

# **ORIOR AG**

## CORPORATE GOVERNANCE REPORT 2018

## Corporate Governance Report

ORIOR Group is committed to best practices in corporate governance with a high level of transparency. Good corporate governance protects the interests of Company shareholders and other stakeholders while helping the Group achieve sustainable development. ORIOR Group's corporate governance policy follows the guiding principles of the Swiss Code of Best Practice for Corporate Governance (2016). The information disclosed hereinafter meets the current requirements of the "Directive Corporate Governance" (DCG) issued by SIX Swiss Exchange and last amended on 20 March 2018.

### 1. Group structure and shareholders

The registered office of ORIOR AG, the parent company of ORIOR Group, is in Zurich (Switzerland). Information on the security number and ISIN code of its shares and its stock market capitalisation is given in the "Share information" section of this annual report.

The subsidiaries included in the Group's scope of consolidation are listed in the Notes to the Consolidated Financial Statements along with their legal domicile, share capital and the percentage interest held by the Group. Apart from the parent company, only unlisted companies are included in the scope of consolidation.

#### Group structure as of 1 January 2019

As announced by ORIOR in October of 2018, the current Executive Committee (former Management Board) will be supported by a new executive body – the Extended Executive Committee – as of 1 January 2019 to strengthen and promote strategic development of the entire Group. The established Swiss Management Committee consisting of the heads of the Swiss centres of competence and key employees (former Extended Management Team) will remain in place and ensure the successful development of the Swiss business. One of the critical tasks of the Swiss Management Committee is managing and actively developing the ORIOR Champion Model, by which interdisciplinary collaboration and knowledge transfer among the various centres of competence are promoted and specific goals and action plans formulated to ensure sustained value creation.

#### Board of Directors

Rolf U. Sutter, Chairman  
Edgar Fluri, Vice Chairman  
Walter Lüthi  
Dominik Sauter  
Monika Walser

#### Executive Committee

Daniel Lutz, CEO ORIOR Group  
Filip De Spiegeleire, Head ORIOR Europe and Head Culinor Food Group

#### Extended Executive Committee

Bernhard Pfulg, CFO a. i. ORIOR Group  
Max Dreussi, Head Fredag  
Glauco Martinetti, Head Rapelli  
Milena Mathiuet, Head Corporate Communications & Investor Relations

#### ORIOR Corporate

Stefan Graf, Head Supply Chain Excellence  
Sven Maushake, CIO ORIOR Group

#### Convenience segment

Max Dreussi, Head Fredag  
Jann Gehri, Head Le Patron  
Oscar Marini, Head Pastinella  
Clemens Rüttimann, Head Biotta

#### Refinement segment

Glauco Martinetti, Head Rapelli  
Bruno Bürki, Head Albert Spiess  
Walter Koller, Head Möfag

#### International segment

Filip De Spiegeleire, Head ORIOR Europe and Head Culinor Food Group

### Personnel change in Group-level management

After eleven years of service with the Company, Christoph Clavadetscher did not stand for re-election and thus stepped down from the Board of Directors of ORIOR AG upon conclusion of the Annual General Meeting on 12 April 2018.

Josef Ming was elected to the Board of Directors of ORIOR AG at the Annual General Meeting on 12 April 2018 and appointed a member of the Nomination and Compensation Committee. On 5 June 2018, he resigned from his role as ORIOR director with immediate effect, citing personal reasons. The Board of Directors subsequently appointed from its members Walter Lüthi to serve on the Nomination and Compensation Committee for the period up to the 2019 Annual General Meeting.

After nine years of service to ORIOR AG, Prof. Dr. Edgar Fluri, Vice Chairman of the Board of Directors and Chairman of the Audit Committee, is not – as announced in October of 2018 – standing for re-election at the upcoming Annual General Meeting on 11 April 2019. The Board of Directors will propose financial expert Dr. iur. Markus R. Neuhaus as his successor. It is planned to nominate Mr. Neuhaus as Chairman of the Audit Committee.

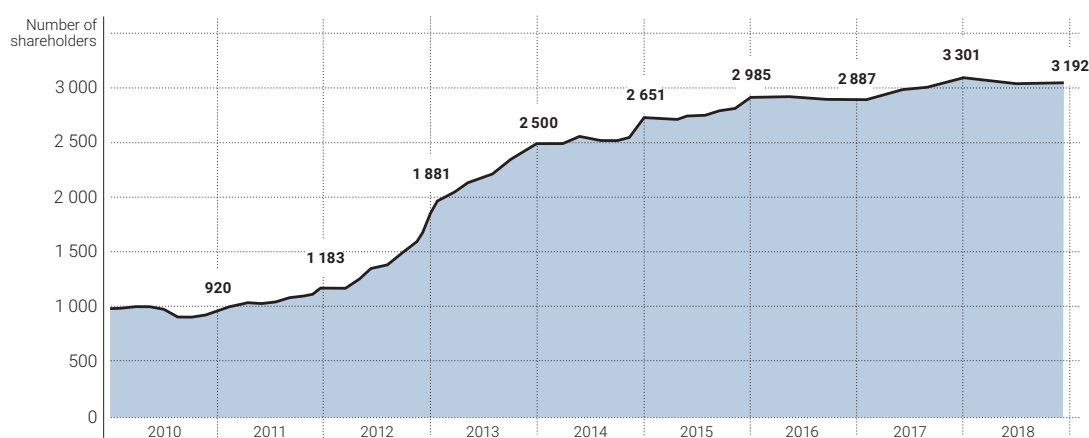
As of mid-December 2018, Ricarda Demarmels, CFO of ORIOR Group and a member of the Executive Committee, resigned from her role with the company. She commenced maternity leave and will not return to the company before her effective date of separation at the end of May 2019. Bernhard Pfulg, Financial Officer and COO of the ORIOR Convenience Segment, assumed the role of Group CFO ad interim in mid-December 2018 and will consequently take a seat on the Extended Executive Committee of ORIOR Group.

