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# Annual Report and Accounts 2022

## Corporate Governance Report

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### Letter from the Lead Independent Director and Chair of the Governance & Nomination Committee

Dear Shareholder,

On behalf of the Board of Directors of ARYZTA AG, we wish to thank you for the overwhelming support and trust that you have placed in the Board.

The Board is very pleased with the Group's progress in the past fiscal year and we hope that you, as shareholders, welcome the transformation. The Group is now a better performing, leaner and more efficient company. We have faced and continue to face a very challenging macro environment with unprecedented inflation, war in Ukraine, COVID pandemic and BREXIT. In the circumstances, the Board is firmly of the view that under the leadership of Urs Jordi as interim CEO, we have the right executive management team in place to deliver the Group's transformation.

As the Lead Independent Director and Chair of the Governance and Nominations Committee ("NomCo"), we are pleased to inform you that following the request of the Board, Urs Jordi has agreed to continue in the dual role of Chair and interim CEO. We want to update you on the Board's decision to request the Chair, Urs Jordi, to continue as interim CEO.

#### Background

The roles of Chairman and CEO were initially combined as a dual mandate at the end of 2020 following an active investor campaign which led to the re-organization of the management. It was clear to the Board at that time that Urs Jordi was the best placed to take on the role of interim CEO considering his:

- » extensive international experience of the food business and specifically the B2B frozen bakery industry;
- » knowledge of the Company thanks to his prior experience in the Group;
- » Leadership skills and proven track record in initiating and successfully delivering operational improvements;
- » high approval rating for his appointment and re-election as Chairman with support from significant investors and stakeholders.

The Board's view is that the delivery of the latest results demonstrate that this decision, combined with the robust governance processes in place, was the correct one for all stakeholders.

#### Governance processes - Jörg Riboni (Lead Independent Director)

In order to best support the dual mandate, the Board first decided to appoint a Lead Independent Director ("LID") in November 2020. This appointment was made in line with the Swiss Code of Best Corporate Governance practices and together with the support of external independent legal advice, the Board prescribed specific powers and responsibilities for the LID as set out in our Organizational Regulations.

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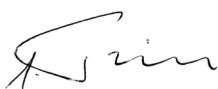
The Board appointed me as LID following the AGM in 2021. In my role of LID, I convene frequent non-executive board sessions with the other four independent non-executive members of the Board. In accordance with the Organizational Regulations, I am empowered to hold a non-executive session, without the presence of the Group CEO, at any time to discuss any matters. In addition to the appointment of the LID, for good governance purposes, the Board ensures that the Chairman is not a member of any of the main Board Committees. Further, I am satisfied that all non-executive board members have significant international business experience in board and executive roles and demonstrate and express independence of judgement, in line with the Swiss Code on Good Corporate Governance.

### Recruitment Process – Gordon Hardie (Chair of NomCo)

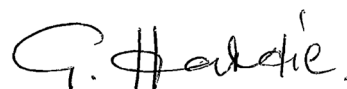
I was appointed Chair of the Governance and Nomination Committee (“NomCo”) in November, 2021. My predecessor had initiated the CEO recruitment process in 2020 and had appointed an external independent recruitment firm to support the NomCo and Board in conducting this important recruitment search. Once appointed as Chair of NomCo and with the support of my NomCo committee members, I continued to progress this recruitment search. Over the course of 2021, we interviewed several potential candidates leading to a shortlist of candidates who were interviewed by the Board. The Board was keen to identify a candidate with (i) proven track record in delivering operational transformation; (ii) in-depth knowledge of and senior management experience in the food industry; (iii) multi-year revenue growth; and (iv) strengthening the capabilities needed to be competitive in the future. While the Board met with a number of candidates, given where the business is in terms of its turnaround progress, the extraordinary challenges of the new inflationary environment, rises in the price of energy, raw materials, interest rates and a potential economic slow down, the Board is convinced that it is in the best interests of the business and its key stakeholders to preserve the stability and momentum of the current leadership. Urs Jordi has the ideal skillset and track record to lead the team through the turnaround phase. The Board is satisfied that it will then be in the best interests of the business to appoint a CEO who can focus on delivering the next stage of development of the business.

