

ARYZTA AG
**Terms of Reference
of the Audit Committee
of the Board of Directors**



Effective 16 July 2019

Constitution

1. The Committee has been established by resolution of the Board of Directors of the Company (the Board) and is to be known as the Audit Committee (AC). Its terms of reference replace the terms of reference of any pre-existing Audit Committee.

Mission

2. The Committee assists the Board in fulfilling its responsibilities with respect to the:
 - a. accounting and financial reporting practices of the Company;
 - b. monitoring the integrity of the financial statements of the Company including (i) the annual and half-yearly reports; and (ii) interim management statements;
 - c. the Company's compliance with legal and regulatory requirements;
 - d. the internal and external audit processes; and
 - e. the overview of the risk management processes.

Membership

3. The Board appoints the members of the AC and its Chair for a period of one year. The AC shall be chaired by an independent and non-executive member of the Board and include a minimum of two other members of the Board, excluding the Group CEO and any former Executive member of the Board. All members shall be independent. Independence will be determined by reference to the criteria set out in the Swiss Code of Best Practice for Corporate Governance. At least one member must have recent relevant financial experience, as determined by the Board, and the others should be familiar with the issues of accounting and audit.
4. Appointments to the AC shall be for the period from each annual general meeting of the Company until the conclusion of the next annual general meeting.

Secretary

5. The Company Secretary or her nominee shall act as the secretary of the AC.
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Meetings and Notice of Meetings

1. The Chair of the Board and the Group CEO may be invited to attend meetings or portions thereof. The AC Chair may ask other members of management to attend the meeting or make presentations. The AC or the AC Chair may request the Group CFO to attend an annual meeting in private. Outside of the formal meeting programme, the AC Chair shall maintain a dialogue with key individuals.
2. At least once a year, the AC shall meet with each of the internal auditor and external auditor without the presence of members of management. The external auditor may request a meeting of the AC at any time through the AC Chair or the Company Secretary.
3. Meetings of the AC shall be summoned by the secretary of the AC at the request of

the AC Chair or any of its members.

4. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of the items to be discussed, shall be forwarded to each member of the AC and any other person required to attend, no later than two working days before the date of the meeting. Supporting papers shall be sent to the AC members and to other attendees as appropriate, at the same time.
5. At least two members of the AC must be present to have a quorum. A duly convened meeting of the AC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the AC.
6. The AC has complete and unrestricted access to management, books and records and may obtain any information it requires from the appropriate services. The AC may appoint independent legal, accounting or other counsel, at the Company's expense, if it thinks it appropriate.

Reporting Responsibilities

7. The AC Chair shall report to the Board after each meeting of the AC by means of a short account of its activities and findings. The AC is at the disposal of the Chair of the Board as well as the Board at all times during the Board meetings.
8. The secretary shall minute the proceedings and the resolutions of all AC meetings, including the names of those present and in attendance. The secretary shall ascertain, at the beginning of each meeting, the existence of any conflict of interest and minute them accordingly. Minutes of the AC meeting shall be signed by the AC Chair and the secretary and circulated promptly to all members of the AC prior to the next meeting and, once agreed, to all members of the Board, unless a conflict of interests exists.

Powers and Duties

The duties of the AC shall be to:

9. Financial Reporting

- a. review, and challenge where necessary, the actions and judgements of management in relation to the Company's preliminary results, interim results, annual financial statements and any other formal statements by the Company, that are financial in nature, before submission to the Board.

10. Internal Control

- a. Review
 - i. the effectiveness of the internal control system, including risk management, and review the Company's annual statement on internal control systems;
 - ii. the policies and overall process for identifying and assessing business risks and managing their impact on the Company;
 - iii. regular assurance reports from management, internal audit and external audit on matters related to risk and control;
 - iv. the timeliness of, and reports on, the effectiveness of corrective action taken by management;
 - v. the appropriateness of the risk management techniques employed by the Company; and
 - vi. the Company's policies for preventing and detecting fraud, its code of conduct/business ethics and the policies for ensuring that the Company complies with relevant regulatory and legal requirements.

11. Internal Audit

- a. Review and approve the appointment and removal of the head of the internal audit function;
- b. Receive a report on the results of the internal auditor's work on a periodic basis;
- c. Ensure that the head of internal audit has direct access to the Chair of the Board and the AC; and
- d. Monitor and review the effectiveness of the Company's internal audit function, review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the company.

12. External Audit

- a. Oversee the Company's relations with the external auditor;
 - b. Consider and make recommendations on the appointment, re-appointment or removal of the external auditor;
 - c. Approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided;
 - d. Discuss with the external auditor the nature and scope of the audit before the audit commences;
 - e. Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, satisfying itself that there are no relationships between the auditor and the Company (other than in the course of business) and taking into consideration relevant professional and regulatory requirements;
 - f. Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
 - g. Consider communications from the external auditor on statutory and regulatory audit planning and findings and on material weaknesses in accounting and internal control systems that have come to the auditor's attention;
 - h. Review significant issues raised in the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;
 - i. Assess the effectiveness of the audit process at the end of the audit cycle.
13. The AC does not exercise any professional auditing and does not interfere with the management affairs. It gains a view of the organisation, the efficiency of, and the findings of the internal and external auditors and the reaction of management. It then renders an annual report to the Board.
14. However, should the AC observe, during the course of its work, anything that
- a. Reveals an important violation of legal provisions, internal guidelines or other rules to which the Company must adhere;
 - b. Could lead to the belief that there is a material financial breach; or
 - c. Any issues that could imply serious consequences for the reputation of the Company. The AC will inform the Board of these infractions and, in the case of emergency, by informing the Chair of the Board. The purpose of this information is to allow management to verify the efficiency of the internal audit systems, to intervene if necessary and to assure itself of the responsiveness of the line management.

15. The AC shall

- a. Review and reassess the adequacy of this Charter and submit proposed changes to the Board for approval; and
- b. Conduct an annual self-evaluation of the AC's own performance;
- c. Consider the disclosure about the role of the AC included in the annual report and compile a report to shareholders on its activities to be included in the annual report; and
- d. Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters of concern.

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