Max Dreussi, Head of Fredag, Glauco Martinetti, Head of Rapelli, and Milena Mathiuet, Head of Corporate Communications and Investor Relations, were appointed to the Extended Executive Committee of ORIOR AG effective 1 January 2019.

In February 2018, Jann Gehri assumed responsibility for Le Patron from Daniel Lutz, CEO of ORIOR Group, the acting head of this centre of competence. Jann Gehri takes a seat on the Swiss Management Committee (former Extended Management Team). After the acquisition of Biotta in May 2018, its managing director Clemens Rüttimann will likewise sit on the Swiss Management Committee.

### ORIOR shareholders

According to the share register, ORIOR had 3 192 shareholders as of 31 December 2018, meaning there was a slight decrease in the number of shareholders during the year under review. The development in the number of shareholders entered in the share register since the IPO in April 2010 is depicted below:

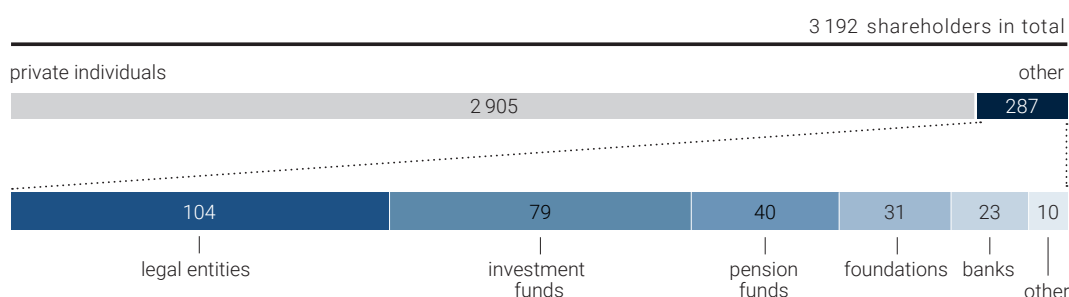


The 3 192 registered shareholders at 31 December 2018 held 74.0% of total share capital. Information on the distribution of shareholdings as of 31 December 2018 by size of shareholding, by category and by country is given below.

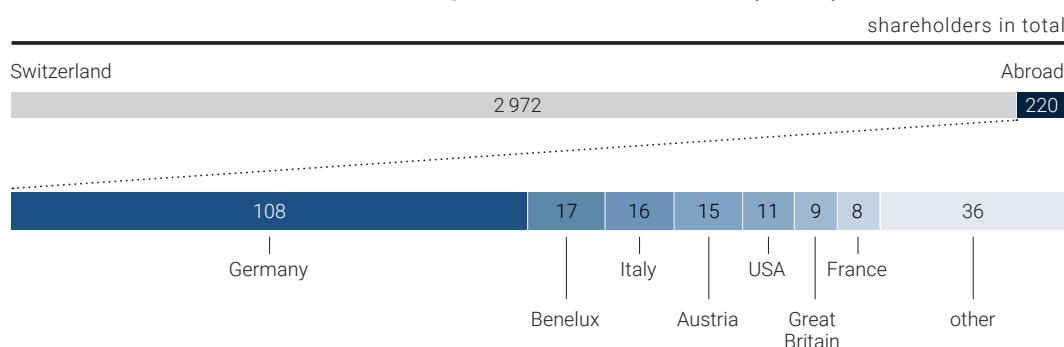
Number of shareholders entered in the share register as of 31 December 2018, by number of shares held:

Number of shares held	Number of shareholders	Total number of shares
1 – 10	244	1 472
11 – 100	872	55 998
101 – 1 000	1 735	648 319
1 001 – 10 000	285	814 112
10 001 – 100 000	47	1 479 629
> 100 000	9	1 822 537
<b>Total</b>	<b>3 192</b>	<b>4 822 067</b>

Number of shareholders entered in the share register as of 31 December 2018, by category:



Number of shareholders entered in the share register as of 31 December 2018, by country:



### Major shareholders

According to notifications received, as of 31 December 2018 the following shareholders each own more than 3% of ORIOR AG's share capital:

Shareholder	Number of shares	%	Source
UBS Fund Management (Switzerland) AG (CH)	684 978	10.51 <sup>1</sup>	Notification 20.11.2018
Swisscanto Fondsleitung AG (CH)	353 965	5.431	Notification 15.11.2018
Credit Suisse Funds AG (CH)	345 903	5.31	Notification 15.11.2018
Schroders Plc (GB)	288 856	4.875 <sup>2</sup>	Notification 05.02.2015
Rolf U. Sutter / Group (CH)	200 150 <sup>3</sup>	3.07	Notification 25.09.2015

<sup>1</sup> Includes RoPas (CH) Institutional Fund – Equities Switzerland, which holds an interest of 6.29%.