The Board has full confidence in Urs Jordi in his role as Chairman and interim CEO and the governance processes which it has put in place to ensure that any potential conflict issues are addressed.

In light of the above, the Board believes it is the right and prudent decision to temporarily extend the dual role and continue the surrounding governance oversight mechanisms. The Board believes this is in the best interest for all stakeholders.



Jörg Riboni, Lead Independent Director  
30 September 2022



Gordon Hardie, Chair NomCo  
30 September 2022

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# Annual Report and Accounts 2022

## Corporate Governance Report

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### Corporate Governance at ARYZTA

As a Board, we are committed to strengthening the corporate governance standards and practice at ARYZTA to deliver against the expectations of all stakeholders. Driving this approach is a Board that is focused on delivering the highest standards of governance.

During FY 2022, the Board has continued to work on improving our corporate governance practice in line with the principles of the Swiss Code of Best Practice for Corporate Governance ("Swiss Code for Corporate Governance"), including the appointment of a Lead Independent Director and commencing a thorough review of the governance framework, policies and practices.

We are focused on ensuring meaningful and transparent reporting and on continuing to strengthen our governance processes in order to deliver lower governance risk, grounded in our values and governance framework. We commit to all stakeholders that our long term performance and high governance standards will go hand in hand.

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### ARYZTA Board and Executive Management

There was no significant change to the Board of Directors of ARYZTA AG (the 'Board') and Executive Management in the 2022 financial period.

At the Annual General Meeting (AGM) held on 17 November 2021, Urs Jordi was re-elected as Chair of the Board while Gordon Hardie, Heiner Kamps, Jörg Riboni, Hélène Weber-Dubi and Alejandro Legarda Zaragüeta were all re-elected as directors of the Board. In September 2021, Luisa Delgado informed the Board of her decision not to stand for re-election at the AGM and the Board expresses its gratitude for her services to the company. Gordon Hardie, Heiner Kamps and Hélène Weber-Dubi were all re-elected as members of the Remuneration Committee.

With effect from the conclusion of the 2021 AGM, the Board is comprised as follows: Urs Jordi (Chair), Gordon Hardie, Heiner Kamps, Jörg Riboni (Lead Independent Director), Hélène Weber-Dubi and Alejandro Legarda Zaragüeta. Full biographical details of each director are set out on pages 36 to 37.

The Swiss Code of Best Practice for Corporate Governance ('Swiss Code for Corporate Governance') recommends the appointment of a Lead Independent Director, if for reasons specific to the company, or because the circumstances relating to availability of top management, makes it appropriate that the Board decides that a single person should perform both positions. The Board introduced the role of Lead Independent Director in November 2020 following the appointment of the Chair of the Board as the Interim Group CEO. Following the November 2021 AGM, the Board appointed Jörg Riboni as Lead Independent Director. Mr Riboni is a highly experienced non-executive director and is also the Chair of the Audit Committee. Given the dual role mandate of Chair and Interim Group CEO, the Board decided that the Chair would not sit on any of the main Board Committees nor does he attend the non-executive Board member meetings unless specifically invited.

In accordance with good corporate governance, the Lead Independent Director is authorised to convene and chair meetings of the Board on his own, if necessary. Further, the Lead Independent Director is authorised to assess the work of the Group CEO or any matter involving the Group CEO's conduct or capacity, the decision on the compensation

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## Corporate Governance Report (continued)

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package of the Group CEO and decision on the Board's proposal to the General Meeting for the re-election of the Chair. The role of the Lead Independent Director and his duties are set out in detail in the Organizational Regulations of ARYZTA AG (available on the ARYZTA website <https://www.aryzta.com/about-aryzta/corporate-governance/>).

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

During the period from 31 July 2021 through July 30 2022, the Executive Management comprised as follows: Urs Jordi (Interim Group CEO); Martin Huber (Group CFO) and Rhona Shakespeare (nee O'Brien) (General Counsel and Company Secretary).

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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 36 to 37.

#### 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 for Corporate Governance and 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, with the exception of the Chair who is Interim Group CEO. The Board considers this dual role as an interim solution. The Board is very pleased with the rapid progress on the Group transformation in the relatively short time frame.

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 40 to 42.

#### 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 assessed, challenged, justified and where appropriate, accepted.

