

Annual Report and Accounts 2019

Corporate Governance Report

Performance and Strategy

While ARYZTA has made progress on a number of fronts, the financial performance during the financial year ended 31 July 2019 ('FY19') is not yet where we want or expect it to be. The Board of Directors ('Board') believes that the steps it has taken, and continues to take, are putting the business on a better defined path towards stability, performance and growth.

During November 2018, the Group completed a capital raise, by way of a rights issue, in order to strengthen the balance sheet, provide necessary liquidity and working capital funding and to enable delivery of ARYZTA's three year turnaround plan, Project Renew. Following approval by the shareholders at the Annual General Meeting on 1 November 2018, a total of 900,184,940 registered shares with a nominal value of CHF 0.02 each were offered to ARYZTA's existing shareholders on a 10 for 1 share basis, at a discounted offer price of CHF 1.00 per share.

The net proceeds received upon completion of the rights issue resulted in an injection of €739.5m into the business, net of related transaction costs, which was recognised within equity during the period ended 31 January 2019. €15.8m of this is recognised within share capital, and €723.7m within share premium.

ARYZTA's strategy is to focus on managing, improving and growing our strong international base and our leading position in B2B Frozen Bakery and European bakery driven food solutions. Through a clear and relentless focus on customers and enhanced operating efficiency, the Board remains confident in the underlying strength of the business.

ARYZTA Board and Executive Management

At the ARYZTA 2018 Annual General Meeting ('AGM'), Chuck Adair retired without seeking re-election and Mike Andres, Greg Flack and Tim Lodge were elected to the Board. The Company owes a debt of gratitude to Chuck for his long service through very challenging times.

In addition, as part of a continued programme of Board refreshment, ARYZTA announced the nomination of two potential new independent non-executive directors to the Board. Subject to shareholder approval at the AGM on 14 November 2019, Luisa Delgado and Alejandro Legarda Zaragüeta will be elected to the Board. Full biographical details of Luisa and Alejandro will be included in the 2019 AGM invitation.

Luisa is an accomplished leader and director with almost 30 years of international experience across multiple industries including luxury optical, IT, retail and particularly fast moving consumer goods (FMCG). Luisa is currently a member of the supervisory board of INGKA Holding BV (the holding company of IKEA) and Zertus Group and is a board member of AO World plc and Barclays Bank Suisse SA. She will undoubtedly be a very valuable addition to the Board. We believe that ARYZTA increasingly has the requisite expertise and skills in place at Board level to oversee and support senior management's implementation of our multi-year turnaround plan.

Alejandro is a highly skilled senior executive with significant management and non-executive director experience within various sectors including transport, gas and food-related industries. He was managing director of Construcciones y Auxiliar de Ferrocarriles

Corporate Governance Report (continued)

S.A. (CAF), a listed group which manufactures railway vehicles and signalling equipment and stayed on as a director of the board until 2019. Alejandro was an independent director of Viscofan S.A., a listed group and the world leader in the manufacturing and commercialization of casings for meat products, with commercial presence in over 100 countries around the world. He was an independent director for Pescanova and non-executive director of Nueva Pescanova, a multinational fishing, farming and processing group. Amongst the boards he served on, Alejandro was executive chairman of the board of Nortegas Energía y Distribución S.A., the second largest gas distributor in Spain and a director of Duro Felguera S.A., a listed group specializing in executing turnkey projects for the energy, industrial and oil & gas sectors.

Andrew Morgan will not seek re-election to the Board at the 2019 AGM. The Board would like to extend its sincere appreciation to Andrew for his services to ARYZTA over the past six years. He played a significant role on the Board and we are grateful for the commitment he has shown to the company during his tenure. We wish him every success for the future.

Since the commencement of Rhona O'Brien, General Counsel and Company Secretary, on 11 September 2018, the Executive Management team comprised: Kevin Toland, CEO; Frederic Pflanz, CFO; Gregory Sklikas, CEO Europe; Dave Johnson, CEO North America; Claudio Gekker, COO Latin America; Robert O'Boyle, COO APMEA; John Heffernan, Chief Strategy Officer; Tony Murphy, Chief People Officer; and Rhona O'Brien.

Governance Framework

Details of the corporate governance framework adopted by ARYZTA (namely the Articles of Association, Organisational Regulations and Terms of Reference for the Committees of the Board) are available on the ARYZTA website at www.aryzta.com/about-aryzta/corporate-governance. A number of updates to the Articles of Association will be proposed by the Board for shareholder approval at the upcoming AGM on 14 November 2019.

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 lead by example. Biographical details of the Directors are provided on pages 35 to 38. When assessing its composition, as well as the composition of its main Committees, the Board continuously reviews international best-practice standards and global corporate governance developments.

Board Independence

At 31 July 2019, the Board of ARYZTA consisted of the Chair, one executive director and six non-executive directors. The Board's policy is that a majority of its membership consists of independent non-executive directors, as determined by the Swiss Code of Best Practice for Corporate Governance (the 'Swiss Code'). The Board confirms that it is, and was throughout FY19, fully compliant with the Swiss Code.

