss, who took up the role of COO APMEA and member of Executive Management on 1 July 2020. Full biographical details of Rob O'Boyle are set out in the 2019 ARYZTA annual report available on the ARYZTA website at: <https://www.aryzta.com/investor-centre/results-and-reports/>.

On 5 August 2020, the Company announced that Frederic Pflanz had notified the Board that he would step down as Group CFO in early December 2020. A search process for a successor has been initiated by the Group. The notice period provides for continuity and orderly succession arrangements.

## Corporate Governance Report (continued)



**Kevin Toland** (1965, Irish)

**Chief Executive Officer ('Group CEO')**

*Fellow of the Chartered Institute of Management Accountants; Diploma in Applied Finance from the Irish Management Institute*

Kevin Toland is the Chief Executive Officer of ARYZTA. From 2013 to 2017 he was CEO of daa plc, which operates Dublin and Cork airports, ARI (a global retailer in travel retail) and daa International. He previously held the position of Chief Executive and President of Glanbia USA & Global Nutritionals, a division of Glanbia plc, based in Chicago, Illinois. He was a member of the Glanbia plc board of directors from 2003 to 2013; and, was based in the US from 2004 to 2012. Kevin is a director of Total Produce plc and IBEC (the Irish Business and Employers Confederation). He became a member of the ARYZTA Board in December 2017.



**Claudio Gekker** (1965, Brazilian)

**COO Latin America**

*Industrial engineering, Federal University of Rio de Janeiro, Brazil; MBA from the COPPEAD Graduate School of Business with an extension in the ESSEC International Business School in France*

Claudio joined ARYZTA in May 2014 as head of the Group's Latin America operations. His responsibilities included defining the Group's strategy in Latin America, management of the operation throughout its value chain, P&L and approval of the regional annual budget and capex. Before joining ARYZTA, Claudio worked for several leading companies in Latin America. His previous roles included Nabisco, in the roles of Trainee to Sales and Marketing Manager from January 1991 to November 1995; Coca-Cola Company, as Operations Manager from November 1995 to March 1997 and Coca Cola Group Brand Manager from March 1997 to February 2000; McCann Erickson as Strategic Planning Director in March 2000 and Business Unit Vice President in June 2006. From 2007 to 2010, was Business Unit Director for Nestlé's baked goods division. From May 2010 to October 2012, he was with Bimbo Group in the role of Sales and Marketing Director. In January 2018 he became Vice President and member of the Board of the Brazilian Food Service Institute renewing his mandate in the beginning of 2020 for two more years.



**John Heffernan** (1970, Irish)

**President and Chief Commercial Officer, ARYZTA North America**

*Master of Business Administration, INSEAD; MSc, International Accounting and Finance, London School of Economics and Political Science; Bachelor of Commerce (B. Comm.), Banking and Finance, University College Dublin, Ireland*

John joined ARYZTA as Chief Strategy Officer in February 2018, having previously held roles in daa plc and ARI and daal from 2014 to 2018. His responsibilities included Corporate Strategy, Construction and Property Development including Dublin Airport Central, construction of the New Runway and development of the Capital Investment Programme. John served the board of ARI (Aer Rianta International) between 2014 and 2018. John served as Chief Development Officer of daa plc from 2014 to 2018. From 2006 to 2014, John was the founder and CEO of a number of businesses in clean energy including Clearpower and Aer Ltd. From 2003 to 2006, he was Acquisitions and Development Director with Boundary Capital, a boutique Irish-based private equity investor and corporate finance advisory firm. Prior to this, he worked with McKinsey and Company from 1993 to 2003. This included a period working for Ranks Hovis McDougall in Trade Marketing and Category Management.

## Corporate Governance Report (continued)



**Tony Murphy** (1963, English)

**Chief People Officer**

*B.A., Industrial Economics, University of Nottingham*

Tony joined ARYZTA as Chief People Officer in December 2017. Tony previously held a number of senior HR roles, including with Mondelez as Vice President of Human Resources for the North America Region from 2012 to 2017, with Kraft Foods as Vice President of Human Resources for the Snacks & Confectionary Business in the United States from 2010 to 2012 and with Cadbury as Executive VP for Human Resources in North America from 2008 to 2010. He was also Vice President for Human Resources for the United States and Canada from 2005 to 2008 and People Capability Director in the UK from 2004 to 2005. Tony also served in a number of senior HR roles with Diageo plc in the UK and North America from 1993 to 2004.