## Corporate Governance Report (continued)

### Lead Independent Director

In line with the Swiss Code for Corporate Governance guidance, the Board first appointed a Lead Independent Director in November, 2020. The Swiss Code for Corporate Governance recommends a Lead Independent Director if there is a dual role of Chair and CEO. The Organizational Regulations were amended in November 2020 to establish the role and responsibilities of the Lead Independent Director. Following the 2021 AGM, Jörg Riboni was appointed as Lead Independent Director. Please see our Organisational Regulations on our website: <https://www.aryzta.com/about-aryzta/corporate-governance/>

### Governance Framework

Details of the corporate governance framework adopted by ARYZTA (namely the Articles of Association, the Organisational Regulations and the 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).



### 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.

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## Corporate Governance Report (continued)

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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, diversity 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 prioritises food safety and quality; and creates a safe, accepting and inspired workplace.

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### 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 and Interim 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.

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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 2021 AGM, in line with Swiss law, shareholders approved the maximum aggregate amount of remuneration of the Board for the period ending at the 2022 AGM and for the Executive Management for the 2023 financial period end. During the 2021 AGM, shareholders voted against ratifying the 2021 Compensation Report through an advisory vote. The result of this advisory vote was keenly noted by the Board in order to absorb the feedback from our shareholders into our ongoing compensation practices. In direct response to this feedback we have not paid any retention payments for FY 2022 and commit to ceasing any such payments in the future; we have ceased the use of any discretionary bonus payments thus ensuring STIP payments are solely based on performance criteria for FY 2022; and we provide more transparency on the measures for our STIP pay outs than in prior years.

## Corporate Governance Report (continued)

### 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 for Corporate Governance.

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 2022 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)).

## 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 Group, 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 and ARYZTA Rest of World. Please refer to the section 'Segment Information' in note 2 to the ARYZTA Group Consolidated financial statements on pages 105 to 109, for further details regarding the Group's reporting segments.

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.

## Corporate Governance Report (continued)

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

Name and domicile:	ARYZTA AG, 8952 Schlieren, Switzerland
Listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4 322 836
ISIN:	CH0043228366
Cedel/Euroclear common code:	037252298
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN

Stock market capitalisation as of 30 July 2022 CHF 1,074,657,783 based on 992,287,888 registered shares outstanding (i.e. disregarding 817,839 treasury shares) and closing price of CHF 1.083 per share.

Stock market capitalisation as of 31 July 2021 CHF 1,198,076,542 based on 991,785,217 registered shares outstanding (i.e. disregarding 1,320,510 treasury shares) and closing price of CHF 1.208 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 34 of the 2022 ARYZTA Group consolidated financial statements on page 156.

## 1.2 Significant shareholders

As at 30 July 2022, 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 2022	Number of shares % 2022
Jürg Kallay, Heiner Kamps, Ella Kamps, Michael Philips, Wilhelm Beier and Karl Gerhold <sup>1</sup>	59,146,873	5.96%
Francisco Garcia Parames and Maria Angeles Leon Lopez <sup>2</sup>	49,375,667	4.97%
Credit Suisse Funds AG	30,703,083	3.09%
Swisscanto Fondsleitung AG	30,279,139	3.05%
Accuro Fund Solutions AG <sup>3</sup>	30,159,443	3.04%

<sup>1</sup> Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man., Themis Beteiligungs-AG, KFRH Kamps Management GmbH, Occasio GmbH

<sup>2</sup> Direct shareholder: Cobas Asset Management, SGIIC, S.A

<sup>3</sup> Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man, Tortuga Equity Fund Europe, Teilfonds der Tortuga Fonds SICA, Swiss Select I, Teilfonds des AMCFM Fund

Any significant shareholder notifications during the period, and since 30 July 2022, 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).



## Corporate Governance Report (continued)

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### 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.

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## 2 Capital structure

### 2.1 Capital

The registered share capital of the Company, as at 30 July 2022, amounts to CHF 19,862,114.54 and is divided into 993,105,727 (inclusive treasury shares) registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

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### 2.2 Authorised and conditional capital

At the 2021 AGM, the shareholders voted in favour of a renewal of Article 5 of the Articles of Association, which extended the duration of the authorised share capital to 17 November 2023.