Corporate Governance Report (continued)

In June 2018, after careful consideration, the Company entered into a six-month consultancy arrangement with Jim Leighton pursuant to which Jim provided advisory services on the implementation of ARYZTA's three year €200m cost reduction plan, Project Renew. Over and above his normal Board fees, the compensation payable to Jim under the arrangement amounted to a total of US\$150,000 over the six month period of the consultancy. The consultancy agreement expired on 30 November 2018, and Jim has been considered fully independent since that date.

In determining the arrangement with Jim Leighton, the Board was fully apprised of corporate governance best-practice and, as a result of this arrangement, Jim ceased to be regarded as an independent director and stood down from the Audit Committee during the period of the consultancy agreement. Notwithstanding this, the Board is firmly of the belief that Jim's established skills and experience, his knowledge of the ARYZTA business, and the importance of Project Renew to the Group's multi-year turnaround story meant such an arrangement was, on balance, in the best interests of the Group and our stakeholders.

All non-executive directors are considered by the Board to be independent in character and judgement within the meaning of the Swiss Code 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. Subject to the approval of all directors at the 2019 AGM, 10 out of the 11 Board members will be independent non-executive directors.

To ensure the effective oversight of financial reporting, risk management, remuneration and the future leadership of the business, the Board delegates certain functions to three main Board Committees. Further details on the role of these key committees are provided on pages 40 to 42.

The Chair

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

Governance and Culture

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

An inclusive culture and the fostering of a performance-based organisation are key focus areas for us as part of our wider governance framework. The Board will continue to work to ensure that ARYZTA's revised strategy, operating model and remuneration framework are aligned with our cultural focus. The success of our strategy is dependent on developing a culture across ARYZTA that supports the pursuit of teamwork and excellence. We continue to focus on ensuring ARYZTA's core vision and values are

Corporate Governance Report (continued)

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 and our people and the environment in which we operate in an increasingly sustainable fashion. We will continue to foster a culture that: delivers on our commitments; is focused on our customers and operational excellence; relentlessly prioritizes food safety and quality; and creates a safe, accepting and inspired workplace.

Board Renewal

The past three years have seen a number of appointments to ARYZTA's Board, which reflects an ongoing programme of refreshment and renewal and the Board's desire to broaden its skills and expertise. Board refreshment is a fundamental aspect of fostering and sharing diverse perspectives in the boardroom and generating new ideas and business strategies while maintaining an appropriate level of experience and corporate memory.

Central to effectively setting and overseeing ARYZTA's refocused strategy and determining our approach to risk is our Board's thorough understanding of our business and industry. Throughout FY19, led by the Governance & Nomination Committee, the Board continued to review its composition to ensure it meets our objective of having the diversity of skills, experience, gender and geographic background relevant to ARYZTA's strategy and business profile. In the context of the challenges facing the business, the priority was to recruit directors who would add to the existing skills and experience of the Board. With the help of international recruitment firms, significant emphasis was placed on the diversity of skills and expertise required for new appointments and the importance of a strong cultural fit with ARYZTA, as it pursues its future strategy and objectives. A cornerstone of the recruitment process was the identification of individuals with relevant industry experience, but also focusing on candidates who had success in implementing business transformations or turnaround plans.

As part of the process of renewal, the Board was delighted that the ARYZTA shareholders voted in favour of the Board's recommendation to elect Mike Andres, Greg Flack and Tim Lodge as non-executive directors of the Company at the 2018 AGM. Andrew Morgan will not seek re-election to the Board at the 2019 AGM. The Board would like to extend its sincere appreciation to Andrew for his services to ARYZTA over the past six years. As previously announced, the Board intends to nominate Luisa Delgado and Alejandro Legarda Zaragüeta at the 2019 AGM as candidates to serve as independent non-executive directors of the Board, subject to election by ARYZTA shareholders.

Corporate Governance Report (continued)

The Board is satisfied that, subject to the election of the new directors at the 2019 AGM, its current composition includes an increasingly satisfactory balance of longer-serving and newly appointed directors who collectively have many of the critical skills and experience relevant to the challenges facing ARYZTA. The addition to the Board of persons of the calibre of Luisa Delgado and Alejandro Legarda Zaragüeta, if elected by shareholders at the 2019 AGM, will contribute positively to the effectiveness and balance of the Board.

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

Given the level of recent Board refreshment in 2019, a particular focus for the Chair and the Board was the induction and development of non-executive directors to ensure the Board and its main Committees continue to evolve in line with our strategy and business.

Shareholder Engagement

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

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.

Compensation Report

At the 2018 Annual General Meeting, shareholders ratified the 2018 Compensation Report through a separate advisory vote. Further, in line with Swiss law shareholders approved the maximum aggregate amount of remuneration of the Board for the period ending at the 2019 AGM and for the Executive Management for the financial year ending 31 July 2020.

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.

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 2019 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).

Corporate Governance Report (continued)

1 Group structure and shareholders

1.1 Group structure

The ARYZTA General Meeting is the ultimate governing body of the Group and the Board is accountable and reports to the shareholders, by whom it is elected. The Board, while entrusted with the ultimate direction of ARYZTA, as well as the supervision of management, has delegated responsibility for the day-to-day management of the Group, to the extent allowed under Swiss law, through the Group Chief Executive Officer ('CEO'), to Executive Management. The Group's management and organisational structure corresponds to its current segmental reporting lines: ARYZTA Europe, ARYZTA North America and ARYZTA Rest of World. Please refer to the section 'Segmental Reporting' in the Group Statement of Accounting Policies and Note 1 to the ARYZTA Group Consolidated Financial Statements on page 95 and pages 109 to 112, respectively, 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.

