



---

# Annual Report and Accounts 2009

## Corporate Governance Report

---

### Preliminary remarks

ARYZTA is committed to best practice in corporate governance.

The primary corporate governance instruments adopted by ARYZTA (namely the Articles of Association, Organisational Regulations and Terms of Reference for the Committees of the Board) are available on the Company website at [www.aryzta.com](http://www.aryzta.com). While recognising the importance of these formal instruments, good corporate governance in practice requires a commitment to, and the practice of, values which guide the Group in serving the needs of its stakeholders, be they shareholders (institutional or retail), customers, consumers, suppliers, employees or other interested groups. ARYZTA is committed to keeping its corporate governance framework under review with a view to on-going developments in the area and the on-going evolution of the Group. This framework reflects its evolution and strikes a balance between the norms on the Swiss and Irish markets.

The ARYZTA Corporate Governance Report 2009 follows the SIX Swiss Exchange Directive on Information Relating to Corporate Governance and takes into account the Swiss Code of Best Practice for Corporate Governance.

The ARYZTA Group and Company Financial Statements 2009 comply with International Financial Reporting Standards (IFRS) and are in accordance with Swiss Law. Where necessary, these 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 "Company" refer to ARYZTA AG whereas "Group" and "ARYZTA Group" refer to the Company and its subsidiaries. The "Board" refers to the Board of Directors of the Company. "Origin Enterprises" means Origin Enterprises plc (ARYZTA has a 71.4% holding in Origin Enterprises plc), and the "Origin Board" means the Board of Directors of Origin Enterprises plc. In some sections, to avoid duplication, cross-reference is made to the 2009 Financial Statements (comprising the Group Financial Statements and Company Financial Statements of ARYZTA), as well as to the Articles of Association of ARYZTA AG.

## Corporate Governance Report (continued)

### 1 Group structure and shareholders

#### 1.1 Group structure

The Group is structured conventionally. That is, the ARYZTA General Meeting is the supreme corporate body 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 and control of management, has delegated responsibility for the day to day management of the Group, through the Chief Executive Officer, to Executive Management. The Group's management structure corresponds to its segmental reporting lines, as set out in note 1 of the ARYZTA Group Financial Statements 2009. The Executive Teams within each segment report in to the Executive Management of the Group, which in turn reports to the Board. Origin Enterprises plc constitutes an exception. It is a public company in its own right, with its own Board of Directors, separate executive management team, governance structure and ring-fenced financing arrangements. The executive management team within Origin Enterprises reports to the Origin Board. The Origin Board is accountable and reports to its shareholders, including ARYZTA. Owen Killian and Patrick McEniff, ARYZTA Board members and CEO and CFO respectively are members of the Origin Board. Pat Morrissey, ARYZTA General Counsel and Company Secretary, is also Secretary of Origin Enterprises plc.

#### 1.1.1 Listed companies of the ARYZTA Group

##### ARYZTA AG

Name and domicile:	ARYZTA AG, 8001 Zurich, Switzerland
Primary Listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4 323 836
ISIN:	CH0043238366
Cedel/ Euroclear common code:	037252298
Secondary Listing:	ISE Irish Exchange, Dublin, Ireland
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN
Irish Stock Exchange symbol:	YZA

Stock market capitalisation as of 31 July 2009:

CHF 2,960,478,788 or €1,926,284,864 based on 78,946,101 registered shares (i.e. disregarding 2,234,359 treasury shares) and closing prices of CHF 37.50 or €24.40 per share)

##### Origin Enterprises plc

Name and domicile:	Origin Enterprises plc, Dublin 8, Ireland
Holding:	ARYZTA Group has a 71.4% holding in Origin Enterprises plc
Dual Primary Listing:	IEX Irish Exchange, Dublin, Ireland AIM London Stock Exchange, London, United Kingdom
ISIN:	IE00B1WV4493
SEDOL Code:	B1WV449
Irish Enterprise Exchange symbol:	OIZ
London AIM symbol:	OGN

Stock market capitalisation as of 31 July 2009:

€352,491,266 based on 133,015,572 ordinary shares and closing price of €2.65 per share (excluding 5,555,270 deferred convertible ordinary shares)

## Corporate Governance Report (continued)

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

Details of the principal subsidiary and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) are set out on note 37 of the ARYZTA Group Financial Statements 2009.