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.

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 of existing shareholders 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.

Pursuant to Article 4 of the Articles of Association (governing conditional capital), the share capital of the Company may be increased by a maximum of 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, through the direct or indirect issuance of shares, options or related subscription rights 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.

Up to 17 November 2023, in case of exclusion, withdrawal or limitation of pre-emptive and/or advance subscription rights, the total number of new shares to be issued under the authorised capital as per Article 5 and/or the conditional capital as per Article 4 shall be limited to the equivalent of 10% of the share capital, and to the equivalent of 5% of the share capital if the new shares are issued for the purpose of employee participation, respectively.

For further details, refer to Article 4 and 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 outstanding	Treasury shares	Performance share unit and restricted stock unit award allocation	Option and option equivalent allocation	Unallocated Treasury shares
	CHF	Shares in issue					
<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>
Exercise of LTIP awards		–	167,902	(167,902)	(167,902)	–	–
Release of treasury shares as restricted shares		–	493,492	(493,492)	–	–	(493,492)
Forfeitures of LTIP awards		–	–	–	(17,186,923)	(17,964,585)	35,151,508
<b>FY 2021</b>	<b>0.02</b>	<b>993,105,727</b>	<b>991,785,217</b>	<b>1,320,510</b>	<b>9,333,563</b>	<b>4,646,183</b>	<b>(12,659,236)</b>
Exercise of LTIP awards		–	143,483	(143,483)	(143,483)	–	–
Release of treasury shares as restricted shares		–	359,188	(359,188)	–	–	(359,188)
Granting of LTIP awards		–	–	–	4,407,088	–	(4,407,088)
Forfeitures of LTIP awards		–	–	–	(562,406)	–	562,406
Expiry of LTIP awards		–	–	–	–	(4,420,458)	4,420,458
<b>FY 2022</b>	<b>0.02</b>	<b>993,105,727</b>	<b>992,287,888</b>	<b>817,839</b>	<b>13,034,762</b>	<b>225,725</b>	<b>(12,442,648)</b>

As of 30 July 2022, of the 993,105,727 registered shares, 992,287,888 are outstanding and 817,839 are classified as treasury shares.

### 2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 30 July 2022, ARYZTA has 993,105,727 fully paid-up, registered shares (including 817,839 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>1</sup>.

### 2.5 Profit-sharing certificates

ARYZTA has not issued any profit-sharing certificates<sup>1</sup>.

<sup>1</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.

### 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).

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## Corporate Governance Report (continued)

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### 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. The decision to grant exceptions is at the Board's discretion.

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### 2.6.2 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.

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### 2.6.3 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 2.6.2 above.

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## Corporate Governance Report (continued)

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### 2.7 Convertible bonds, warrants and options

As of 30 July 2022, ARYZTA has not issued any convertible bonds or warrants.

As of 30 July 2022, a total of 13,034,762 Performance Share Unit and Restricted Stock Unit awards and 225,725 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 53 to 71 of this Annual Report for further information pertaining to any Long Term Incentive Plan awards granted as an element of Executive Management compensation.

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## 3 Board of Directors

### 3.1 Members of the Board of Directors

The composition of the Board has not changed significantly since the start of the 2022 financial period, after a period of significant change which reflected an ongoing programme of refreshment and renewal as well as the changes driven by the 2020 EGM.

Board policy is that a majority of its membership consists of independent non-executive Directors, as determined in accordance with the Swiss Code of Corporate Governance. The Board confirms that it is fully compliant with the Swiss Code.

The Chair also holds the position of Interim Group CEO. All other non-executive directors are considered by the Board to be fully 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 independence and judgement.

With effect from the conclusion of the 2021 AGM, the Board is comprised as follows: Urs Jordi (Chair), Gordon Hardie, Heiner Kamps, Jörg Riboni (Lead Independent Director), Hélène Weber-Dubi and Alejandro Legarda Zaragüeta. Full biographical details of each director is set out on pages 36 to 37.

## Corporate Governance Report (continued)



**Urs Jordi** (1965, Swiss)

**Chair and Interim Group CEO**

*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 board of Schweizer Zucker AG. Urs Jordi is a trained baker and confectioner. Urs became a member and Chair of the Board in September 2020 and was appointed by the ARYZTA Board as Interim Group CEO on 19 November 2020.



