

ARYZTA AG  
**Organizational Regulations**

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## 1 Basics, Scope of Application and Swiss Code

### 1.1 Basics

The Board of Directors of ARYZTA AG issues the following Organizational Regulations based on art. 716b CO and art. 16 of the Articles of Association.

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### 1.2 Scope of Application

These Organizational Regulations define the organisation, operation and powers and responsibilities of the governance bodies of ARYZTA AG (the **“Company”**), as well as the principles for the governance of the ARYZTA Group.

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### 1.3 Governance Bodies of the Company and the Group

The Company’s governance bodies are:

- (a) the Board of Directors of the Company;
- (b) the Chairman of the Board of Directors (the **“Chairman”**);
- (c) the standing committees of the Board of Directors (the **“Committees”**);
- (d) the Chief Executive Officer (**“CEO”**);
- (e) the Executive Management.

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### 1.4 Swiss Code of Best Practice for Corporate Governance

Except as otherwise determined by the Board of Directors, it is the Company’s overriding intention to comply with the Swiss Code of Best Practice for Corporate Governance (the **Swiss Code**).

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## 2 Board of Directors

### 2.1 Composition and Renewal

- 2.1.1 The Board of Directors at the date of adoption of these Organizational Regulations comprises 9 directors, made up of the Chairman, 6 non-executive directors and 2 executive directors.
- 2.1.2 The Board of Directors elects the Chairman and the members of the Committees from amongst its members and appoints the CEO.
- 2.1.3 The Board of Directors appoints a Secretary (a person keeping the minutes) who does not need to be a member of the Board of Directors.
- 2.1.4 The offices of Chairman, together with membership of each Committee and the chair thereof, shall be determined annually by the Board of Directors following each annual general meeting of the Company.
- 2.1.5 The Board is committed to a policy of renewal whereby at least 2 new independent non-executive directors would be proposed for election at the 2011 annual general meeting.
- 2.1.6 The policy of the Board of Directors is that a majority of its membership (excluding the Chairman) shall consist of independent non-executive directors (with independence determined in accordance with the Swiss Code).

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## 2.2 Appointment and Retirement by Rotation

- 2.2.1 All Board members are subject to re-election by the shareholders in accordance with the Articles of Association under a rotation system managed by the Nomination and Remuneration Committee. The term of office of a Board member is as set out in the Company's Articles of Association. The renewal of a Board member's term is subject to Board approval and shareholder vote.

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## 2.3 Unitary Board

- 2.3.1 All Board Members remain equally responsible for the Company's affairs as a matter of law. The Committees remain committees of the Board of Directors and any disagreement within the Board of Directors, including disagreement between members of a Committee and the rest of the Board of Directors, shall be resolved at board level.
- 2.3.2 All Board Members must take decisions objectively in the interests of the company. As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.
- 2.3.3 Neither individual Board Members nor their associates should advocate publicly any course of action which is inconsistent with the then current policy of the Board of Directors as a whole. Concerns an individual Board Member may have in relation to the policy of the Board of Directors should be raised by that Board Member with the other Board Members at a board meeting.
- 2.3.4 The CEO and the Chairman are designated as the spokespersons for the Group. No other Board Member is authorised to engage with analysts or other members of the investment community, shareholders or the financial or business media unless specifically authorised to do so by the CEO or the Chairman.

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## 2.4 Meetings, Convocation of Meetings and Agenda

- 2.4.1 The Board of Directors shall be convened whenever required by business and, in any event, at least quarterly.
- 2.4.2 Meetings shall be convened by the Chairman or, in his absence, by another member of the Board of Directors (hereinafter "**Board Member**").
- 2.4.3 Meetings shall be announced at least three days in advance by letter, facsimile or e-mail. Items on the agenda shall be set forth in this correspondence.
- In case of urgency shorter notice periods are permitted. If all Board Members are present and agree, deviations from these formal requirements are permitted; in particular, decisions can be taken that are not mentioned on the agenda.
- Furthermore, these formal requirements do not have to be observed if a meeting is only convened in order to decide upon the implementation of a capital increase (Article 651 (4) CO) or to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed therewith and to adopt the report on the capital increase (Articles 651a, 652e, 652g and 653g CO).
- 2.4.4 The Chairman, or in his absence another member of the Board approved for the purpose by the Board, shall chair the meetings.