<sup>2</sup> Corresponds to the information in the disclosure notification dated 5 February 2015 and is consequently based on the total outstanding share capital of ORIOR AG at that time.

<sup>3</sup> This includes the 500 ORIOR shares without any holding-period requirements or that are no longer subject to such restrictions that were purchased by Rolf U. Sutter at preferential terms in October 2015 within the framework of the stock ownership plan and the 350 ORIOR shares that Rolf U. Sutter purchased at preferential terms in May 2015 within the framework of the stock ownership plan and that are subject to a holding period expiring 31 July 2021. The corresponding notifications of management transactions were published on 30 October 2015 and 30 May 2018.

During the period between 1 January 2018 and 31 December 2018 the following disclosure notifications were received and duly published on the website of the SIX Swiss Exchange:

Publication date	Shareholder / Group	Reason for announcement	New shareholding
20.11.2018	UBS Fund Management (Switzerland) AG (CH)	Other / Purchase	10.51%
15.11.2018	Credit Suisse Funds AG (CH)	Purchase	5.31%
15.11.2018	Swisscanto Fondsleitung AG (CH)	Purchase	5.431%
13.11.2018	Ernst Göhner Stiftung (CH)	Sale	< 3.00%
10.07.2018	UBS Fund Management (Switzerland) AG (CH)	Sale	8.86%
15.03.2018	Credit Suisse Funds AG (CH)	Purchase	3.16%
14.03.2018	Credit Suisse Group AG (CH)	Sale <sup>1</sup>	< 3.00%
10.03.2018	Credit Suisse Group AG (CH)	Purchase <sup>1</sup>	10.12%

<sup>1</sup> In connection with the capital increase resulting in the issuance of 592 499 new ORIOR shares by way of an accelerated bookbuild.

Detailed information about these disclosures can be viewed at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>.

As of 20 February 2019, ORIOR was not aware of any other person or entity holding, directly or indirectly, 3% or more of the Company's share capital. Neither is ORIOR AG aware of any significant agreements or arrangements among shareholders regarding their holdings of ORIOR AG registered shares.

#### Cross-shareholdings

There are no cross-shareholdings with other companies.

## 2. Capital structure

#### Share capital

in CHF	31.12.2018	31.12.2017	31.12.2016
Ordinary share capital	26 069 996	23 700 000	23 700 000
Conditional share capital	714 256	714 256	714 256
Authorised share capital	3 908 000	4 400 000	4 400 000
Treasury shares	842 837	2 062 906	699 471

#### Ordinary capital

ORIOR AG's share capital is fully paid in and amounts to CHF 26 069 996. It is divided into 6 517 499 registered shares with a par value of CHF 4.00 each. There is only one category of registered shares. Further information on the shares is given in the "Share information" section of this annual report.

#### Conditional capital

The share capital of the Company may be increased by a maximum of CHF 714 256 through the issue of a maximum of 178 564 registered shares with a par value of CHF 4.00 each, which must be fully paid-in, upon exercise of options rights granted to the members of the Board of Directors and employees of the Company and subsidiaries under one or more share-based compensation plans. The issue price for the new shares and the terms of the share-based compensation plans is determined by the Board of Directors. The subscription rights and preemptive rights of shareholders are excluded with respect to this conditional capital increase. The acquisition of registered shares through the exercise of option rights and every subsequent transfer are subject to the restrictions on entry in the share register stipulated in Articles 5 and 6 of the Articles of Association.

### Authorised share capital

The Board of Directors is authorised to nominally increase the share capital at any time up to 12 April 2020 by a maximum par value of CHF 3 908 000 through the issue of a maximum of 977 000 registered shares with a par value of CHF 4.00 each, to be fully paid in. Partial capital increases are permitted. The issue price, the date of the dividend entitlement, and the type of contribution will be determined by the Board of Directors. When acquired, the new registered shares are subject to the registration restrictions laid down in Art. 5 and 6 of the Articles of Association.

The Board of Directors shall be authorised to restrict or withdraw the preemptive subscription rights of shareholders and to allocate them to third parties,

- (i) if the new shares are to be used to acquire another enterprise, parts of an enterprise or equity interests, or to finance investment projects or to finance or refinance any such transactions by the Company, or
- (ii) if the new shares are being placed nationally and internationally for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at much less favourable conditions if the preemptive subscription rights to the new shares were not restricted or withdrawn.