**Gordon Hardie** (1964, Dual Irish & Australian)

**Non-executive member**

*BA in languages and psychology and a higher diploma in education from University College Cork, as well as a MBA from University College Dublin's Smurfit Graduate School of Business*

Gordon Hardie is an experienced Board member with Governance experience in the Americas, Europe and Asia Pacific in both public and private environments. He has undertaken board member education and training including completion of the Corporate Governance Program at Harvard Business School. Most recently, he was President of Bunge Food & Ingredients, Bunge Ltd (BG:NYSE), a global agri-food business from 2011 until 2019. Prior to Bunge Ltd, Mr. Hardie served as Managing Director of Goodman Fielder Bakeries Australia / New Zealand (GFF:ASX). Since 2015, Mr. Hardie serves as a Non-Executive Director at Owens-Glass Inc. (OI:NYSE), the global leader in glass packaging for the food and beverage industries and is Chair of its Risk Oversight Committee. He was previously a Non Executive Director of Greencore Plc (GNC:LSE). He previously served as Chairman of Bunge Lodders Croklaan B.V (Holland), Chairman of Walter Rau Neusser AG (Germany), Non-Executive Director of Z.T Kruszowca (Poland), and Non-Executive Director of Foodbank New South Wales (Australia). Mr. Hardie is also a member on the North American Advisory Board of the Smurfit Graduate School of Business. Mr. Hardie serves as a Strategic Advisor to Temasek and to Lodbrok Capital. Gordon became a member of the Board in December 2020.



**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 Board in September 2020.

## Corporate Governance Report (continued)



**Jörg Riboni** (1957, Swiss)

**Non-executive member**

*Masters in economics from the University of St. Gallen (lic. oec. HSG) and is a certified public accountant*

From 2013 to 2019, Jörg Riboni was CFO of the Emmi Group, Lucerne. Prior to that, he was CFO of the Forbo Group (2005 to 2012). His previous roles include CFO of the Sarna Group, Sarnen; Baar (1997 to 2005) and CFO of Jelmoli, Zurich (1995 to 1997). He is currently Chair or member of the Board of Directors of various privately-held companies. He joined the Board in December 2020.

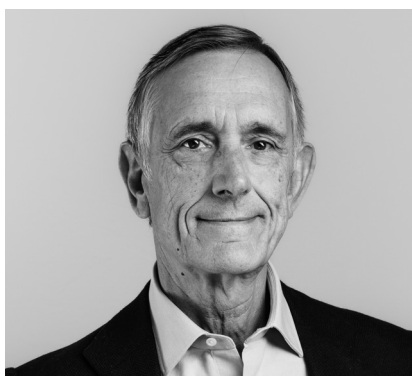


**Hélène Weber-Dubi** (1955, Swiss)

**Non-executive member**

*Masters in Economics from the University of St. Gallen (lic. oec. HSG)*

Hélène Weber-Dubi has over 20 years experience in the food industry with a focus on Finance and Accounting, as well as Management Buy-Out, Mergers and Acquisitions and IPO. From 1999-2015, Ms. Weber-Dubi was CFO of the ORIOR-Group, a major Swiss food company and was a member of the Group Management Board. In 1996, Ms. Weber-Dubi accepted a position as financial controller with Bally. That same year, she was promoted to Managing Director of Bally Switzerland, Bally Italy and Bally Spain with a seat on the international Executive Board. In 1999 she was put in charge of financial control of Bally International and was primarily tasked with executing the sale of Bally to Texas Pacific Group. From 1982 to 1995 she held various management positions with Unilever in Switzerland and the UK, mostly in auditing and finance. Ms. Weber-Dubi is a member of the Board of Directors of Medela Holding AG in Baar (CH), Medela AG in Baar(CH) and Ospelt Anstalt in Bendern (FL). Hélène became a member of the Board in December 2020.



**Alejandro Legarda Zaragüeta** (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 Viscopan 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. In 2022 was appointed member of the Board of Instituto Navarro de Inversiones, a regional promotion Bank in Spain. Alejandro became a member of the Board in November 2019.