1.1.1 Listed companies of the ARYZTA Group ARYZTA AG

Name and domicile:	ARYZTA AG, 8952 Schlieren, Switzerland
Primary listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4 323 836
ISIN:	CH0043238366
Cedel/Euroclear common code:	037252298
Secondary listing:	Irish Stock Exchange Limited, trading as Euronext Dublin, Dublin, Ireland
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN
Irish Stock Exchange symbol:	YZA

Stock market capitalisation as of 31 July 2019

CHF 821,395,007 based on 990,587,322 registered shares outstanding (i.e. disregarding 2,518,405 treasury shares) and closing price of CHF 0.8292 per share.

Stock market capitalisation as of 31 July 2018:

CHF 1,259,521,174 based on 89,933,679 registered shares outstanding (i.e. disregarding 2,987,108 treasury shares) and closing price of CHF 14.005 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 32 of the 2019 ARYZTA Group consolidated financial statements on page 162.

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1.2 Significant shareholders

As at 31 July 2019, 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 2019	Number of shares % 2019	Number of shares 2018	Number of shares % 2018
Cobas Asset Management	99,310,573	10.00% ¹	9,309,685	10.02%
JO Hambro	58,093,539	5.85%	–	–
Causeway Capital Management LLC	49,655,286	5.00% ¹	6,967,763	7.50%
CI Financial Corp.	49,655,286	5.00% ¹	4,673,420	5.03%
Black Creek Investment Management Inc.	49,655,286	5.00% ¹	4,660,950	5.01%
Credit Suisse	31,590,045	3.18%	–	–
Norges Bank	29,832,029	3.00%	–	–
Financière de l'Echiquier	–	<3%	4,636,210	4.99%
ARYZTA Treasury shares	–	<3%	2,987,108	3.21%
BlackRock Inc	–	<3%	2,809,135	3.02%

¹ Shareholders with significant holdings before the November 2018 capital raise who have not notified the Group of a change in their holdings above or below a disclosure threshold are assumed to have offset the dilutive effect of the capital increase by participating with a number of shares which prevented them being required to disclose a crossing of a disclosure threshold.

Any significant shareholder notifications during the year, and since 31 July 2019, are available from the ARYZTA website at: 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

1.3 Cross-shareholdings

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

2 Capital structure

2.1 Capital

The registered share capital of the Company, as at 31 July 2019, amounts to CHF 19,862,115 and is divided into 993,105,727 registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

2.2 Authorised and conditional capital

ARYZTA currently has no conditional share capital. At the AGM on 14 November 2019, the Board intends to recommend to ARYZTA shareholders the amendment of the Articles of Association of the Company, to introduce a new article 4 to create conditional share capital for issuance of shares, options or subscription rights to employees.

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 161,416.00 through the issue of up to 8,070,800 registered shares to be paid up in full with a par value of CHF 0.02 per share. At the time that this

Corporate Governance Report (continued)

authorised share capital was approved by the shareholders at the AGM in December 2017, it represented 10% of the then issued share capital. Following the capital raise resolved at the 2018 AGM, this authorised capital now corresponds to 0.81% of the current issued share capital. Such authority of the Board expires on 9 December 2019.

At the AGM on 14 November 2019, the Board intends to recommend to ARYZTA shareholders the renewal of the authority of the Board to issue new shares from the authorised share capital, currently valid until 9 December 2019, by two years to 15 November 2021, and to increase the number of new shares authorised to be issued from the authorised share capital from currently 8,070,800 to 99,310,572 amounting to 10% of the current share capital.

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. The Board may withdraw or limit the pre-emptive rights in the event of the use of those shares: (1) for acquisitions, (2) to broaden the shareholder constituency, or (3) for the purposes of employee participation. For further details, refer to Article 5 of the Articles of Association, which is available on the ARYZTA website at www.aryzta.com/about-aryzta/corporate-governance.

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 years 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					
As of 31 July 2016	0.02	91,810,534	88,758,527	3,052,007	–	4,883,500	(1,831,493)
Granting of LTIP awards	–	–	–	–	182,807	–	(182,807)
Forfeitures of LTIP awards	–	–	–	–	(4,850)	(1,223,000)	1,227,850
As of 31 July 2017		91,810,534	88,758,527	3,052,007	177,957	3,660,500	(786,450)
Granting of LTIP awards	–	–	–	–	–	–	–
Scrip dividend issuance	0.02	1,110,253	1,110,253	–	–	–	–
Exercise of LTIP awards	–	–	64,899	(64,899)	(64,899)	–	–
Forfeitures of LTIP awards	–	–	–	–	(22,777)	(2,100,000)	2,122,777
As of 31 July 2018		92,920,787	89,933,679	2,987,108	90,281	1,560,500	1,336,327
Issuance of shares	0.02	900,184,940	900,184,940	–	–	–	–
Exercise of LTIP awards	–	–	84,815	(84,815)	(84,815)	–	–
Release of treasury shares as restricted shares	–	–	383,888	(383,888)	–	–	(383,888)
Modification of LTIP awards	–	–	–	–	20,241	5,777,930	(5,798,171)
Granting of LTIP awards	–	–	–	–	20,248,575	29,589,431	(49,838,006)
Forfeitures of LTIP awards	–	–	–	–	(105,312)	(91,121)	196,433
As of 31 July 2019	0.02	993,105,727	990,587,322	2,518,405	20,168,970	36,836,740	(54,487,305)

Of the 993,105,727 registered shares, 990,587,322 are outstanding and 2,518,405 are classified as treasury shares.