The Board of Directors may allow subscription rights that have not been exercised to lapse, or it may place these subscription rights, or registered shares for which subscription rights were granted but not exercised, at market conditions, or use them otherwise in the interests of the Company.

### Changes in capital

Shareholders at the General Meeting on 12 April 2018 voted to renew the authorised capital in the amount of CHF 3 908 000, corresponding to 977 000 registered shares with a par value of CHF 4.00 each, to be fully paid in, for an additional two-year period expiring 12 April 2020.

On 7 March 2018, ORIOR AG's share capital was increased by 592 499 registered shares or CHF 44.7 million; the placed shares originated from the Company's authorised but unissued capital stock.

The shareholders at the Annual General Meeting on 25 March 2016 approved to renew the authorised share capital, with a reduced maximum amount of CHF 4 400 000, corresponding to 1 100 000 fully paid registered shares with a nominal value of CHF 4.00 each, as well as various other amendments to Article 3b of the Company's Articles of Association in connection with authorised share capital.

On 21 April 2010 the share capital of ORIOR AG was increased by CHF 6.7 million through the issue of 1 675 000 registered shares. At the Extraordinary Meeting of Shareholders on 9 April 2010, shareholders voted to split the share capital consisting of 170 000 registered shares with a par value of CHF 100.00 each into 4 250 000 registered shares with a par value of CHF 4.00 each. Shareholders at the Extraordinary Meeting of Shareholders on 9 April 2010 also authorised the Board of Directors to increase the share capital from CHF 17 million to a maximum of CHF 97 million during a three-month period following this Extraordinary Meeting of Shareholders. The Extraordinary Meeting of Shareholders on 9 April 2010 also voted to create conditional share capital of CHF 714 256 and authorised share capital of CHF 4 761 704.

ORIOR AG has purchased own shares through numerous transactions on the open market:

	2018	2017	2016
Number of own shares bought on the market	50 131	63 612	84 975
Average share price in CHF	83.22	76.20	69.17

### Participation certificates and non-voting equity securities

ORIOR Group has not issued any participation certificates or non-voting equity securities.

### Restrictions on share transfer, registration of Nominees

There are no restrictions on the transfer of the registered shares of ORIOR AG. The sole condition attaching to entry of a shareholder in the share register is a written statement signed by the person acquiring the shares that he is acquiring them in his own name and for his own account. There are no further restrictions on shareholder registration. Any persons not expressly stating in their application form that the shares have been acquired for their own account (Nominees) may be entered as shareholders in the share register with voting rights if the Nominee concerned is

subject to recognised banking and financial market supervision and has entered into an agreement with the Board of Directors regarding its position. The total share capital held by the Nominee may not exceed 2% of the issued share capital of the Company. In excess of this limit, the Board of Directors may register Nominees in the share register with voting rights, if the Nominees disclose the names, addresses, citizenship and shareholdings of those persons for which they hold 2% or more of the issued share capital. No Nominees with voting rights exceeding the 2% limit were registered during the year under review.

#### Bond

In connection with the refinancing of outstanding credit facilities as well as for general corporate purposes including potential acquisitions, ORIOR AG issued on 26 September 2017 a six year bond with a nominal value of CHF 110 million (ISIN CH37961096). The bond pays a fixed interest rate of 0.625% and will be repaid on 26 September 2023.

### 3. The Board of Directors

The duties and responsibilities of the Board of Directors of ORIOR AG are defined by the Swiss Code of Obligations, the Articles of Association and the Organisational Regulations.

#### Members of the Board of Directors

The Board of Directors consists of at least three and no more than nine members. The Board of Directors consisted of five directors as of 31 December 2018. All members of the Board of Directors are non-executive directors. None of the directors held an executive position with ORIOR Group during the three fiscal years preceding the period under review. Unless otherwise noted, the members of the Board of Directors do not have significant business relationships with ORIOR AG or with ORIOR Group. All of the directors are Swiss nationals.

Below is an overview of the current members of the Board of Directors as of 31 December 2018, their functions within the Board, their first year of election to the Board and their current term of office.

Name	Year of birth	Position	First term of office	Elected until AGM
Rolf U. Sutter	1955	Chairman of the Board of Directors, Member of the Nomination and Compensation Committee	2006 <sup>1</sup>	2019
Edgar Fluri	1947	Vice Chairman of the Board of Directors, Chairman of the Audit Committee	2010	2019
Walter Lüthi	1953	Member of the Board of Directors, Member of the Nomination and Compensation Committee and Member of the Audit Committee	2016	2019
Dominik Sauter	1963	Member of the Board of Directors, Member of the Audit Committee	2013	2019
Monika Walser	1965	Member of the Board of Directors, Chairwoman of the Nomination and Compensation Committee	2013	2019

<sup>1</sup> Delegate to the Board of Directors from 2006 to 2011.

#### Changes in the composition of the Board of Directors

After eleven years of service with the Company, Christoph Clavadetscher did not stand for re-election and thus stepped down from the Board of Directors of ORIOR AG upon conclusion of the Annual General Meeting on 12 April 2018.