## Corporate Governance Report (continued)

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### Retired Board Members (2017-2021)

Luisa Deplazes de Andrade Delgado retired from the Board without seeking re-election at the 2021 AGM. Her biographical details are available in the 2021 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2021/10/Corporate-Governance-Report.pdf>

Armin Bieri resigned from the Board on 6 November 2020 for private reasons. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Mike Andres retired from the Board without seeking re-election at the 2020 AGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Greg Flack retired from the Board without seeking re-election at the 2020 AGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Jim Leighton retired from the Board without seeking re-election at the 2020 AGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Tim Lodge retired from the Board without seeking re-election at the 2020 AGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Gary McGann retired from the Board without seeking re-election at the 2020 EGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Dan Flinter retired from the Board without seeking re-election at the 2020 EGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Annette Flynn retired from the Board without seeking re-election at the 2020 EGM. Her biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Rolf Watter retired from the Board without seeking re-election at the 2020 EGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

Kevin Toland was not re-elected to the Board at the 2020 EGM. His biographical details are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

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>



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## Corporate Governance Report (continued)

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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>

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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 30 July 2022 and 31 July 2021. The members of the Board are not active in managing or consulting functions with interest group, nor do they hold public or political office.

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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).

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### 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 for a one-year term until the next AGM.

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### 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 individual election by the General Meeting for a one-year term until the next AGM. 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).



## Corporate Governance Report (continued)

### 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 an Adhoc 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).

These Board Committees were comprised as follows:

	Governance and Nomination Committee	Audit Committee	Remuneration Committee	Adhoc
Urs Jordi (Chair)				
Heiner Kamps			X	
Gordon Hardie	X <sup>1</sup>	X	X	
Jörg Riboni		X <sup>1</sup>		
Hélène Weber-Dubi	X	X	X <sup>1</sup>	X
Alejandro Legarda Zaragüeta	X			

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

1 Denotes the Board Member who chairs the applicable Committee.

2 The Adhoc committee was Board re-formed May 2022

3 Urs Jordi is a member of the Adhoc committee in his role as Interim CEO

#### Audit Committee

The Audit Committee is comprised of three non-executive directors, namely Jörg Riboni (Chair), Gordon Hardie and Hélène Weber-Dubi. Each of these directors is considered by the Board to be independent in judgment and character. In the financial year ending on 30 July 2022, the Audit Committee met 6 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 2022 financial period and has regular meetings with the Group CFO.

## Corporate Governance Report (continued)

In the financial period 2022, the Audit Committee, operating under its Terms of Reference, discharged its responsibilities by reviewing:

- the draft Group consolidated financial statements, Company 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;
- 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 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

The Remuneration Committee comprises of three non-executive Directors, namely Hélène Weber-Dubi (Chair), Gordon Hardie and Heiner Kamps. Each of these directors is considered by the Board to be independent in judgement and character. In the 2022 financial period, the Remuneration Committee met seven 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 53 to 71 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

The Governance and Nomination Committee comprised three non-executive directors, Gordon Hardie (Chair), Hélène Weber-Dubi and Alejandro Legarda Zaragüeta. Each of these directors is considered by the Board to be independent in judgement and character. In the 2022 financial period, the Governance and Nomination Committee met four times and the average duration of the meetings was approximately two hours. The Board as a whole also discussed matters relating to the election of new directors to the Board.

## Corporate Governance Report (continued)

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. 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 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 2022, the Governance and Nomination Committee worked collaboratively with the Remuneration Committee on matters which were of common interest and relevance.

### **Adhoc Chair**

The Adhoc Chair is H el ene Weber-Dubi (Chair). The Board has delegated authority to the Adhoc Chair 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 FMIA and the Listing Rules of the SIX Exchange. The Committee usually meets by teleconference ahead of every company release and the meetings generally last approximately 60 minutes in duration. Management attends these meetings to present the Chair and extended legal advice is taken as required.