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## 2.5 Quorum, Passing of Resolutions and Minutes

- 2.5.1 A quorum of the Board of Directors shall be constituted when five of its Members are present in person (by telephone or other means of direct communication).
- 2.5.1 (2) A quorum of Board Members shall not be required in order to decide upon the implementation of a capital increase (Article 651 (4) CO) (up to a level approved by the Board) or to record the implementation of a capital increase, to pass resolutions regarding the amendments of the Articles of Association entailed therewith or to adopt the report on the capital increase (Articles 651a, 652e, 652g and 653g CO).
- 2.5.2 The Board of Directors shall pass its resolutions with the majority of the votes cast. In case of a tie of votes, the Chairman shall have no casting vote.
- 2.5.3 Board resolutions may also be passed by means of circular resolutions, in writing or by facsimile, provided that no Board Member requests, either by phone or facsimile, deliberation in a meeting. Board resolutions by means of circular resolutions require the affirmative vote of the majority of the Board Members.
- 2.5.4 In urgent situations board resolutions may be passed by means of a telephone conference provided that (i) all Board Members can be reached by phone and (ii) no Board Member, when contacted for the telephone conference, requests deliberation in a meeting. Board resolutions by means of a telephone conference require the affirmative vote of the majority of the Board Members.
- 2.5.5 All resolutions shall be recorded. The minutes shall be signed by the Chairman and the Secretary and must be approved by the Board of Directors.

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## 2.6 Responsibilities and Delegation

- 2.6.1 The Board of Directors is the ultimate governance body of the Company. It is also responsible for the ultimate supervision of the Group.
- 2.6.2 The Board of Directors is entrusted with the ultimate direction of the Company as well as with the supervision and control of management. The Board of Directors shall receive regular information from the CEO and the executive management regarding the course of business of the Company and the Group.
- The Board of Directors is entitled to pass resolutions on all matters which are not delegated to or reserved for the decision by the Company's shareholders in general meeting (the "**General Meeting**") or another body of the Company by law, the Articles of Association or these Organizational Regulations.
- The Board of Directors delegates the management of the Company and the Group to the CEO and the executive management as provided for by these Organizational Regulations.

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- 2.6.3 The Board of Directors has the following non-transferable and irrevocable duties:
- (a) to ultimately direct the Company and issue the necessary directives;
  - (b) to determine the organization;
  - (c) to organize the accounting, the internal control system (ICS), the financial control, and the financial planning as well as to perform a risk assessment;
  - (d) to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;
  - (e) 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;
  - (f) to prepare the business report, as well as the General Meeting and to implement the latter's resolutions;
  - (g) to inform the judge in the event of over-indebtedness;
  - (h) to pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
  - (i) to pass resolutions confirming increases in share capital and regarding the amendments to the Articles of Association entailed thereby;
  - (j) to examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors; and
  - (k) to execute the agreements pursuant to art. 12, 36 and 70 of the merger law.

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## **2.7 Right to Demand Information and Reporting**

At every meeting the CEO shall inform the Board of Directors on the current course of business and on important business developments. Board Members shall be informed of extraordinary occurrences immediately by way of circulating letter, or, if necessary, also by telephone, facsimile or e-mail.

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## **3 The Chairman**

### **3.1 Responsibilities**

The Chairman shall convene Board meetings and take the chair. Together with the Secretary, he shall sign the minutes regarding the deliberations and resolutions of the Board of Directors.

The Chairman shall preside over the General Meeting. Together with the person keeping the minutes, he shall sign the minutes of the General Meeting.

The Chairman has the right to call in third parties as advisors in meetings of the Board of Directors.

In addition, the Chairman shall have the responsibilities delegated to him by law, the Articles of Association and these Organizational Regulations.

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### **3.2 Substitution**

If the Chairman of the Board of Directors is prevented from performing his duties, they shall be performed by another member of the Board of Directors as approved for this purpose by the Board of Directors.

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## 4 Committees

### 4.1 General Provisions

4.1.1 The Board of Directors may delegate the preparation and execution of its resolutions to Committees, including its responsibility to monitor certain aspects of the business or transactions of the Company, or to the CEO. Any such Committee or the CEO shall be responsible for keeping the Board of Directors apprised on a timely basis of the Committees' actions and determinations.

The Committees shall conduct or authorise investigations into any matters within their respective scope of responsibilities, taking into consideration relevant peer group practises and the general best practices.

4.1.2 Each of the Committees of Directors consists of a chairman and two or more members elected from among the Board of Directors.

