

ARYZTA AG
**Terms of Reference
of the Nomination
and Remuneration Committee
of the Board of Directors**

Constitution

1. The Committee has been established by resolution of the board of directors of the Company (the **Board**) and is to be known as the Nomination and Remuneration Committee. Its terms of reference replace the terms of reference of any pre-existing nomination and/or remuneration committee.

Membership

2. The Committee shall comprise not less than three members appointed by the Board, the majority of whom shall be independent non-executive directors of the Company (including for this purpose, the Chairman of the Board, if he was considered independent on appointment).
3. The Committee Chairman shall be appointed by the Board. In the absence of the Committee Chairman, the members attending shall elect one of them to be chairman for that meeting from amongst the independent non-executive directors. The quorum for meetings of the Committee shall be two members. **Independence** for the purposes of these terms of reference shall be determined by reference to the criteria set out in the Swiss Code of Best Practice for Corporate Governance.
4. Appointments to the Committee shall be for the period from each annual general meeting of the Company until the next annual general meeting.

Secretary

5. The Company Secretary or his or her nominee shall act as the secretary of the Committee.

Meetings

6. The Committee shall meet at such times as the Committee Chairman shall require.
7. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
8. The Chairman of the Board shall not participate at a meeting of the Committee (or during the relevant part) at which:
 - (i) any part of his remuneration is being discussed or participate in any recommendation or decision concerning his remuneration; and
 - (ii) the appointment of a successor to the chairmanship of the Board or performance evaluation of the Chairman is being discussed.
9. The Committee shall have access to the services of the Company's secretariat function on all Committee matters, including assisting the Committee Chairman in planning the Committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

Notice of Meetings

10. Meetings of the Committee shall be summoned by the secretary of the Committee at the request of the Committee Chairman or any of its members.
11. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of the items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors (save where a conflict of interest may exist), no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

Reporting Responsibilities

12. The secretary shall minute the proceedings and the resolutions of all Committee meetings, including the names of those present and in attendance. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflict of interest and minute them accordingly. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.
13. The Committee Chairman shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities raised at that meeting.

Authority

14. The Committee is authorised by the Board to:
 - a. investigate and undertake any activity within its terms of reference; and
 - b. seek any information it properly requires from any employee of the Company or of any subsidiary company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee.
15. If the Committee considers it necessary to do so, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise and to invite those persons to attend at meetings of the Committee. The cost of obtaining any advice or services shall be paid by the Company within the limits as authorised by the Board.

Duties-Nomination

16. The duties of the Committee in relation to its nominations function shall be:
 - a. to be responsible for identifying and nominating, for the approval of the Board and ultimately the shareholders, candidates to fill Board vacancies as and when they arise as well as putting in place plans for succession, in particular with respect to the Chairman of the Board and the Chief Executive Officer;
 - b. to review regularly the Board structure, size, composition and make recommendations to the Board of adjustments that are deemed necessary, in order to ensure an adequate size and a well-balanced composition of the Board and further ensure that a majority of the Board is independent, and to make determinations regarding independence of members of the Board;

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- c. to consider succession and emergency planning, taking into account the challenges and opportunities facing the Company and the skills and expertise therefore needed on the Board, reporting to the Board regularly;
 - d. to keep under review the leadership needs of the organisation, both executive and non executive, with a view to ensuring the continued ability of the Company to compete effectively in the market place;
 - e. annual performance evaluation of the Chairman and Vice-Chairman in their respective offices and all directors with respect to their roles as directors;
 - f. to ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
 - g. to recommend to the Board whether to reappoint a director at the end of their term of office;
 - h. to make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provision of the law and their service contract;
 - i. to identify and recommend directors who are to be put forward for retirement by rotation;
 - j. before appointment is made by the Board, to evaluate the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee may:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - k. to ensure the development of guidelines for selecting candidates for election or re-election to the Board, or to fill vacancies on the Board;
 - l. to delegate any of its powers to one or more of its members or the secretary of the Committee;
 - m. to consider any other matters as may be requested by the Board; and
 - n. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.

Duties-Remuneration

17. The duties of the Committee in relation to its remuneration function shall be:

- a. to consider and determine, based on their performance and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board and the Chief Executive Officer, namely,
 - (i) base salary (the Committee shall also consider the pension consequences of basic salary increases);
 - (ii) bonuses and performance-related payments (including profit-sharing schemes);
 - (iii) discretionary payments;
 - (iv) pension contributions;
 - (v) benefits in kind; and
 - (vi) share options and their equivalents
- b. to approve the remuneration of other members of the senior management of the group
- c. be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and considering any other connection that they may have with the Company;
- d. in relation to the above, the Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company;
- e. to delegate any of its powers to one or more of its members or the secretary of the Committee;
- f. to consider any other matters as may be requested by the Board; and
- g. to make available its terms of reference and review annually those terms of reference and its own effectiveness and recommend any necessary changes to the Board.