**Frederic Pflanz** (1968, French/German)

**Chief Financial Officer ('Group CFO')**

*Diploma in European Business Administration, ESB Business School; Bachelor of Business Administration (BBA), International Finance & European Studies, NEOMA Business School*

Frederic Pflanz joined ARYZTA in January 2018, having previously served as a member of the Executive Board of Maxingvest AG from 2015 to 2017 and as a member of the Supervisory Board of Beiersdorf AG from 2015 to 2018. In April, 2019 Frederic was re-elected to the Supervisory Board of Beiersdorf AG. Prior to this, Frederic held a number of roles in Remy-Cointreau Group from 2010 to 2014, including Group CFO and COO, heading the Group's Global Operations and Director of External Development. Between 1992 and 2010, Frederic held a number of senior positions at L'Oreal Group, the world's largest cosmetics company, where he worked extensively across Continental Europe and Asia. Most recently he served as Chief Financial Officer of the Global Consumer Products Division, the largest division in the L'Oreal Group. Frederic is a member of the Board of Directors (Verwaltungsrat) of Cambiata Schweiz AG, Switzerland since 2019 and a member of the Board of Directors of Cambiata Ltd., British Virgin Islands since 2020. Frederic has been a member of the Advisory Board (Beirat) of Stiftung Meridian in Germany since 2017. Frederic will step down from his role as Group CFO in early December 2020.

## Corporate Governance Report (continued)



**Chris Plüss** (1968, Swiss)

**COO APMEA**

*MBA from the University of Berne, Switzerland*

Chris was appointed as COO APMEA upon the resignation of Rob O'Boyle in March 2020. Chris was previously ARYZTA's Regional Managing Director for Southern Europe (Switzerland, France and Hungary) . He joined ARYZTA in 2014 as MD of Switzerland and was promoted to MD for Southern Europe (Switzerland, France, Hungary) in March 2018. In addition to his significant commercial experience in bakery, Chris has deep food industry experience having worked in Unilever, Haco Group and Fressnapf/Maxizoo prior to joining ARYZTA.



**Rhona Shakespeare (nee O'Brien)** (1974, Irish)

**General Counsel and Company Secretary**

*Solicitor, Law Society of Ireland; Law (LLB Hons), Trinity College Dublin;*

*Masters (LLM Hons) in Commercial Law from University College Dublin; Diploma in Notarial Law & Practice (Dip. Not.) (F.N.P.I.), Faculty of Notaries Public in Ireland*

Rhona has served as a senior legal and regulatory advisor with over 20 years of legal and governance experience. Rhona joined ARYZTA on 11 September 2018 from DCC Vital Ltd (part of the DCC plc business) where she held the role of Senior Counsel, Legal & Compliance. Prior to joining DCC Vital, Rhona was Senior Director of Legal and Risk Management at Parexel International (IRL) Limited. Rhona was General Counsel and a member of the Executive Senior Management Team from 2013 to 2016 and Director of Regulation, Public Policy, Compliance and Equivalence from 2014 to 2016 at eir (formerly eircom). Rhona trained with Arthur Cox and is a qualified solicitor admitted in Ireland by the Law Society of Ireland and in England and Wales by the Law Society of England and Wales. Rhona is also a voluntary unpaid non-Executive Director on Dublin City Council Culture Connects Company Ltd.

## Corporate Governance Report (continued)



**Gregory Sklikas** (1964, Greek)

**CEO Europe**

*MSc, Computing Science, Cardiff University; Bachelor Business Administration, Economics, Athens School of Economics*

Gregory is a seasoned international business leader, who has spent the whole of his career in the food industry. Prior to joining ARYZTA in May 2018, Gregory spent 11 years at Royal Friesland Campina where he held a number of senior roles, including most recently Chief Operating Officer Consumer Products EMEA and member of the Executive Board. Gregory also served as Regional Director South East Europe between 2011 and 2012 and Managing Director Friesland Campina Hellas between 2006 and 2012. Between 1993 and 2006, Gregory spent 14 years at Unilever holding most recently General Management positions in Greece and prior to that regional commercial director positions in the Middle East stationed in KSA and UAE. He previously held roles in marketing, trade and customer management.



**Tyson Yu** (1983, American)

**CEO North America**

*B.S. degree in Mathematics and Economics, Georgetown University*

Tyson was appointed as CEO North America upon the resignation of Dave Johnson in February 2020. He was previously Chief Operations Officer at ARYZTA North America, where he oversaw all operations for ARYZTA's North American business including bakery manufacturing and supply chain, engineering, logistics, planning, customer service, FSQA and corporate development. Previously, he held numerous executive roles including President of ARYZTA's Canadian business unit, VP, Global Strategy. Prior to ARYZTA, Tyson led Global Strategy & Corporate Development at Fresh Start Bakeries. Prior to working in the food industry, Tyson worked at Lindsay Goldberg, a private equity investment fund and at Merrill Lynch in its Investment Banking Division focusing on food and beverage.