The term of office of a Committee member is one year, beginning with the board meeting following the annual general meeting and ending with the board meeting following the subsequent annual general meeting.

Each Committee shall meet upon invitation of the chairman of the Committee or the CEO as often as business shall require, usually at the day or a day before regularly scheduled meeting of the Board of Directors.

Meetings shall be attended by the elected members of the relevant Committee as well as certain members of the executive management, if invited by the Committee chairman to attend in an advisory capacity.

4.1.3 A quorum shall be constituted when at least two members of a Committee are present in person or participate using some alternative means of communications.

Resolutions shall be adopted and proposals to the Board of Directors may be made by a majority vote. The matter shall be submitted to a vote by the full Board of Directors in the event of a tie.

Resolutions also may be adopted and proposals to the Board of Directors may be made in written form, provided no member of the Committee calls for debate on the motion.

4.1.4 Minutes shall be kept of the discussions and resolutions on which a vote is taken. The minutes shall be signed by the Committee chairman and the person keeping the minutes. Each Board Member and the CEO shall receive a copy of the minutes.

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### 4.2 Committees

4.2.1 The responsibilities of the individual Committees shall be governed by their terms of reference, as agreed and amended from time to time by the Board of Directors.

4.2.2 The Committees shall include the Audit Committee, the Nomination and Remuneration Committee and such other Committees as the Board of Directors may deem appropriate or necessary.

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## 5 Executive Management

### 5.1 Structure and Function

The responsibilities of the executive management in the framework of the management of the Group are twofold:

- on the one hand, it is responsible for the day-to-day business of the Company, to the extent not reserved to the Board of Directors;
- on the other hand, it is competent for the management of the operational business of the whole Group and each of the subsidiaries of the Company (the “Subsidiaries”), respectively, to the extent the respective competencies are not reserved to the Board of Directors or are reserved for the Subsidiary Boards by law.

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### 5.2 Responsibilities

The executive management shall manage the business of the Group as delegated by the Board of Directors and to the extent not reserved to it and shall supervise and control all employees of the Company, if any, as well as of the Subsidiaries. It shall monitor the risks of the Group.

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### 5.3 Powers and Duties related to the Financing of the Group

In addition to section 5.1 above, any two of the

- CEO;
- CFO;
- Group General Counsel;
- head of Group Finance; and
- Group Financial Controller

may jointly authorise (i) the raising of corporate debt (including but without limiting the generality of the foregoing overdraft facilities, debt factoring arrangements, cash pooling arrangements and other treasury management tools and/or facilities) and I or (ii) the granting of secured and unsecured guarantees in support of the obligations of subsidiary companies in either case up to a level approved by the Board and in any event **provided that** any liability incurred under any of the foregoing is permitted without the need for consent or approval by

- (a) the lenders under the senior secured revolving working capital facility dated 4 May 2010 or any replacement thereof ( provided such replacement has been approved by the Board of Directors) or
- (b) the Noteholders under the terms of the Private Placement Agreements of 2007, 2009 and 2010 or
- (c) the Security Trustee relating to the debt instruments at (a) and (b).

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## 6 The Chief Executive Officer

### 6.1 Appointment

The CEO shall be appointed by the Board of Directors.

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## **6.2 Responsibilities**

- 6.2.1 The CEO is a member of the Board of Directors.
- 6.2.2 The CEO heads the executive management and convenes and chairs its meetings.
- 6.2.3 The CEO represents the Group vis-à-vis the public and the media.
- 6.2.4 Furthermore, the CEO has the responsibilities as set forth in the Articles of Association and these Organizational Regulations. In particular, he is responsible and supervises the implementation of the resolutions by the Board of Directors.

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## **7 General Provisions**

### **7.1 Signatory Powers**

- 7.1.1 All signatures on behalf of the Company shall require the signatures of two persons authorised by the Board of Directors.

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### **7.2 Non-Disclosure**

The Board members as well as all other executive bodies and employees are obliged to maintain secrecy towards third parties regarding all facts they obtain knowledge of during the performance of their duties. Such duties survive the termination of the relationship of the respective individual with the Company or a Subsidiary.

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### **7.3 Returning of Files**

Upon termination of the relationship with the Company all business files must be returned with the exception of documents used by a Board Member to follow-up his own actions.

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### **7.4 English language**

The working language of the Board of Directors, the executive management and the Committees shall be English.