2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 31 July 2019, ARYZTA has 993,105,727 fully paid-up, registered shares (including 2,518,405 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 certificates¹.

2.5 Profit-sharing certificates

ARYZTA has not issued any profit-sharing certificates¹.

¹ 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

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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.

2.6.1 Limitations on transferability

Pursuant to Article 7 b) of the Articles of Association, persons acquiring registered shares are, on application, entered in the share register without limitation as shareholders with voting power, provided they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act) of 19 June 2015 ('FMIA') and expressly declare that they have acquired the shares in their own name and for their own account.

Pursuant to Article 7 f) of the Articles of Association, the Company may in special cases approve exceptions to the regulations described in section 2.6 above. The decision to grant exceptions is at the Board's discretion.

2.6.2 Exceptions granted in the year under review

As part of the establishment of ARYZTA, former holders of IAWS Group plc shares and options received ARYZTA registered shares, delivered initially in the form of Capita Depository Interests and since replaced by CREST¹ Depository Interests ('CDIs')².

A CDI represents an entitlement to an ARYZTA registered share. CDI holders are not the legal owners of the shares represented by the CDIs. They are not in a position to directly enforce or exercise rights like a shareholder. However, CDI holders do maintain an interest in the shares represented by the CDIs.

To facilitate voting by CDI holders, the Company has entered into arrangements with Euroclear UK and Ireland to enable, by way of exception, registration of CREST International Nominees Limited ('CREST') in the share register as nominee with voting rights for the number of registered shares corresponding to the number of CDIs on the CDI register. There were no other exceptions to the provisions of section 2.6.1 above granted in the year under review.

CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

In November 2018, the Swiss Federal Council passed an ordinance designed to remedy the expiry of the EU Commission's decision recognizing the equivalence of the Swiss legal and supervisory framework applicable to SIX Swiss Exchange. The implication of this Ordinance is that since 1 July 2019, non-Swiss trading venues may no longer trade

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

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

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equity securities of Swiss companies without FINMA recognition. There is an exemption from this requirement for equity securities which were listed or admitted to trading on non-Swiss trading venues with the consent of the issuer prior to 30 November 2018. The listing of ARYZTA shares on Euronext Dublin falls into this category and is “grandfathered” accordingly. ARYZTA will continue to monitor the implications of the Ordinance and any further developments between the Swiss and EU authorities.

2.6.3 Admissibility of nominee registrations

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

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

Pursuant to Article 7 e) of the Articles of Association, legal entities, or partnerships, or other associations or joint ownership arrangements, which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert with intent to evade the entry restriction, are considered as one shareholder or nominee.

2.6.4 Procedure and conditions for cancelling transferability privileges

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

2.7 Convertible bonds, warrants and options

As of 31 July 2019, ARYZTA has not issued any convertible bonds or warrants.

As of 31 July 2019, a total of 20,168,970 Performance Share Unit and Restricted Stock Unit awards and 36,836,740 option and Option Equivalent Plan awards were outstanding, subject to fulfilment of predefined vesting conditions in connection with the ARYZTA Long Term Incentive Plan.

Please refer to the Compensation Report on pages 54 to 68 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

At 31 July 2019, the Board of ARYZTA consists of the Chair, an executive director and eight non-executive directors. Board policy is that a majority of its membership consists of independent non-executive Directors, as determined in accordance with the Swiss Code. The Board confirms that it is fully compliant with the Swiss Code.

At the ARYZTA 2018 Annual General Meeting ('AGM'), Chuck Adair retired without seeking re-election and Michael Andres, Greg Flack and Tim Lodge were elected to the Board. As noted on page 25 above, Jim Leighton ceased to be regarded as an independent director within the meaning of the Swiss Code during part of FY18. Jim has been considered as fully independent since 30 November 2018. Save as set out above in respect of Jim, all eight non-executive directors (including the Chair) are considered by the Board to be independent in character and judgement and none of these non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board's opinion, are likely to affect their judgement.

As at 31 July 2019, the Board of ARYZTA was comprised as follows:



Gary McGann (1950, Irish)

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

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

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



Mike Andres (1958, American)

Non-executive member

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

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

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Greg Flack (1964, American)

Non-executive member

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

Greg Flack is executive chair of Green Chile Foods company, a US frozen consumer foods company, a position he has held since 2014. He spent most of his previous career at Schwan Food Company, a frozen food company, where he served as CEO from 2008 until 2013. He led a team of 15,000 people at Schwan which he joined in 1987. During his tenure as Schwan CEO, he successfully led a turnaround strategy and business restructuring. Greg brings significant food industry expertise and a track record of business transformation to the Group. Greg became a member of the ARYZTA Board in November 2018.