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## Corporate Governance Report (continued)

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### 4.2 Other activities and functions

Except for the above-mentioned assignments, members of Group Executive Management are currently not involved in other management or supervisory bodies. They are not active in managing or consulting functions with interest groups, nor do they hold public or political office. No member of the Group Executive Management holds management contracts for any company outside the ARYZTA Group.

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### 4.3 Number of activities permitted outside the Group

Pursuant to Article 25 of the Articles of Association, the members of the Executive Management, subject to the approval by the Chair of the Board, may currently hold no more than the following number of additional mandates in the supreme executive bodies of companies and organisations outside of the Company:

- one in listed companies;
- up to two mandates in non-listed companies;
- up to four mandates upon instruction of the Company in companies that are not directly or indirectly controlled by the Company (such as in pension funds and joint-ventures); and
- up to four mandates in (i) charitable organisations, (ii) associations or foundations and (iii) other non-profit institutions.

For further details, refer to Article 25 of the Articles of Association, which is available on the ARYZTA website at [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance).

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### 4.4 Management contracts

There are no management contracts with third parties at ARYZTA Group.

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## 5 Compensation, shareholdings and loans

Please refer to the Compensation Report on pages 64 to 82 for disclosures pertaining to compensation, as well as the content and method of determining the compensation and share-ownership programmes. Also, see Articles 20 and 21 of the Articles of Association (available on the ARYZTA website <http://www.aryzta.com/about-aryzta/corporate-governance>), which govern the responsibilities of the Remuneration Committee and Group Remuneration principles.

### Non-executive Directors' and Executive Management's share interests

As at 1 August 2020 and 27 July 2019, the Directors and Company Secretary had no interests, other than those shown below, in the ordinary shares in, or loan stock of, the Company or other Group undertakings.

## Corporate Governance Report (continued)

Beneficial interests at 1 August 2020 and 27 July 2019 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2020	No. of restricted shares/ unvested RSUs 2020	Total 2020	Total 2019
<b>Directors</b>				
Gary McGann	161,700	245,229	406,929	278,128
Mike Andres	–	84,274	84,274	40,011
Luisa Delgado <sup>1</sup>	–	38,281	38,281	–
Greg Flack	–	84,274	84,274	40,011
Dan Flinter	13,365	85,033	98,398	53,736
Annette Flynn	11,132	82,548	93,680	48,620
Jim Leighton <sup>2</sup>	–	84,274	84,274	40,011
Tim Lodge	–	72,885	72,885	34,604
Andrew Morgan	–	34,604	34,604	34,604
Rolf Watter	528,507	85,033	613,540	118,878
Alejandro Zaragueta <sup>1</sup>	132,000	38,281	170,281	–
<b>Executive Management</b>				
Kevin Toland	572,240	–	572,240	97,240
Claudio Gekker	–	–	–	–
John Heffernan	14,014	–	14,014	14,014
Dave Johnson	–	–	–	–
Anthony Murphy	–	–	–	–
Robert O'Boyle	111,397	–	111,397	111,397
Rhona Shakespeare (nee O'Brien)	–	–	–	–
Frederic Pflanz	100,000	–	100,000	–
Chris Plüss	76,863	–	76,863	–
Gregory Sklikas	–	–	–	–
Tyson Yu	–	–	–	–
<b>Total</b>	<b>1,721,218</b>	<b>934,716</b>	<b>2,655,934</b>	<b>911,254</b>

<sup>1</sup> Effective 14 November 2019, L. Delgado and A. Zaragueta were elected to the Board.

<sup>2</sup> The Beneficial holding of J. Leighton in FY 2019 is held in the form of Restricted Stock Units.

As at 16 September 2020, the newly appointed directors of the Company, namely Urs Jordi, Armin Bieri and Heiner Kamps, had no interests in the ordinary shares in, or loan stock of the Company or other Group undertakings, save that Heiner Kamps has an interest in the ordinary shares in the Company as disclosed in Section 1.2 on page 31.

No loans or advances were made by the ARYZTA Group to members of the Board or to the Executive Management during the financial year, or were outstanding at 1 August 2020 (2019: none).

Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 64 to 82 of this Annual Report.