### 1.2 Significant shareholders

As at 31 July 2009 the Company has been notified of the following shareholdings which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares	% of registered shares
Fidelity International Limited *	4,255,814	5.24%
Invesco Limited	4,102,193	5.05%
Fidelity Management and Research LLC ("FMR LLC") *	3,825,000	4.71%
Threadneedle Asset Management Holdings Limited	2,461,957	3.03%

\* Fidelity International Limited and FMR LLC are two separate investment companies, but under common control as part of the Fidelity group of investment companies.

Any significant shareholder notifications during the year and since 31 July 2009 are available from the Group's website at [www.aryzta.com](http://www.aryzta.com).

### 1.3 Cross shareholdings

ARYZTA has no interest in any other company exceeding 5 per cent of voting rights of that other company, where that other company has an interest in ARYZTA exceeding 5 per cent of the voting rights in ARYZTA.

## 2 Capital structure

### 2.1 Capital

The share capital of the Company amounts to CHF 1,623,609.20 and is divided into 81,180,460 registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-in.

### 2.2 Authorised and conditional capital

Pursuant to Article 4 of the Articles of Association (governing Conditional Share Capital for Employee Benefit Plans), the amount by which the share capital of the Company may be increased on a non-pre-emptive basis may not exceed CHF 130,152.80 (through the issue of up to 6,507,640 registered shares). The Board has the power to specify the precise conditions of issue including the issue price of such shares. For further details, refer to Article 4 of the Articles of Association.

Pursuant to Article 5 of the Articles of Association (governing Authorised Share Capital for General Purposes), the amount by which the share capital of the Company may be increased for general purposes may not exceed CHF 428,842.76 (through the issue of up to 21,442,138 registered shares). Authority for this purpose expires on 21 August, 2010. The Board has the power to determine the issue price, the period of entitlement to dividends and the type of consideration or the contribution or underwriting in kind for such an issue. The Board may withdraw the pre-emptive rights and allocate them to third parties in the event of the use of 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.

---

## Corporate Governance Report (continued)

---

---

### 2.3 Changes in capital

Trading in ARYZTA shares on the SIX Swiss Exchange and the Irish Stock Exchange commenced on the 22 August 2008 with the Company then having issued 78,940,460 registered shares. On the 2 December 2008 the Company increased its share capital by issuing 2,240,000 registered shares of CHF 0.02 each. These 2,240,000 registered shares were issued to a subsidiary of ARYZTA as treasury shares to be used in connection with the ARYZTA Long Term Incentive Plan. The share capital of the Company now amounts to CHF 1,623,609.2 divided into 81,180,460 shares with a par value of CHF 0.02. Of the 81,180,460 shares 2,234,359 are now classified as treasury shares.

---

### 2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 31 July 2009, ARYZTA has 81,180,460 fully paid up, registered shares (including 2,234,359 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.

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

As 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. CDI holders, however, have an interest in the shares represented by the CDIs and ARYZTA is pursuing arrangements with Euroclear UK and Ireland to enable investors whose interests in ARYZTA shares are so represented to exercise their voting rights.

Investors 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.

ARYZTA has not issued any participation certificates (II).

---

### 2.5 Profit sharing certificates

ARYZTA has not issued any profit sharing certificates (II).

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

---

## Corporate Governance Report (continued)

---

### 2.6 Restrictions on transferability and nominee registrations

Article 7 of the Articles of Association deals with the Shareholders' Register and Transfer Restrictions.

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 Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 and expressly declare that they have acquired the shares in their own name and for their own account.

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 Stock Exchange Act is complied with. The Board has the right to conclude agreements with nominees concerning their disclosure requirements.

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 which act in concert with intent to evade the entry restriction, are considered as one shareholder or nominee.

---

### 2.7 Convertible bonds, warrants and options

As of 31 July 2009, ARYZTA has not issued any convertible bonds, warrants or options.

---

## 3 Board of Directors

### 3.1 Members of the Board of Directors

The Board of ARYZTA consists of three executive directors and eight non-executive directors. All interests linked to each individual Director in this section correspond to the nationality of that Director, unless otherwise stated.