Dan Flinter (1950, Irish)

Non-executive member

MA in Economics from University College Dublin, Ireland

Dan Flinter is a former CEO of Enterprise Ireland and a former Executive Director of IDA Ireland. He is Chair of the Boards of PM Group Holdings Ltd and The Irish Times Ltd. He is a board member of Dairygold Co-Operative and Chair of its Remuneration Committee. He is a member of the Board of the Institute of Directors, Ireland and joined the Board of the IEDR (Irish Exchange Domain Registry) in July 2017. He is Chair of the Board of VCIM. He is also a former Chair of the Governing Authority of Maynooth University and of the Centre For Effective Services. He became a member of the ARYZTA Board in December 2015.



Annette Flynn (1966, Irish)

Non-executive member

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

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

Corporate Governance Report (continued)



Jim Leighton (1956, American)

Non-executive member

Masters Business Administration, Keller Graduate School of Management; Bachelor of Arts, Business Administration & Industrial Relations, University of Iowa

Jim Leighton is Executive Director and CEO of Australia and New Zealand based poultry company Ingham's Group Ltd. since 2018. Jim served as President of 40 North Foods from 2016 to 2018, and is currently Chair of Getting FIT Enterprises, both entities that he founded. Between 2013 and 2016, Jim served as Chief Operating Officer and, subsequently, as Interim Chief Executive Officer of Boulder Brands Inc., one of the fastest growing Health and Wellness food companies in North America. Jim previously served as President of Perdue Foods, a large privately-held food and protein company from 2009 to 2013; and Senior Vice President operations and supply chain from 2006 to 2009. From 2002 to 2006, he served as the Senior Vice President of Operations ConAgra Foods, Inc., one of the largest publicly traded food companies in the United States. He has also served on the publicly traded boards of Boulder Brands, Ingham's Group Ltd., Privately Held 1908 Brands. He became a member of the ARYZTA Board in December 2017.



Tim Lodge (1964, English)

Non-executive member

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

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



Andrew Morgan (1956, English)

Non-executive member

BA from the University of Manchester

Andrew Morgan had more than 25 years with Diageo Plc including most recently seven years as President Diageo Europe. Diageo is the world's leading premium drinks business and a FTSE top 10 company. Andrew also spent eight years with the Gillette Company in a number of sales and marketing roles. He held a succession of marketing, strategy and general management positions with Diageo and has lived in London, Athens, Madrid and Barcelona, as well as managing emerging markets in Latin America, Asia and Africa. He is a member of Council at the University of Leicester and is investing Chair of two start-up companies in the consumer goods sector. He is a former President of AIM, the European Consumer Goods association and served two terms on the Global Advisory Board of British Airways. He became a member of the ARYZTA Board in December 2013. Andrew will not be seeking re-election to the ARYZTA Board at the upcoming AGM.

Corporate Governance Report (continued)



Kevin Toland (1965, Irish)

Executive member

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

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



Rolf Watter (1958, Swiss)

Non-executive member

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

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

Corporate Governance Report (continued)

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 31 July 2019 and 2018.

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 three mandates in listed companies;
- up to three 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.

At the AGM on 14 November, 2019 the Board intends to recommend to shareholders the amendment of Article 25 lit. a) of the Articles of Association to allow members of the Board to hold i) up to four mandates in listed companies; ii) up to five mandates in non-listed companies. The Board believes that there is a benefit for the Group if members of the Board could hold more mandates with other listed or non-listed companies. Furthermore, the amendment would bring ARYZTA into line with Swiss best-practice standards and corporate governance principles.

3.4 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. By virtue of the Ordinance against Excessive Compensation with respect to Listed Stock Corporations enacted by the Swiss Federal Council (the “Ordinance”), as from the ARYZTA 2014 AGM, all directors are subject to individual annual election by the General Meeting.

3.5 Internal organizational structure

3.5.1 Allocation of tasks within the Board of Directors

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

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 and a Remuneration 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.

As of 31 July 2019, these Committees were comprised as follows:

	Governance and Nomination Committee	Audit Committee	Remuneration Committee
Gary McGann (Chair)	X		X
Mike Andres			X
Greg Flack		X	
Dan Flinter	X ¹		X
Annette Flynn		X ¹	
Andrew Morgan		X	
Tim Lodge		X	
Rolf Watter	X		X ¹
Jim Leighton	X		

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

¹ denotes the Board Member who chairs the applicable Committee.

Audit Committee

From 1 August 2018 until the Annual General Meeting on 1 November 2018, the Audit Committee was comprised of two non-executive directors, namely Annette Flynn (Chair) and Andrew Morgan and the Terms of Reference of the Audit Committee was amended to allow a quorum of two non-executive directors during that period. Owing to Jim Leighton's consultancy agreement with the Company, Jim stepped down from the Audit Committee during that time and did not seek re-election to the Audit Committee following the 2018 AGM. From 1 November 2018 to 31 July 2019, the Audit Committee was comprised of four non-executive Directors, namely Annette Flynn (Chair), Greg Flack, Andrew Morgan and Tim Lodge. In the 2019 financial year, the Audit Committee met five 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 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. He participated in all Audit Committee meetings during the 2019 financial year. The Head of Internal Audit has regular meetings with the Group CEO (formally at least twice annually) and other members of the Executive Committee. An evaluation of the performance of Internal Audit is performed annually.