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## **8 Business Year**

The business year of the Company starts on 1 August and ends on 31 July.

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## **9 Conflict of Interests**

### **9.1 General Principles**

- 9.1.1 Each Board Member and member of the executive management is responsible for organizing his private and business relationships in view to avoid conflicts of interests with the Company or the Group. A Board Member or a member of the executive management who is in a permanent conflict of interest shall no longer fulfill his function and shall resign.
- 9.1.2 Board Members and members of the executive management shall abstain from dealing or exercising their voting rights (if applicable) in matters involving their personal interests or the interests of individuals or entities related to them (excluding their interest as shareholders of the Company).

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## 9.2 Duty to Disclose

- 9.2.1 A Board Member or a member of the executive management shall disclose all board memberships she/he holds, as well as any other interests, mandates, functions or activities which could lead to a conflict of interest with the Group. Each such person shall disclose such interests on a continuing basis to the Secretary of the Board who shall convey them to the Chairman or another Board Member appointed by the Board of Directors, if the Chairman is making such disclosure.
- 9.2.2 If the Board Members determine a potential conflict of interests, the Chairman (or another Board Member appointed by the Board of Directors, in case of a potential conflict of interests by the Chairman) may conduct supplemental investigations, request from the person concerned the relevant facts and circumstances, and shall issue a recommendation to the Board of Directors. The Board of Directors shall treat this recommendation at the latest at its next meeting.
- 9.2.3 In connection with the corporate governance report to be published with the annual report of the Company, the Secretary of the Board shall additionally circulate at the beginning of each fiscal year a questionnaire to all Board Members and members of the executive management with respect to such interests, mandates or activities.

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## 9.3 Conflicts

- 9.3.1 A conflicting interest shall mean any special interest which a Board Member or a member of the executive management has (excluding their interest as shareholders of the Company), which conflicts with or could potentially conflict with the interests of the Company or the Group, with respect to a transaction or matter due to the fact he or a related person has a financial or non-financial interest in, or is otherwise closely linked to, the transaction or matter. A related person of a Board Member means
- (i) the spouse (or a parent or sibling thereof) of the Board Member or the member of the executive management, or a child, grandchild, sibling, parent (or spouse of any thereof) of the Board Member or the member of the executive management, or an individual having the same home as the Board Member or the member of the executive management, or trust or estate of which an individual specified in this clause (i) is a substantial beneficiary;
  - (ii) a trust, estate, incompetent or minor of which the Board Member or the member of the executive management is a trustee, administrator or guardian; or
  - (iii) one of the following persons or entities: (A) an entity of which the Board Member or the member of the executive management is a director, general partner, agent, major shareholder, consultant or employee; (B) a person or entity that controls one or more of the entities specified in subclause (A) or an entity that is controlled by, or is under common control with, one or more of the entities specified in subclause (A); or (C) an individual who is a general partner, principal or employer of the Board Member or the member of the executive management.

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## 9.4 Procedures

- 9.4.1 The Chairman shall request the Board of Directors to decide on the seriousness of the conflict of interest. The Board of Directors shall decide without the participation of the person(s) concerned.
- 9.4.2 If a Board Member or a member of the executive management is required to abstain from voting in a transaction or matter, he shall not be counted in the quorum of the meeting in question. Also, such Board Member or member of the executive management shall not receive any confidential information with respect to such transaction or matter and shall use best efforts to ensure that she/he does not receive such information. Neither shall such Board Member or member of the executive management participate in meetings to the extent such transaction or matter is discussed and/or resolved. Finally, such Board Member or member of the executive management shall not have access to the respective parts of the minutes of such meeting or to any relevant materials or information. This provision shall act as a limitation of information rights a Board Member or a member of the executive management may have pursuant to these Organizational Regulations or under applicable law.

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## 9.5

Any transaction between the Company or a Group company and a Board Member or a member of the executive management shall be carried out “at arm’s length” and shall be approved without participation of the party concerned. If appropriate, a neutral opinion shall be obtained.

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## 9.6 Final Provisions

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### 9.7 Entering into Force

These Organizational Regulations shall enter into force on the date of adoption by the Board of Directors; whether in a meeting or by circular resolution.

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### 9.8 Redrafting and Amendments

These Organizational Regulations shall be reviewed and if necessary amended at any meeting of the Board of Directors.

Zurich, 22 September, 2011

**Denis Lucey**  
Chairman

**Pat Morrissey**  
General Counsel & Secretary