---

## Corporate Governance Report (continued)



**Denis Lucey** (1937, Irish)

**Chairman (since August 2008), and non-executive member**

*Diploma in Dairy Science from University College Cork*

Denis Lucey has a background in the agricultural cooperative movement in Ireland. In 1982, he was appointed Chief Executive Officer of Mitchelstown Co-operative Agricultural Society Limited, a position he held until the merger of that co-operative with the Ballyclough Co-Operative Creamery Limited in 1990 and the formation of Dairygold Co-Operative Society Limited. He served as Chief Executive Officer of Dairygold Co-Operative Society Limited until March 2003. He joined the Board of IAWS Group plc as a non-executive director in September 2000, and was elected Chairman of the Board in 2005. He has served as Chairman of ARYZTA, since its admission to trading on the SIX Swiss Exchange and the Irish Stock Exchange in August of 2008. He is also currently Chairman of the Milk Quota Appeals Tribunal for the Irish Department of Agriculture, Fisheries and Foods. He is also a member of the Governing Body of Cork Institute of Technology.



**Albert Abderhalden** (1943, Swiss)

**Non-executive member**

*Commercial Diploma*

Albert Abderhalden joined Alfred Hiestand, when the company was a sole proprietorship in 1972. From 1984 to 1999, he was Managing Director of Hiestand Schweiz AG. From 1994 to 1998 he served as Chief Financial Officer of Hiestand Holding AG. From 1997 to 2003, he served as Vice-Chairman of Hiestand Holding AG, and from 2003 to 2007 he served as full-time Chairman of the Hiestand Board of Directors. During 2007 and 2008, he was a member of the Board of Directors of Hiestand Holding AG, before becoming a member of the ARYZTA Board of Directors in August 2008.



**Denis Buckley** (1945, Irish)

**Non-executive member**

Denis Buckley has been a full time farmer throughout his working life. His involvement in farming brought him into the agricultural cooperative movement in Ireland and he served on the board of Kerry Co-op from 1977 to 2003. Since 2003, he has served as Chairman of Kerry Group plc. He joined the Board of IAWS Group plc as a non-executive director in June 1997 and held office until the establishment of ARYZTA. He became a member of the ARYZTA Board of Directors in August 2008. He is also Chairman of One51 plc.

---

## Corporate Governance Report (continued)



**J. Brian Davy** (1942, Irish)

**Non-executive member**

*Bachelor of Commerce from University College Dublin*

Brian Davy is Chairman of Davy, Ireland's leading provider of stockbroking, wealth management and financial advisory services, and the sponsor of ARYZTA on the Irish Stock Exchange. He graduated from University College Dublin with a Bachelor of Commerce Degree and has spent his entire working career in building up the business and executive team of Davy, where he has worked since 1965. He is a former director of the Irish Stock Exchange and Arnotts plc. He is a member of the Executive Committee of the (Irish) National Maternity Hospital Holles Street. He joined the Board of IAWS Group plc as a non-executive director in December 1995. He became a member of the ARYZTA Board of Directors in August 2008.



**Noreen Hynes** (1953, Irish)

**Non-executive member**

*Bachelor of Commerce from National University of Ireland, Galway; Fellow of the Institute of Chartered Accountants in Ireland; Associate of the Institute of Taxation in Ireland; Member of the National Association of Estate Agents (Overseas)*

Noreen Hynes joined Irish Distillers Group plc in 1981 and worked in various roles, including Internal Auditor and Financial Controller until 1991. From 1991 to 1995, she worked as Managing Director of Coal Distributors Limited and since then she has been engaged in the property and business advisory services sector. She joined the Board of IAWS Group plc in March 2004 and became a member of the ARYZTA Board of Directors in August 2008.



**Hugo Kane** (1959, Irish)

**Chief Operating Officer and executive member**

*Certificate in Business Management from College of Commerce, Rathmines, Dublin*

Hugo Kane joined Cuisine de France, a subsidiary of ARYZTA, in 1993 as Operations Director. He was appointed Managing Director of Cuisine de France in 2001, a position which he held until 2004.