In the financial year 2019 the Audit Committee, operating under its Terms of Reference, discharged its responsibilities by reviewing:

Corporate Governance Report (continued)

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

Remuneration Committee

From 1 August 2018 to 1 November 2018, the Remuneration Committee was comprised of three non-executive Directors, namely Chuck Adair (Chair), Gary McGann and Rolf Watter. From 1 November 2018 to 31 July 2019, the Remuneration Committee was comprised of four non-executive Directors, namely Rolf Watter (Chair), Mike Andres, Dan Flinter and Gary McGann. Each of these directors is considered by the Board to be independent in judgement and character. In the 2019 financial year, the Remuneration Committee met six times and the average duration of the meetings was approximately two hours.

The Remuneration Committee is responsible for determining all elements of the remuneration of the members of the Board and the Group CEO, and for approving the remuneration of other members of the Executive Management, upon the recommendation of the Group CEO. The Remuneration Committee also reviews and makes recommendations to the Board on an annual basis regarding the proposed total remuneration of the Board and the Executive Management for future financial periods for approval at the Annual General Meeting of shareholders. The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in the Compensation Report on pages 54 to 68 of this Annual Report, in accordance with the Swiss Code of Obligations ("CO") and the SIX Directive on Information relating to Corporate Governance.

Governance and Nomination Committee

From 1 August 2018 to 1 November 2018, the Governance and Nomination Committee was comprised of three non-executive directors, namely Dan Flinter (Chair), Gary McGann and Rolf Watter. From 1 November 2018, the Governance and Nomination Committee was comprised of four non-executive directors, namely Dan Flinter (Chair), Jim Leighton, Gary McGann and Rolf Watter. With the exception of Jim, each of these directors is considered by the Board to be independent in judgement and character. Jim was considered by the Board to be Independent in judgement and character once his consultancy agreement with the Company concluded on 30 November 2018. In financial year 2019, the Governance and Nomination Committee met five times and the average duration of the meetings was approximately two hours.

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

Corporate Governance Report (continued)

In addition, the Governance and Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making appropriate recommendations to the Board in order to ensure an adequate size and a well-balanced composition of the Board. The Governance and Nomination Committee is also responsible for making determinations regarding the independence of members of the Board. The Governance and Nomination Committee (together with other directors) engaged in a number of interviews over the course of financial year 2019 to identify and recommend for approval to the full Board, Luisa Delgado for election by shareholders as part of the Board renewal programme. This was announced by the Board on 4 June 2019. Following interviews held by the Governance and Nomination Committee, the Board announced on 7 October 2019 (post financial year 2019), its intention to nominate of Alejandro Legarda Zaragüeta for election as a director to the Board by shareholders at the next AGM.

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 year 2019 the Governance and Nomination Committee worked collaboratively with the Remuneration Committee on matters which were of common interest and relevance.

3.5.3 Work methods of the Board and its Committees

A total of seventeen Board meetings and general update calls were held during the financial year 2019. These included meetings held in person and by conference call. The increased volume of Board meetings and update calls held during financial year 2019 was directly related to the Capital Raise process. The average duration of the Board meetings held in person was approximately six hours and each director attended those meetings. 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.

Board of Directors

	Eligible to attend	Attended
Gary McGann (Chair)	17	17
Chuck Adair	8	8
Mike Andres	9	8
Greg Flack	9	9
Dan Flinter	17	15
Annette Flynn	17	17
Jim Leighton	17	15
Tim Lodge	9	9
Andrew Morgan	17	17
Kevin Toland	17	17
Rolf Watter	17	16

Corporate Governance Report (continued)

Audit Committee

	Eligible to attend	Attended
Annette Flynn (Chair)	5	5
Greg Flack	4	4
Jim Leighton	1	1
Tim Lodge	4	4
Andrew Morgan	5	5

Governance and Nomination Committee

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

Remuneration Committee

	Eligible to attend	Attended
Rolf Watter (Chair)	6	6
Chuck Adair	1	1
Mike Andres	5	5
Dan Flinter	6	6
Gary McGann	6	6

3.6 Definition of areas of responsibility

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

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

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;

Corporate Governance Report (continued)

- 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 Committee 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. 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 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, PricewaterhouseCoopers AG Zurich (the Auditors of the ARYZTA Group consolidated financial statements and the Company financial statements), conduct their audits in compliance with the auditing standards referenced in their respective opinions.

4.1 Group Executive Management

Since the commencement of Rhona O'Brien as General Counsel and Company Secretary on 11 September 2018, the Executive Committee, comprised as follows: Kevin Toland (Group CEO); Frederic Pflanz (Group CFO); Gregory Sklikas (CEO Europe); Dave Johnson (CEO North America); Claudio Gekker (COO Latin America); Robert O'Boyle (COO APMEA); John Heffernan (Chief Strategy Officer); Tony Murphy (Chief People Officer); and Rhona O'Brien.



Kevin Toland (1965, Irish)

Chief Executive Officer ('Group CEO')

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

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

Corporate Governance Report (continued)



Claudio Gekker (1965, Brazilian)

COO Latin America

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

Claudio joined ARYZTA in May 2014 as head of the Group's Latin American activities. Before joining ARYZTA, Claudio had a long and distinguished career in Brazil and Latin America working for multinational companies such as Nabisco, Coca-Cola Company, McCann Erickson, Nestlé and Bimbo Group. In January 2018 he became Vice President and member of the Board of the Brazilian Food Service Institute.