## Corporate Governance Report (continued)

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### 6 Shareholders' participation

#### 6.1 Voting rights

Each ARYZTA share registered as a share conferring a voting right entitles the holder to one vote at a General Meeting. Only holders who are registered as shareholders with voting rights are entitled to exercise voting rights or the rights associated with them. The consent of the Company is required for registration in the share register as a shareholder with voting rights and such consent may be declined in the circumstances specified in Article 7 c), d) and e) of the Articles of Association (available on the ARYZTA website [www.aryzta.com/about-aryzta/corporate-governance](http://www.aryzta.com/about-aryzta/corporate-governance)) as described in more detail in section 2.6.3 above.

Under Article 7 f) of the Articles of Association, the Company may approve exceptions to these restrictions in exceptional cases. As indicated in section 2.6.2 above, ARYZTA has entered into arrangements with Euroclear UK and Ireland to enable investors whose interests in ARYZTA are represented by CDIs to exercise their voting rights. CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

Proxies are entitled to attend General Meetings and exercise all rights of the represented shareholders at such meetings. Provisions regarding the appointment of proxies and the issuing of instructions to the independent proxy are contained in Article 13 of the Articles of Association. Available on the ARYZTA website <https://www.aryzta.com/about-aryzta/corporate-governance/>.

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#### 6.2 Statutory quorums

Pursuant to Article 15 of the Articles of Association, <https://www.aryzta.com/about-aryzta/corporate-governance/>, resolutions at the General Meeting calling for a quorum of at least two-thirds of the votes represented are required for:

- The cases listed in art. 704 para. 1 CO and in art. 18 and 64 Merger Act;
- The easement or abolition of the restriction of the transferability of registered shares;
- The conversion of bearer shares into registered shares; and
- Any change to the provisions of article 15 of the Articles of Association.

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#### 6.3 Convocation of General Meeting of the shareholders

General Meetings are convened by the Board and, if need be, by the Auditors. In addition, the Board must convene a General Meeting within two months if shareholders who jointly represent at least 10% of the share capital of the Company request in writing that a meeting be called and give details of the items to be discussed and the motions. Notice of the General Meeting is given by publication in the Swiss Official Gazette of Commerce and on the Group's homepage ([www.aryzta.com](http://www.aryzta.com)) at least 20 days before the date of the meeting. The notice must state, inter alia, the day, time and place of the Meeting and the agenda.

## Corporate Governance Report (continued)

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### 6.4 Agenda

The Board compiles the agenda for the General Meetings. One or more registered shareholders with voting rights who jointly represent at least 3% of the share capital of the Company registered in the Commercial Register may request items to be included in the agenda.

Such requests must be in writing, specifying the items and the proposals, and be submitted to the Chair at least 45 days before the date of the General Meeting.

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### 6.5 Entry in the share register

The relevant date to determine the shareholders' right to participate in the General Meeting, on the basis of the registrations appearing in the share register, is set by the Board in the invitation to the General Meeting.

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## 7 Change of control and defence measures

### 7.1 Obligation to make an offer

ARYZTA does not have a provision on opting out or opting up in its Articles of Association. Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in Article 135 of the FMIA are applicable.

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### 7.2 Change of control clauses

Benefits under the ARYZTA LTIP vest upon a change of control unless the Board resolves otherwise. If the time at which a change of control has occurred cannot be ascertained precisely, the Board shall determine the time at which the change of control shall be deemed to have occurred. Otherwise, the agreements and plans benefiting the members of the Board or of the Executive Management team are unaffected by a change of control. Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 64 to 82 of this Annual Report.

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## 8 Auditors

### 8.1 Duration of the mandate and term of office of the lead auditor

Following the conclusion of a formal tender process in 2019 overseen by the Audit Committee, and on recommendation by the Board, Ernst & Young AG, Zurich, was elected by shareholders at the 2019 AGM as the new external statutory auditor and Group auditor for the 2020 financial year. Martin Gröli was the lead auditor for the 2020 financial period. The lead auditor is required to rotate every seven years in accordance with Swiss law. The decision of the Board to recommend a change of external statutory auditor for the 2020 financial period was made following a comprehensive external tender process and in light of European corporate governance best practice recommending that a change of external audit firm occur at least every ten years. While the restrictions on engaging external statutory auditors for a period in excess of ten years under EU Regulation 537/2014, which apply to EU-incorporated public interest entities, do not directly apply to ARYZTA as a Swiss-incorporated company, the Board determined that it was appropriate to adopt this approach on a voluntary basis given the Company's secondary listing on Euronext Dublin and emerging corporate governance best practice in this area.