In September 2004, he was appointed to the Board of Directors and Head of Food for IAWS Group plc. In 2007, he was appointed Chief Operating Officer for IAWS Group plc. He has been COO and a member of the Board of ARYZTA since its admission to trading. He is also fulfilling a leadership role in the ARYZTA Technology Initiative.

---

## Corporate Governance Report (continued)



**Owen Killian** (1953, Irish)

**Chief Executive Officer and executive member**

*Bachelor of Agricultural Science from University College Dublin*

Owen Killian joined IAWS in 1977, and worked in various managerial functions until 1988. Upon the public flotation of the Company to form IAWS Group plc in 1988, he held various senior management functions. In October 1999, he was appointed to the Board of Directors of IAWS Group plc as COO, and from 2001 to 2003 he was Head of Food. In 2003 he was appointed CEO of IAWS Group plc. He has been CEO and a member of the Board of ARYZTA since its admission to trading. Owen Killian is also Chairman of Origin Enterprises plc, the Irish domiciled listed company, in which ARYZTA has a controlling 71.4% stake.



**Patrick McEniff** (1967, Irish)

**Chief Financial Officer and executive member**

*Fellow of the Chartered Institute of Management Accountants; Master of Business Administration from Dublin City University*

Patrick McEniff joined IAWS Group plc in 1989. In the period from 1989 to 1997, he worked as a financial controller in IAWS focusing on financial reporting and systems development. In 1997, he became Director of Finance in the Food Distribution business and Flour Milling businesses of IAWS Group plc. In 2000, he was appointed Finance Director in the Bakery Business of IAWS Group plc. In 2004, he became Finance Director of IAWS Group plc. In 2008, upon the formation of ARYZTA AG, he was also appointed as CFO and member of the Board of Directors. Patrick McEniff is also a member of the Board of Directors of Origin Enterprises plc, the Irish domiciled listed company, in which ARYZTA has a controlling stake of 71.4%.



**William Murphy** (1945, Irish)

**Non-executive member**

*Bachelor of Commerce from University College Dublin*

William Murphy began his career with the Irish Forestry Department in 1963. He worked with a number of companies before joining Avonmore Creameries Limited in 1977, becoming a member of its Board of Directors in 1989. He served as Deputy Managing Director of Glanbia plc (the successor to Avonmore Creameries Limited) from 2001 to 2005. He remains a non-executive Director of Glanbia plc. He became a member of the ARYZTA Board of Directors in August 2008. He is also Chairman of Grassland Fertilisers (Kilkenny) Ltd and Chairman of the National University of Ireland Maynooth (Kilkenny) Outreach Program.

---

## Corporate Governance Report (continued)



**Hans Sigrist** (1940, Swiss)

**Non-executive member**

*Commercial Diploma*

Hans Sigrist worked as Managing Director of Würth Schweiz AG from 1974 to 2004, and has been Chairman of the Board of Directors since 1981. From 1981 to date, he has been a member of the Board of Management of Würth Group International. He is Executive Vice President of the Würth Executive Board, responsible for South East Asia, Australia and New Zealand. From 1997 to 2008, he was a member of the Board of Directors of Hiestand Holding AG. He became a member of the ARYZTA Board of Directors in August 2008. Hans Sigrist is also Chairman of the Board of Directors of Kisting AG.



**Dr. J. Maurice Zufferey** (1958, Swiss)

**Non-executive member**

*PhD in History from the University of Zurich; Master of Law from University of Lausanne; Advanced Management Degree from the Wharton School at the University of Pennsylvania in Philadelphia*

Maurice Zufferey worked as a banker with UBS from 1987 to 1998. From 1998 to 2001, he was CEO of Ecole Hôtelière de Lausanne. From 2001 to date, he has been an Executive Search Partner at Spencer Stuart. He is Co-Head of the Spencer Stuart Financial Services Practice for Europe, and Head of the Board & CEO Practice in Switzerland. From 2001 to 2008, he was a member of the Board of Directors of Hiestand Holding AG. He became a member of the ARYZTA Board of Directors in August 2008.