John Heffernan (1970, Irish)

Chief Strategy Officer

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

John joined ARYZTA as Chief Strategy Officer in February 2018, having previously held roles in daa plc; ARI and daa International. John served as Chief Development Officer of daa plc from 2014 to 2018. From 2006 to 2014, John was the founder and CEO of a number of businesses in clean energy including Clearpower and Aer Ltd. From 2003 to 2006, he was Acquisitions and Development Director with Boundary Capital, a boutique Irish-based private equity investor and corporate finance advisory firm. Prior to this, he worked with McKinsey and Company from 1993 to 2003. This included a period working for Ranks Hovis McDougall in Trade Marketing and Category Management.



Dave Johnson (1956, American)

CEO North America

Bachelor of Business Administration with a concentration in Finance and an MBA from the University of Wisconsin

Dave Johnson is a native of Wisconsin, USA and brings to ARYZTA an extensive background in the food industry. Most recently he served for nine years at Barry Callebaut as President and CEO Americas, retiring in August 2017. Prior to Barry Callebaut, Dave spent over 20 years with Kraft Foods Global, Inc serving in a number of senior positions and was a member of the Global Executive team. His positions included President of Kraft North America from 2003-2006 and President of Operations, Technology and Procurement from 2002-2003. Dave also served as Chief Operating Officer and then Chief Executive Officer and member of the Board, at Michael Foods from 2007-2009. Dave joined ARYZTA in 2018.

Corporate Governance Report (continued)



Tony Murphy (1963, English)

Chief People Officer

B.A., Industrial Economics, University of Nottingham

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



Frederic Pflanz (1968, French/German)

Chief Financial Officer ('Group CFO')

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

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



Gregory Sklikas (1964, Greek)

CEO Europe

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

Gregory is a seasoned international business leader, who has spent the whole of his career in food. Prior to joining ARYZTA in May 2018, Gregory spent 11 years at Royal Friesland Campina where he held a number of senior roles, including most recently, COO, Consumer Products EMEA and serving as a member of the Executive Board. Gregory also served as Regional Director South East Europe between 2011 and 2012 and Managing Director Friesland Campina Hellas between 2006 and 2012. Between 1993 and 2006, Gregory spent 14 years at Unilever where he was Managing Director Algida Ice Cream Greece and Country Board Member based in Greece. He previously held roles in regional marketing, trade and customer management.

Corporate Governance Report (continued)



Robert O'Boyle (1975, Irish)

COO APMEA

Bachelor Degree of International Commerce (German) from University College Dublin, Ireland. Fellow of the Institute of Chartered Accountants in Ireland

From 1999 to 2008, Robert worked in Andersen and subsequently KPMG. Since 2008, Robert has fulfilled a number of senior management roles in ARYZTA. From 2013 to 2015 he held the role of European Trading Director, moving in 2016 to head of the Group's APMEA activities as regional COO.



Rhona 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 18 years of legal and governance experience. Rhona joined ARYZTA on 11 September 2018 from DCC Vital Ltd (part of the DCC plc business) where she held the role of Senior Counsel, Legal & Compliance. Prior to joining DCC Vital, Rhona was Senior Director of Legal and Risk Management at Parexel International (IRL) Limited. Rhona was General Counsel and a member of the Executive Senior Management Team from 2013 to 2016 and Director of Regulation, Public Policy, Compliance and Equivalence from 2014 to 2016 at eir (formerly eircom). Rhona trained with Arthur Cox and is a qualified solicitor admitted in Ireland by the Law Society of Ireland and in England and Wales by the Law Society of England and Wales. Rhona is also a voluntary unpaid non-Executive Director on Dublin City Council Culture Connects Company Ltd.

Corporate Governance Report (continued)

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.

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. The Board will not be seeking any changes to the mandates of the Executive Management at the 2019 AGM.

4.4 Management contracts

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

5 Compensation, shareholdings and loans

Please refer to the Compensation Report on pages 54 to 68 for disclosures pertaining to compensation, as well as the content and method of determining the compensation and share-ownership programmes. Also, see Articles 20 and 21 of the Articles of Association (available on the ARYZTA website <http://www.aryzta.com/about-aryzta/corporate-governance>), which govern the responsibilities of the Remuneration Committee and Group Remuneration principles.

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

As at 31 July 2019 and 31 July 2018, the Directors and Company Secretary had no interests, other than those shown below, in the ordinary shares in, or loan stock of, the Company or other Group undertakings.

Corporate Governance Report (continued)

Beneficial interests at 31 July 2019 and 31 July 2018 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2019	No. of restricted shares/ unvested RSUs 2019	Total No. of ordinary shares 2019	No. of ordinary shares 2018
Directors				
Gary McGann	161,700	116,428	278,128	14,700
Chuck Adair ¹	N/A	N/A	N/A	5,062
Mike Andres ¹	–	40,011	40,011	N/A
Greg Flack ¹	–	40,011	40,011	N/A
Dan Flinter	13,365	40,371	53,736	1,215
Annette Flynn	11,132	37,488	48,620	1,012
Jim Leighton ²	–	40,011	40,011	–
Tim Lodge ¹	–	34,604	34,604	N/A
Andrew Morgan	–	34,604	34,604	–
Rolf Watter	78,507	40,371	118,878	7,137
Executive Management				
Kevin Toland	97,240	–	97,240	8,840
Claudio Gekker	–	–	–	–
John Heffernan	14,014	–	14,014	1,274
Dave Johnson	–	–	–	–
Anthony Murphy	–	–	–	–
Robert O'Boyle	111,397	–	111,397	10,127
Rhona O'Brien	–	–	–	–
Frederic Pflanz	–	–	–	–
Gregory Sklikas	–	–	–	–
Total	487,355	423,899	911,254	49,367

¹ Effective 1 November 2018, C. Adair retired from the Board and M. Andres, G. Flack and T. Lodge were elected to the Board.