## Corporate Governance Report (continued)

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

A total of 9 Board meetings and update calls were held during the 2022 financial period. These included meetings held in person and by conference and video call. Board and Committee meetings were attended by members of the Executive Management team on the invitation of the Board. External subject matter experts were invited to attend Board and Committee meetings when appropriate. Furthermore, both the external auditor and the Head of ARYZTA Internal Audit participated in the Audit Committee meetings. The average duration of the Board meetings held in person was approximately six 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 2022 financial period are set out below:

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

	Eligible to attend	Attended
Urs Jordi (Chair)	9	9
Heiner Kamps	8	8
Jörg Riboni	9	9
Gordon Hardie	9	9
Hélène Weber-Dubi	9	9
Alejandro Legarda Zaragüeta	9	9
Luisa Delgado	1	1

1. There were 9 Board meetings

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

	Eligible to attend	Attended
Jörg Riboni (Chair)	6	6
Gordon Hardie	6	6
Hélène Weber-Dubi	6	6
Luisa Delgado	2	2

2. There were 6 Audit Committee meetings

#### Governance and Nomination Committee<sup>3</sup>

	Eligible to attend	Attended
Gordon Hardie (Chair)	4	4
Hélène Weber-Dubi	4	4
Alejandro Legarda Zaragüeta	4	4
Luisa Delgado	1	1

3. There were 4 Governance and Nomination Committee meetings

#### Remuneration Committee<sup>4</sup>

	Eligible to attend	Attended
Hélène Weber-Dubi (Chair)	7	7
Heiner Kamps	7	7
Gordon Hardie	7	6

4. There were 7 Remuneration Committee meetings

## Corporate Governance Report (continued)

### 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.

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 74 to 75, 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.

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## Corporate Governance Report (continued)

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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 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.

## Corporate Governance Report (continued)

### 4.1 Group Executive Management

From 1 August 2021, Executive Management comprised as follows: Urs Jordi (Chair and Interim Group CEO); Martin Huber (Group CFO); and Rhona Shakespeare (General Counsel and Company Secretary).



**Urs Jordi** (1965, Swiss)

**Interim Group Chief Executive Officer**

*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 and Unipektin Ingredients AG. Urs Jordi is a trained baker and confectioner. Urs became a member and Chair of the Board in September 2020.



**Martin Huber** (1970, Swiss)

**Group Chief Financial Officer**

*Lic. Oec HSG in Business Administration, Finance and Accounting from University of St. Gallen*

Martin Huber joins ARYZTA with a wealth of finance and controlling expertise and a strong track record in driving value creation in both turnaround and growth business situations. Martin is a highly experienced multinational executive having lived and worked in Switzerland, Germany, Venezuela, Colombia, Mexico, and Brazil. Over the last 20 years at Nestlé, he has held senior finance and controlling positions as market CFO, Head of Group Control at Nestlé S.A. and since 2018, as the CFO for the globally managed business of Nespresso.



**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.

## Corporate Governance Report (continued)

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### 4.1.2. Former Executive Management (2017-2021)

Biographical details of previous Executive Management are available in the 2020 Corporate Governance Report: <https://www.aryzta.com/wp-content/uploads/2020/10/Corporate-Governance-Report.pdf>

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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 53 to 71 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 23 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 and the approval of remuneration by the General Meeting.

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

As at 30 July 2022 and 31 July 2021, 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)

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares	No. of restricted shares (issued FY 2022)	No. of restricted shares (issued FY 2021)	No. of restricted shares (issued FY 2020)	Total	Total
	2022	2022	2022	2022	2022	2021
<b>Directors</b>						
Urs Jordi <sup>1</sup>	266,500	123,660	159,526	-	<b>549,686</b>	266,526
Gordon Hardie <sup>2</sup>	-	45,942	51,364	-	<b>97,306</b>	51,364
Heiner Kamps <sup>3</sup>	59,146,873	36,753	47,413	-	<b>59,231,039</b>	15,740,120
Jörg Riboni <sup>2</sup>	1,430,000	70,138	55,809	-	<b>1,555,947</b>	805,809
Hélène Weber-Dubi <sup>2</sup>	-	45,942	59,267	-	<b>105,209</b>	59,267
Alejandro Legarda Zaragüeta <sup>4</sup>	132,000	36,753	47,413	38,281	<b>254,447</b>	217,694
<b>Former Directors</b>						
Luisa Delgado <sup>5</sup>	-	-	72,700	38,281	110,981	110,981
<b>Executive management</b>						
Martin Huber	201,100	-	-	-	<b>201,100</b>	-
Rhona Shakespeare	-	-	-	-	-	-
<b>Total</b>	<b>61,176,473</b>	<b>359,188</b>	<b>493,492</b>	<b>76,562</b>	<b>62,105,715</b>	17,251,761

1 U. Jordi became a member and Chair of the Board on 16 September 2020 and was appointed by the ARYZTA Board as Interim CEO on 19 November 2020.