**Pat Morrissey** (1965, Irish)

**Secretary to the Board**

*Group General Counsel and Company Secretary*

*Bachelor of Civil Law (UCD, NUI); Solicitor, Law Society of Ireland*

From 1988 to 1998, Pat Morrissey spent his career with Irish law firm LK Shields, where he was admitted as a partner in 1995. In 2000, he joined IAWS Group plc as Group General Counsel and was appointed General Counsel and Company Secretary in 2005. He has served as Group General Counsel and Company Secretary of ARYZTA since its establishment. He is also Company Secretary of Origin Enterprises plc.

---

### 3.2 Other activities and functions

With the exception of Albert Abderhalden, who served as full-time Chairman of the Board of Directors of Hiestand Holding AG from 2003 to 2007, none of the non-executive members of the Board of Directors has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period under review.

## Corporate Governance Report (continued)

Disclosure of related party transactions between ARYZTA and Board members can be found in note 33 of the ARYZTA Group Financial Statements 2009.

### 3.3 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. Initial appointments to the Board of Directors for each Board member of ARYZTA were for a one year term, ending at the first General Meeting of ARYZTA. Thereafter, the term of office shall correspond to the maximum term legally allowed, but shall not exceed 3 years. The Board determines the first term of office of each Director in such a way that, each year, an equal number of Directors will be elected or re-elected at the General Meeting of ARYZTA and in such manner that all members will have been subject to re-election after a period of 3 years.

### 3.4 Internal organisational structure

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

The Board has adopted Organisational Regulations that, inter alia, define the essential roles and responsibilities of the Board, the Chairman, the Committees of the Board and Executive Management. The office of Chairman together with membership of the Committees of the Board and the Chair thereof are, under the Organisational Regulations, determined annually by the Board following the General Meeting.

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

ARYZTA has an Audit Committee and a Nomination and Remuneration Committee. The powers and responsibilities of each Committee are set out in their respective Terms of Reference, as approved by the Board.

	Audit Committee	Nomination & Remuneration Committee
Denis Lucey (Chairman)		X
Owen Killian (CEO)		
Patrick McEniff (CFO)		
Hugo Kane (COO)		
Albert Abderhalden		
Denis Buckley		X
J. Brian Davy		X*
Noreen Hynes	X*	
William Murphy	X	
Hans Sigrist		
Dr. J. Maurice Zufferey	X	

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

\* denotes the Board Member who Chairs the applicable Committee.

### Audit Committee

The Audit Committee comprises three non-executive directors, namely Noreen Hynes (Chairman), William Murphy and Dr. J. Maurice Zufferey, each of whom is considered by the Board to be independent. In the 2009 financial year, the Audit Committee met three times and the average duration of the meetings was approximately 5.5 hours.

---

## Corporate Governance Report (continued)

---

The Audit Committee's role includes reviewing the Group and Company Financial Statements, the interim and full year results and the significant financial reporting judgments 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 and the Chief Financial Officer regularly attend meetings of the Audit Committee.

In 2008 the Audit Committee, operating under its terms of reference, discharged its responsibilities by reviewing:

- the Group's 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 fee and non-audit fees payable to the Group's 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 auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- the output of the Group's risk assessment processes;
- the Internal Audit function's terms of reference, resources, its work programme and reports on its work during the year;
- the arrangements by which staff may in confidence, raise concerns about possible inconsistencies in matters of financial reporting or other matters.

---

### Nomination and Remuneration Committee

In January 2009, the Board of Directors resolved to merge the then separate Nomination Committee and Remuneration Committee into a new unified Nomination and Remuneration Committee, which now comprises J. Brian Davy (Chairman), Denis Buckley and the Company Chairman, Denis Lucey (all non-executive directors).

The Nomination and Remuneration Committee is responsible for determining the remuneration of the executive and non-executive members of the Board, for recommending directors to the Board for appointment, and for the continuous review of senior management succession plans. In the 2009 financial year, the Nomination and Remuneration Committee met six times and the average duration of the meetings was approximately 1.5 hours.

The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in note 10 of the ARYZTA Company Financial Statements 2009, in accordance with the Swiss Code of Obligations and the SIX Directive on Information Relating to Corporate Governance.

---

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

Eleven Board meetings were held during the year. The average duration of regular Board meetings is approximately 4.5 hours. In addition, the Board held a 2 day meeting during the year to consider ARYZTA Group strategy. At each meeting the Chair of the Committees report to the Board on their activities as necessary. Details of the work methods of the Committees are set out in Section 3.4.2.