² The Beneficial holding of J. Leighton is held in the form of Restricted Stock Units.

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 31 July 2019 (2018: none).

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) as described in more detail in section 2.6.3 above.

Under Article 7 f) of the Articles of Association, the Company may approve exceptions to these restrictions in exceptional cases. As indicated in section 2.6.2 above, ARYZTA has entered into arrangements with Euroclear UK and Ireland to enable investors

Corporate Governance Report (continued)

whose interests in ARYZTA are represented by CDIs to exercise their voting rights. CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

Proxies are entitled to attend General Meetings and exercise all rights of the represented shareholders at such meetings. Provisions regarding the appointment of proxies and the issuing of instructions to the independent proxy are contained in Article 13 of the Articles of Association.

6.2 Statutory quorums

Pursuant to Article 15 of the Articles of Association, 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) 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 Annual General Meeting. One or more registered shareholders with voting rights who jointly represent at least 10% 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. At the AGM on 14 November, 2019 the Board will recommend to ARYZTA shareholders an amendment to the ARYZTA Articles of Association to reduce the level of registered share capital of the Company required to request items for inclusion in the agenda from 10% to 3%. This will bring ARYZTA into line with best-practice standards and corporate governance principles in Switzerland.

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.

Corporate Governance Report (continued)

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.

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 54 to 68 of this Annual Report.

8 Auditors

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

PricewaterhouseCoopers AG, was elected as statutory auditor and Group auditor beginning in December 2009 and has been elected for a term of one year each year thereafter. At the 2018 AGM, PricewaterhouseCoopers AG, was re-elected as statutory auditor and Group auditor for the 2019 financial year. Sandra Boehm Uglow was the lead auditor for the financial years 2019, 2018 and 2017. Patrick Balkanyi was lead auditor from PricewaterhouseCoopers AG's appointment in 2009 to 2016. The lead auditor rotates every seven years in accordance with Swiss law.

In accordance with good corporate governance, ARYZTA conducted a formal competitive tender process for the appointment of the external auditor for financial year 2020. This tender process was overseen by the Audit Committee. As of 31 July 2019, the tender process had concluded and the Board intends to recommend to the shareholders, the appointment of Ernst & Young AG, Zurich, as new external auditor, at the AGM on 14 November 2019.

8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in financial year 2019 amounted to €3,467,000 (2018: €2,450,000).

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

Corporate Governance Report (continued)

advance of such a contract being awarded. Fees for additional services rendered by the external auditors to the ARYZTA Group in financial year 2019 totalled €1,368,000 (2018: €1,138,000). A significant portion of these fees related to tax return preparation and/or review in over 20 countries, covering more than 100 legal entities.

Auditor's remuneration

in EUR '000	2019	2018
– Auditor's remuneration for audit and audit-related services	3,467	2,450
– Auditor's remuneration for tax compliance and related services	798	758
– Auditor's remuneration for tax consulting services	570	340
– Auditor's remuneration for advisory services	–	40
	4,835	3,588
– Total other fees / Audit and audit-related services	39%	46%
– Tax consulting or advisory services / Audit and audit-related services	16%	16%

8.4 Information pertaining to the external audit

PricewaterhouseCoopers AG has presented to the Audit Committee a detailed report on the results of the 2019 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 year 2019, both PricewaterhouseCoopers 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 year the Audit Committee and the Chair of the Audit Committee met with PricewaterhouseCoopers 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 PricewaterhouseCoopers AG during the year, are reviewed to mitigate the risk of any potential impairment to PricewaterhouseCoopers AG's independence. PricewaterhouseCoopers AG monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

As of 31 July 2019, the tender process had concluded for the appointment of the external auditor for financial year 2020 and the Board intends to recommend the appointment of Ernst & Young AG, Zurich, as the new statutory auditor, to the shareholders at the AGM on 14 November 2019.

Corporate Governance Report (continued)

9 Investor Communications Policy

Guiding principles

ARYZTA is committed to pursuing an open and consistent communication policy with shareholders, potential investors and other interested parties. ARYZTA gives equal treatment to all its shareholders. Any price-sensitive information is published in a timely fashion and the information is provided in a format that is as complete, simple, transparent and consistent as possible.

All announcements, reports and webcasts are available on the ARYZTA website: www.aryzta.com. An automatic alerting service is also provided through the website.

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

Investor relations contact details

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Quarterly announcement cycle

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

Key dates to October 2020

Annual General Meeting 2019	14 November 2019
First-quarter trading update	22 November 2019
Announcement of half-year results 2020	10 March 2020
Third-quarter trading update	26 May 2020
Announcement of the 2020 annual results	6 October 2020