Josef Ming was elected to the Board of Directors of ORIOR AG at the Annual General Meeting on 12 April 2018 and appointed a member of the Nomination and Compensation Committee. On 5 June 2018, he resigned from his role as ORIOR director with immediate effect, citing personal reasons. The Board of Directors subsequently appointed from its members Walter Lüthi to serve on the Nomination and Compensation Committee for the period up to the 2019 Annual General Meeting.

After serving on the Board of Directors of ORIOR AG for nine years, Prof. Dr. Edgar Fluri will not stand for re-election at the Annual General Meeting on 11 April 2019. As announced on 17 October 2018, the Board of Directors of ORIOR AG will propose the election of Dr. iur. Markus R. Neuhaus as a new member of the Board of Directors at the Annual General Meeting on 11 April 2019. ORIOR plans to nominate Mr. Markus R. Neuhaus as Chair of the Audit Committee.

## ORIOR Board of Directors



ORIOR Member of the Board of Directors: from left to right: Walter Lüthi, Monika Walser, Rolf U. Sutter (Chairman), Edgar Fluri (Vice Chairman), Dominik Sauter

### Rolf U. Sutter

#### **Chairman of the Board of Directors, Member of the Nomination and Compensation Committee**

Rolf U. Sutter holds a bachelor degree from the Lausanne Hotel School and pursued a degree programme at Cornell University in Ithaca (USA). From 1981 to 1989 he held various positions at Railway Buffet, Zurich and Moevenpick Holiday Inn, Moevenpick Hotel and Moevenpick / Marché Schweiz. From 1989 to 1997 he served as Managing Director / CEO of Moevenpick / Marché International. From 1993, he was also a member of the Executive Board of Moevenpick Holding AG. During this time, he worked in Germany for three years, established several companies in several countries, opened and developed various restaurants in North America, Asia (with registered offices in Hong Kong and Singapore), the Middle East and Europe. From 1997 to 1999, he was Managing Director of all food service operations within the Moevenpick Group. After assuming the position of CEO of ORIOR in 1999, Rolf U. Sutter was elected Executive Board delegate to the Board of Directors. He resigned as ORIOR's CEO on 30 April 2011. The Board of Directors elected Rolf U. Sutter as its Chairman at the constituting meeting of the Board after the Annual General Meeting on 6 April 2011.

**Other activities and functions:** Rolf U. Sutter is Chairman of the Board of Directors of Biella-Neher Holding AG, Biel, and a member of the Board of Directors of Schweizer Getränke AG, Meilen.

### Prof. Dr. Edgar Fluri

#### **Vice Chairman of the Board of Directors, Chairman of the Audit Committee**

Edgar Fluri earned a Doctorate in Economics from the University of Basel and is a Swiss Certified Public Accountant. From 1977 to 1998 he was with STG-Coopers & Lybrand, where he served from 1991 to 1996 as Deputy Chairman and from 1997 to 1998 as Chairman of the Management Committee and held a seat on the Coopers & Lybrand International and European Boards. After the merger to form PricewaterhouseCoopers, Edgar Fluri served from 1998 to 2008 as Chairman of the Board of Directors of PricewaterhouseCoopers Switzerland. From 1998 to 2001 he was also Head of Assurance and Business Advisory Services EMEA and from 2002 to 2005 a member of the Global Board of PricewaterhouseCoopers. Edgar Fluri was a part-time lecturer in public accounting and auditing at the University of Basel from 1987 to 2012 and was appointed titular professor in 1997.



**Other activities and functions:** Edgar Fluri is a member of the Board of Directors of LAROBA AG, Basel, Chairman of the Board of Directors of Beyeler Museum AG, Basel, a member of the Board of Directors of Galerie Beyeler AG, Basel, and a member of the Board of Trustees of the Beyeler Foundations, Basel.

## Walter Lüthi

### **Member of the Board of Directors, Member of the Nomination and Compensation Committee and Member of the Audit Committee**

Walter Lüthi initially obtained a basic technical education and is a graduate of a college-level business management programme. From 1973 to 1978 he worked in research and development at Autophon AG, a specialist for telecommunications devices. From 1978 he was Senior Account Manager at Burroughs AG and in 1983 he joined Hawe-Neos Dental AG as Head of European Sales. In 1986 Walter Lüthi went into business for himself and in the following years established two companies active in the fields of consulting and electronic media. After their successful start-up he sold them and subsequently accepted a position as Executive Manager of the Swiss operations of ADIA Interim AG in Zurich. In 1992 he was retained by the Board of Directors of Intersport E+H Holding AG to turn the company around, after which he was elected to its board. In 1993 Walter Lüthi assumed the Chairmanship of Mühlebach Holding AG with a mandate to focus on modernising the group and setting up new business areas. In 1998 he established Success Factory AG and has been engaged as a professional investor and as a professional director. In the ensuing years he advised Swisscom AG on strategic issues and he managed Betty Bossi AG as CEO from 2000 to 2015, where he played a crucial role in the very successful development of the Betty Bossi brand.