---

## Corporate Governance Report (continued)

---

### 3.5 Definition of areas of responsibility

The Board of Directors is the ultimate governing body. It has the power and competencies afforded by Swiss law (art. 761a of the Swiss Code of Obligation (CO)) including in particular:

- I) to approve the strategic objectives, annual budget and capital allocations;
- II) to appoint and remove the CEO;
- III) to act as the ultimate supervisory authority.

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

- To ultimately direct the Company and issue the necessary directives;
- To determine the organisation;
- To structure 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 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-in shares;
- To pass resolutions confirming increases in share capital and the amendments to the Articles of Association entailed thereby;
- To examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the Auditors;
- 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 Chief Executive Officer, to Executive Management.

---

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

Group Executive Management report in a regular and structured manner to the Board of Directors. The CEO and CFO report to the Board on a systematic basis. At each Board Meeting, the CEO informs the Board of the status of current business operations, significant developments and major business transactions. Likewise, the CFO reports on financial performance across the Group and key financial figures and parameters. In addition the COO and executives within the Group regularly deliver presentations to the Board.

The Board approves the formal Risk Assessment which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

The ARYZTA Internal Audit function reports directly to the Audit Committee. Internal Audit may audit all Group activities and regularly meets with Group Executive Management. Internal Audit discuss audit plans with the Audit Committee on at least an annual basis, but may discuss them more frequently should circumstances require.

---

## Corporate Governance Report (continued)

---

The external auditors, KPMG (auditors of the ARYZTA Company and Group Financial Statements), conduct their audit in compliance with Swiss Auditing Standards and International Standards on Auditing.

### 4 Group Executive Management

Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer), Hugo Kane (Chief Operating Officer), and Pat Morrissey (Group General Counsel and Secretary). Details of all Executive Management are provided in Section 3.1.

No member of the Group Executive Management holds management contracts for any company outside of the ARYZTA Group.

### 5 Compensation, shareholdings and loans

Please refer to note 10 of the ARYZTA AG Company Financial Statements for disclosures pertaining to Compensation, Shareholdings and loans, as well as the content and method of determining the compensation and share-ownership programmes.

### 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. Proxies are entitled to attend shareholders' meetings and exercise all rights of the represented shareholders at such meetings.

As indicated previously in paragraph 2.4, ARYZTA is pursuing arrangements with Euroclear UK and Ireland to enable investors whose interests in ARYZTA are represented by CDIs to exercise their voting rights. Investors 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.

#### 6.2 Statutory quorums

Pursuant to Article 14 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;
- Any change to the provisions of article 14 of the Articles of Association.

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

General Meetings are convened by the Board of Directors and, if need be, by the Auditors. Notice of the General Meeting is given by publication in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. The notice must state, inter alia, the day, time and place of the Meeting and the agenda.

---

## Corporate Governance Report (continued)

---

### 6.4 Agenda

The Board states the items in the agenda. One or more registered shareholders which jointly represent at least ten percent 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 Chairman at least 45 days before the date of the General Meeting.

---

### 6.5 Entry in the share register

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

---

## 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 the 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 art. 32 of the Swiss Stock Exchange Act are applicable.

---

### 7.2. Change of control clauses

Benefits under the ARYZTA LTIP vest upon a change of control. Otherwise, the agreements and plans benefiting the members of the Board or the Group Executive Management are unaffected by a change of control. Further details regarding the benefits under the ARYZTA LTIP are set out in note 10 of the ARYZTA Company Financial Statements 2009.

---

## 8 Auditors

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

KPMG AG, Zurich, was elected as statutory auditor and group auditor upon the incorporation of the Company in 2008. The term of office is one year. Herbert Bussmann has been the lead auditor since KPMG AG's appointment in 2008.

---

### 8.2. Audit fees

The total auditing fees charged by the Group auditors in the financial year 2009 amounted to €2,200,000. €390,000 of these fees were charged to Origin Enterprises plc.