2 G. Hardie, J. Riboni and H. Weber-Dubi were elected to the Board effective 15 December 2020 ('2020 AGM').

3 H. Kamps was elected to the Board on 16 September 2020. The holdings of shares disclosed includes the total holding of a shareholder group that Heiner Kamps is a member of.

4 A. Legarda Zaragüeta was elected to the Board effective 14 November 2019 ('2019 AGM').

5 L. Delgado became a member of the Board on 14 November 2019 ('2019 AGM') and was appointed Lead Independent Director in November 2020. In September 2021, she informed the Board of her decision not to stand for re-election at the 2021 AGM.

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 30 July 2022 (2021: Nil). Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 53 to 71 of this Annual Report.

## 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.

## Corporate Governance Report (continued)

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/>).

### 6.2 Statutory quorums

Pursuant to Article 14 of the Articles of Association (available on the Aryzta website <https://www.aryzta.com/about-aryzta/corporate-governance/>) General Meetings adopt resolutions and elections by an absolute majority of the votes represented unless otherwise provided for in the Articles of Association or applicable law.

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.

### 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.

### 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.

### 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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## Corporate Governance Report (continued)

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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 53 to 71 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 external statutory auditor and Group auditor for the 2020 financial year and has since been re-elected. Olivier Mange was appointed lead auditor during the period 2022, replacing Martin Gröli who had been the lead auditor since the 2020 financial period. The lead auditor is required to rotate every seven years in accordance with Swiss law.

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#### 8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in financial period 2022 amounted to €2.3m (2021: €2.6m).

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#### 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 2022 totalled €0.1m (2021: €0.2m).

## Corporate Governance Report (continued)

### Auditor's remuneration

	FY 2022 €m	FY 2021 €m
– Auditor's remuneration for audit and audit-related services	2.3	2.6
– Auditor's remuneration for tax compliance and related services	0.1	0.2
– Auditor's remuneration for tax consulting services	-	-
– Auditor's remuneration for advisory services	-	-
	<b>2.4</b>	<b>2.8</b>
– Total other fees / Audit and audit-related services	4%	9%
– Tax consulting or advisory services / Audit and audit-related services	0%	0%

### 8.4 Information pertaining to the external audit

Ernst & Young AG ("EY") has presented to the Audit Committee a detailed report on the results of the 2022 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 2022, 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.

## 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.

## Corporate Governance Report (continued)

### Investor relations contact details

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### Quarterly announcement cycle

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

### Key dates to September 2023

First-quarter revenue update	29 November 2022
Annual General Meeting 2022	30 November 2022
Announcement of half-year results 2023	6 March 2023
Third-quarter trading update	29 May 2023
Full-year results & 2023 Annual Report	29 September 2023

## 10 Trading Quiet periods

Dealing in securities of ARYZTA AG by insiders is regulated by the laws of Switzerland, including in particular the provisions of the FMIA and The Listing Rules of the SIX Stock Exchange. In line with best practice, ARYZTA prohibits dealings in Securities of the Company by Company directors, senior executives and their related persons, as well as any other insider within the Company, connected during periods when they may be in possession of non-public, price sensitive information.

For the upcoming fiscal year, trading quiet period dates are:

- The period from 31 October 2022 up to the release of ARYZTA's Q1 2023 Revenue Update or 30 calendar days prior to the release of the Q1 Revenue Update (if greater).
- The period from 31 January 2023 up to the release of ARYZTA's 2023 Half Year Results for that financial year or 30 calendar days prior to the release of the Half Year Results (if greater).
- The period from 30 April 2023 up to the release of ARYZTA's Q3 Revenue Update or 30 calendar days prior to the release of the Q3 Trading Update (if greater).
- The period from 30 July 2023 up to the release of ARYZTA's 2023 Annual Results or 30 calendar days prior to the release of the FY 2023 Annual Results (if greater).