## Corporate Governance Report (continued)

Prior to the 2020 financial period, PricewaterhouseCoopers AG, Zurich was elected as statutory auditor and Group auditor beginning in December 2009 and had been elected for a term of one year each year thereafter until the commencement of the 2020 financial period. Sandra Boehm Uglow was the lead auditor for the financial periods 2019, 2018 and 2017. Patrick Balkanyi was lead auditor from PricewaterhouseCoopers AG's appointment from 2009 to 2016.

### 8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in financial period 2020 amounted to €2.5m (2019: €3.5m).

### 8.3 Additional fees

The Group's policy is to manage its relationship with the external auditor to ensure their independence is maintained. In order to achieve this, the Board has determined limits on the type and scale of non-audit work that can be provided by the external auditor.

Contracts with the external auditor for other non-audit work are deemed to be pre-approved by the Audit Committee, up to an aggregate limit of 75% of the audit fee on average over a three year period. This is subject to the requirement that all contracts for specific pieces of non-audit work with fees exceeding €250,000 be awarded on the basis of competitive tendering. Where the awarding of a contract for non-audit work to the external auditor is to be made that is likely to increase total fees for non-audit work above this aggregate limit, the Group CFO consults the Chair of the Audit Committee in advance of such a contract being awarded. Fees for additional services rendered by the external auditors to the ARYZTA Group in financial period 2020 totalled €0.1m (2019: €1.4m).

#### Auditor's remuneration

	2020 €m	2019 €m
- Auditor's remuneration for audit and audit-related services	2.5	3.5
- Auditor's remuneration for tax compliance and related services	0.1	0.8
- Auditor's remuneration for tax consulting services	-	0.6
- Auditor's remuneration for advisory services	-	-
	<b>2.6</b>	<b>4.9</b>
- Total other fees / Audit and audit-related services	<b>5%</b>	39%
- Tax consulting or advisory services / Audit and audit-related services	<b>0%</b>	16%

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## Corporate Governance Report (continued)

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### 8.4 Information pertaining to the external audit

EY AG has presented to the Audit Committee a detailed report on the results of the 2020 Group consolidated and Company financial statement audits, the findings on significant financial accounting and reporting issues, as well as the findings on the Group's internal control system ('ICS'). In the financial period 2020, both EY AG and the Group Head of Internal Audit participated in all regularly scheduled Audit Committee meetings. The Group CFO attended and participated in all Audit Committee meetings during their respective appointments. Other members of the Group Executive Management attended the meetings as invited. During the period, the Audit Committee and the Chair of the Audit Committee met with EY AG without management present and vice versa. On an annual basis, the Board reviews the selection of the external auditors, in order to propose their appointment to the Annual General Meeting of ARYZTA. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law. The lead auditor rotates every seven years in accordance with Swiss law. During meetings of the Audit Committee, audit and non-audit-related fees to be charged by EY AG during the period, are reviewed to mitigate the risk of any potential impairment to EY AG's independence. EY AG monitors its independence throughout the period and confirms its independence to the Audit Committee annually.

## Corporate Governance Report (continued)

### 9 Investor Communications Policy

#### Guiding principles

ARYZTA is committed to pursuing an open and consistent communication policy with shareholders, potential investors and other interested parties. ARYZTA gives equal treatment to all its shareholders. Any price-sensitive information is published in a timely fashion and the information is provided in a format that is as complete, simple, transparent and consistent as possible. All announcements, reports and webcasts are available on the ARYZTA website: <https://www.aryzta.com/investor-centre/announcements-and-presentations/>. An automatic alerting service is also provided through the website.

ARYZTA's Investor Relations programme for institutional investors is carried out in line with the quarterly announcement cycle. These investor communications focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group. They do not serve the purpose of disclosing new information that might encourage an investment decision. During open periods, ARYZTA holds ad hoc dialogue with individual shareholders and the Chair meets with major investors as requested.

#### Investor relations contact details

##### Gerard Van Buttingha Wichers

Head of Investor Relations

##### ARYZTA AG

Ifangstrasse 9

8952 Schlieren

Switzerland

Tel: +41 (0) 44 583 42 00

Fax: +41 (0) 44 583 42 49

E-mail: [info@aryzta.com](mailto:info@aryzta.com)

#### Quarterly announcement cycle

Announcement	News Release	Report	Conference Call	Webcast
First-quarter trading update	x		x	
Half-Year results	x	x	x	x
Third-quarter trading update	x		x	
Full-year results	x	x	x	x
Annual Report	x	x		

#### Key dates to October 2021

Annual General Meeting 2020	11 November 2020
First-quarter trading update	1 December 2020
Announcement of half-year results 2021	16 March 2021
Third-quarter trading update	1 June 2021
2021 Annual Report	5 October 2021