---

### 8.3. Additional fees

The fees for additional services rendered to ARYZTA Group invoiced in the financial year by the auditors, totalled €3,655,000, of which €3,196,000 was for taxation and legal and company secretarial services and €459,000 for corporate finance and transactional services. Of these fees €718,000 were charged to Origin Enterprises plc.

---

### 8.4. Information tools pertaining to the external audit

KPMG presents to the Audit Committee a detailed report on the conduct of the 2009 financial statements audit, the findings on significant financial accounting and reporting issues as well as the findings on the Group's internal control system (ICS).

---

## Corporate Governance Report (continued)

---

In 2009, KPMG and the Group Head of Internal Audit participated in all three Audit Committee meetings. Other members of the Group Executive Management attended them as invited. In addition, the Head of Internal Audit regularly met with the Chairman of the Audit Committee for interim updates.

The Board of Directors annually reviews the selection of the auditors in order to propose their appointment to the 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.

At each meeting of the Audit Committee, non audit related fees paid to KPMG year to date are reviewed to mitigate the risk of any potential impairment to KPMG's independence. KPMG monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

---

### 9 Investor Communications Policy

#### Guiding principles

ARYZTA is committed to pursuing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of ARYZTA is in line with management's assessment of the current situation at ARYZTA. The guiding principles of this policy are that ARYZTA gives equal treatment to shareholders in equal situations, that any price sensitive information is published in a timely fashion and that the information is provided in a format that is as complete, simple, transparent and consistent as possible.

#### Methodology

ARYZTA publishes its first quarterly trading update, half-year results, nine-months' trading update and full-year results (including Annual Report) on the occasion of its quarterly announcement cycle (announcement dates on next page). These quarterly announcements are accompanied by a presentation which is broadcast live on internet and which anyone can choose to access, whether that person is a shareholder or not. These webcasts can be replayed at any time on the ARYZTA website ([www.aryzta.com](http://www.aryzta.com)). An automatic alerting service is also provided through the website. This ensures that interested parties can sign up to the site to be alerted automatically to results and events announcements published on the website. ARYZTA also ensures that news releases are distributed to major wire and news services. These news releases are also made available in the News & Media section of the website immediately after release to the Stock Exchanges. In this way the Company utilises its website and ancillary communications infrastructure to ensure a rapid and equitable distribution of information for all interested parties.

ARYZTA's Investor Relations programme for institutional investors will be carried out in-line with the quarterly announcement cycle, with management time allocated accordingly and not on an ad-hoc basis. In order to strike a balance between the needs of managing a business and regular transparent communication with investors, investor meetings (i.e. Group meetings, one-to-one meetings and conference calls) will not be held on an ad-hoc basis. These will be organised following quarterly announcements, save as mentioned below. Investors wishing to meet the Group in the aftermath of such quarterly announcements should email the Group's Investor Relations coordinator (see details below). These investor communications focus either on recently announced financial results,

---

## Corporate Governance Report (continued)

---

recent corporate activity or the longer term strategy of the Group. They do not serve the purpose of disclosing new information which might encourage an investment decision.

The Group accepts invitations to investor conferences. Attendance at conferences by the Group will be done on a planned and agreed basis in advance of its quarterly announcement cycle and published on its website. The company also communicates with analysts and stockbrokers who follow ARYZTA to facilitate third party research on the company. ARYZTA assumes no responsibility for any statements, expectations, or recommendations made by analysts and stockbrokers. The Group will communicate to investors at the time of any potentially price-sensitive event, such as significant acquisitions and divestments, joint venture agreements and alliances.

---

### Investor relations contact details

**ARYZTA AG**  
**Talacker 41**  
**8001 Zurich**  
**Switzerland**  
**Email: IRCoordinator@ARYZTA.com**

---

### Key dates to December 2010

Announcement of the 2009 annual results	28 September 2009
Issue of the 2009 annual report	5 October 2009
First quarter trading update	30 November 2009
Annual General Meeting	3 December 2009
Payment of dividend	10 December 2009
Announcement of half-year results 2010	15 March 2010
Nine month trading update	8 June 2010
Announcement of the 2010 annual results	27 September 2010
Issue of the 2010 annual report	5 October 2010
First quarter trading update	29 November 2010
Annual General Meeting 2010	2 December 2010

---