**Other activities and functions:** Walter Lüthi is the owner and Chairman of Success Factory AG, Lucerne, Chairman of the Board of Directors of Artum AG, Zurich, a member of the Board of Directors of Büro Schoch Werkhaus AG, Winterthur, a member of the Board of Directors of Alipro AG, Hittnau, a member of the Board of Directors of Bergbahnen Destination Gstaad AG, Gstaad, a member of the Board of Trustees of SOS Kinderdorf, Bern, and a member of the Advisory Board of Isolutions AG, Bern.

## Dominik Sauter

### **Member of the Board of Directors and Member of the Audit Committee**

Dominik Sauter holds a degree in engineering from the Swiss Federal Institute of Technology in Zurich (ETH). He worked as a process engineer at Ems-Chemie in Domat-Ems and in Japan until 1991. From 1991 to 2000 he worked for Sauter AG, a family-owned company in Sulgen, where he ultimately held the position of Head of Sales & Marketing and also served as Chairman of the Board of Directors. From 2000 to 2008 he worked for Belimed, a manufacturer of cleaning and sterilisation equipment marketed to hospitals, laboratories and pharmaceutical companies worldwide, as a member of the Group Executive Board in charge of sales, marketing and business development. Dominik Sauter is CEO of EGS Beteiligungen AG in Zurich, an investment company that belongs to the Ernst Göhner Foundation and is focused on Swiss industrial and services companies.

**Other activities and functions:** Dominik Sauter is Chairman of the Board of Directors of Belimed Life Science AG, Sulgen, Vice Chairman of the Board of Directors of Biella-Neher Holding AG, Biel, a member of the Board of Directors of Boucledor SA, Meyrin, a member of the Board of Directors of Bauwerk Boen AG, St. Margrethen, and a member of the Board of Directors of Golf Lipperswil AG, Lipperswil.

## Monika Walser

### **Member of the Board of Directors and Chairwoman of the Nomination and Compensation Committee**

Monika Walser holds a master degree in rhetoric and technical communications from the University of Michigan (USA) and other educational credentials. In the years prior to 2000 she was mainly active in the field of marketing and sales. From 2000 to 2004 she served as Chief Communication Officer and a Member of the Executive Board of TDC Switzerland AG (Sunrise). From 2005 to 2009 she was Head of Communications and Human Resources as well as Deputy CEO of Swissgrid AG and, from 2006 onward, concurrently Head of Communications and Politi-

cal Affairs at UCTE, the Union for the Coordination of Transmission of Electricity, in Brussels. Since 2009 she has been a partner at WAEGA-Group AG, Zurich, in which capacity she was CEO of the Swiss bag and accessories maker Freitag lab AG, Zurich, until January 2014. In spring 2014 she became CEO and Delegate to the Board of Directors of de Sede AG.

**Other activities and functions:** Monika Walser is delegate and member of the Board of Directors of de Sede AG, Klingnau, and of its sister company Ligno AG, as well as a member of the Board of Directors of its sister company Oelpool AG, which are all affiliates of Volare Group AG. In addition she is a member of the Board of Directors of Sanitas Beteiligungen AG and of Sanitas Stiftung, Zürich, a member of the Board of Directors of Zoo Zürich AG, Zurich, and a member of the Board of Directors of Greater Zurich Area AG, Zurich.

#### **Other activities and functions**

The members of the Board of Directors may simultaneously carry out no more than five additional mandates outside the Group in the supreme managing or supervising body of other listed companies, and eight such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. If a member does not reach the maximum number of mandates at listed companies, the number of mandates permitted at unlisted entities increases accordingly. Subject to approval by the Board of Directors, a member may exceed these limits for a short period of time.

With the exception of the positions already listed under "Members of the Board of Directors", none of the directors holds any positions or exercises any activities of relevance to corporate governance in

- governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- a permanent management or consultancy function for important interest groups;
- a public or political office.

#### **Elections and organisation of the Board of Directors**

The members of the Board of Directors are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted.

The Chairman of the Board of Directors is elected by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted. If the Chairman is unable to perform his duties, the Board of Directors shall appoint one of its members as interim Chairman for the remaining term of office. If the Chairman is absent, the Vice Chairman or another member of the Board of Directors shall represent him.

The Board of Directors shall constitute itself subject to the provisions of the law and the Articles of Association. It shall appoint a Vice Chairman from among its members and may designate a secretary who needs not be a member of the Board of Directors.

Even for non-delegable and inalienable duties, the Board of Directors may form committees from among its members and entrust these committees or their individual members with the preparation and execution of its resolutions, the supervision of transactions and related special duties. The main role of the committees is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. The committees do not have the power to pass resolutions. Two specialist committees, the Audit Committee and the Nomination and Compensation Committee, are appointed by the Board of Directors as standing committees.

The Board of Directors meets as often as business requires, but no less than six times a year. The Board of Directors convened fourteen meetings between 1 January 2018 and 31 December 2018, three of which were telephone conferences. There was also a Board of Directors' workshop. One resolution was adopted by means of circular letter. The meetings lasted approximately five hours each, the telephone conference approximately 45 minutes, the workshop two days. Christoph Clavadetscher did not attend the meetings on 6 and 14 February 2018 and on 3 March 2018; Edgar Fluri did not attend the meeting on 18 May 2018; Josef Ming did not attend the meeting on 31 May 2018. Apart from the aforementioned absences, all members were in attendance at all meetings held during their term of office.

Any director may request the Chairman to call a Board meeting or to add an item to the agenda. Besides the directors, the Board meetings are attended by the CEO and CFO and may, depending on the agenda items, be attended by other members of the Management Team.

The Board of Directors has a quorum if and as long as at least the majority of its members are present. Resolutions shall be passed by the majority of the votes of the members present. Each member shall have one vote. The Chairman shall have the casting vote.

### **Compensation, shareholdings and loans**

Information on the compensation and shareholdings of members of the the Board of Directors and any loans extended to them is presented and explained in the "Compensation Report" along with the applicable regulations.

### **Function and powers**

The Board of Directors is, subject to the duties and powers of the General Meeting, the Company's supreme management body. The Board of Directors is further responsible for the ultimate supervision of the Company. The Board of Directors shall have the power to perform all acts that the business purpose of the Company may entail. The Board of Directors shall be authorised to pass resolutions on all matters that are not reserved to another corporate body by law or by the Company's Articles of Association.

According to Art. 18 of the Company's Articles of Association the Board of Directors has, in particular, the following non-delegable and inalienable duties:

- Ultimate management of the Company and issuance of the necessary directives;
- Establishment of the organisation;
- Structuring of the accounting system, of the financial controls and of the financial planning;
- Appointment and removal of the persons entrusted with the management, and assignment of signing authority;
- Ultimate supervision of the persons entrusted with the management, in particular, in view of compliance with the law, the Articles of Association, regulations and directives;
- Preparation of the business report and the Compensation Report as well as preparation of the General Meeting and implementation of its resolutions;
- Passing of resolutions regarding the subsequent payment of capital with respect to not fully paid-in shares, and amendment of the Articles of Associations to that effect;
- Passing of resolutions regarding capital increases, to the extent that they are in the power of the Board of Directors (Art. 651 Para. 4 CO), recording of capital increases, preparation of the capital increase report, and amendment of the Articles of Association to that effect;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Merger Act and other laws;
- Notification of the court in case of over-indebtedness.

According to Art. 3.4 of the Organisational Regulations, moreover, the Board has the following exclusive powers and duties:

- Approval of the business strategy, passing of resolutions on the commencement of new and cessation of existing business activities, as well as approval and adoption of the Company's budget;
- Approval of transactions that the CEO or the Executive Committee, in accordance with the rules on the division of powers issued by the Board of Directors, has to submit to the Board of Directors or voluntarily submits to the Board of Directors;
- Adoption and any amendment or modification of any employee incentive programme, such as share schemes, stock option plans, restricted stock purchase agreements, etc.;
- Issuing bonds (including bonds with warrants and options) or other financial market instruments;
- Decisions on entering into any financial commitments or contingent liabilities exceeding CHF 2 million that are not within the budget approved by the Board of Directors.

In addition to the duties and powers specified in the Articles of Association and the Rules and Regulations of the Company, the Board of Directors evaluates its own performance and effectiveness at periodic intervals.

To the extent allowed by the law, and subject to the powers reserved for the Board of Directors by the Articles of Association and the Organisational Regulations, the Board of Directors delegates the entire management of the Company's operational business to the Executive Committee.

As detailed in Art. 3.5 of the Company's Organisational Regulations, the Board of Directors has delegated certain duties to the Chairman of the Board of Directors. The Chairman of the Board of Directors convenes and chairs Board meetings and General meetings. He also represents the Board of Directors in dealings with the public, the authorities and shareholders. The Chairman ensures that all directors are informed in a timely and sufficient manner. He also monitors the implementation of resolutions adopted by the Board.

In the case of exceptional, very urgent events, the Chairman is authorised and obliged to order immediate measures even if they are within the competence of the Board of Directors as a whole. The Board of Directors must as soon as possible be informed and appropriately involved in the decision-making process.

#### **Audit Committee**

The Audit Committee is a standing committee pursuant to Art. 4.1 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors fulfil its supervisory obligations to the extent that this concerns the integrity of the financial statements, compliance with legal and regulatory guidelines, the performance of the internal control system and appraisal of the performance of the internal and external auditors.

The Audit Committee consists of at least three members of the Board of Directors. The Board of Directors appoints the members of the Audit Committee and its Chairman for a term of one year from among independent members of the Board of Directors who are not involved in operational management of the Company. At least one of the members of the committee possesses relevant, up-to-date knowledge of accounting and financial matters (Financial Expert). As of 31 December 2018, the Audit Committee consisted of Edgar Fluri (Chairman, Financial Expert), Walter Lüthi and Dominik Sauter. Ricarda Demarmels attended the meetings as CFO without voting rights, except for the meeting on 14 December 2018, which Bernhard Pfulg attended as CFO ad interim without voting rights.

The Audit Committee has the following responsibilities:

- To review and assess the effectiveness of the external and internal auditors, in particular their independence;
- To review and assess the audit scope and plan, the examination process and the results of the external and internal audit, and to examine whether the recommendations of the external and internal auditors have been implemented;
- To review the auditors' reports and to discuss them with the auditors;
- To make recommendations about the appointment of the external auditor, which the Board of Directors can then put to shareholders for approval at the General Meeting;
- To approve the remuneration and terms of engagement of the external auditor;
- To assess internal controls as well as the risk management system and risk mitigation measures set up by management;
- To assess compliance with statutory and regulatory rules, Organisational Regulations and corporate governance within the Company;
- To review in cooperation with the auditors, the CEO and the CFO whether the accounting principles and financial control mechanisms of the Company and its subsidiaries are appropriate to the size and complexity of the business;
- To review and discuss with management and auditors the annual and interim statutory and consolidated financial statements and any other Company documents relating to the accounts, prior to submission to the Board of Directors;
- To consider any other matters as may be requested by the Board of Directors;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The committee holds at least four regular meetings a year. It can convene additional meetings at its discretion. During the period from 1 January 2018 to 31 December 2018 the Audit Committee held five meetings, one of which was a telephone conference. All members of the Audit Committee attended all meetings held during the year under review.

#### **Nomination and Compensation Committee**

The Nomination and Compensation Committee is a standing committee pursuant to Art. 4.2 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations.

In terms of its organisation and duties, the Committee meets all the requirements of a compensation committee as defined in Art. 7 OAEK and Art. 23 of the Company's Articles of Association.

More information about the organisation and the responsibilities and duties of the Nomination and Compensation Committee can be found in the "Compensation Report" of this annual report.

#### **Division of powers and responsibilities between the Board of Directors and the Executive Committee**

The Board of Directors bears ultimate responsibility for the business activities and affairs of the Company and the Group. The Board of Directors has delegated responsibility for operational management of the Company to the Executive Committee within the limits imposed by law and in accordance with the Company's Organisational Regulations. The CEO chairs the Executive Committee and is authorised to issue instructions to this board's other members. The members of the Executive Committee conduct their day-to-day business on their own initiative within the framework of the corporate strategy, corporate targets and budgetary targets approved by the Board of Directors.

The demarcation lines between the responsibilities of the Board of Directors and the Executive Committee have been laid down in the Organisational Regulations of ORIOR AG.

The Organisational Regulations, the Audit Committee Charter and the Nomination and Compensation Committee Charter can be downloaded from the Company's website at <http://www.orior.ch/en/Corporate-Governance>.

#### **Reporting and control instruments in dealings with the Executive Committee**

At each meeting of the Board of Directors the CEO reports on the general course of business, any deviations from budget and significant business occurrences.

During the periods between meetings the members of the Board of Directors receive monthly written reports on the general course of business and the Company's financial situation. These monthly reports contain up-to-date information on the course of business and detailed comments on the results of the Group, the individual segments and the competence centres. They also contain information on the Company's share price and developments relating to shareholder structure.

Once a year the Board of Directors holds a strategy workshop that lasts approximately two days to review strategic goals, risk management policy and the medium-range forward planning for the following three years, among other matters. Planning is discussed in detail with the heads of the segments and competence centres. The Board of Directors is directly briefed on the ongoing strategic and operational projects and the results achieved during these discussions.

Besides the 3-year plan, the Board of Directors is also given a projection of the expected annual results at least twice a year.

Furthermore, the Chairman of the Board of Directors maintains close contact with the CEO. The course of business and all major issues of corporate relevance are discussed at regular meetings scheduled at least twice a month. The Chairman of the Board of Directors is closely involved with the Company and focuses his attention primarily on strategic issues and projects. Each member of the Board of Directors can request information on the course of the Company's business from persons entrusted with management of the Company.

Any exceptional incidents must be reported to the members of the Board of Directors either by the CEO or the Chairman of the relevant committee without delay.

### **Risk management**

The ORIOR Group has risk management systems in place at all its Group companies. Potential risks are reviewed periodically and significant risks to which the Company is exposed are identified and assessed for probability of occurrence and effect. Action to manage and contain these risks is approved by the Board of Directors.

In addition to this periodic risk review by the Board of Directors, the ORIOR Group practices active risk management at the Group's competence centres as integrated part of the planning processes.

### **Internal Control System**

The Internal Control System (ICS) is constantly being expanded and improved. The ICS contributes to the continual improvement of ORIOR's business activities and is designed to ensure that the necessary procedures and tools for identifying and controlling risk are in place. It fulfils Swiss legal requirements and is adequate for the needs of a group of ORIOR's size.

The ORIOR Group's ICS is based on the COSO framework. Besides the controls ensuring adherence to strategic and operating targets as well as regulatory compliance, the main priorities of the ICS are to monitor risks in connection with the financial reporting activities of all Group companies.

Compliance with the ICS and its effectiveness is reviewed on a regular basis by internal auditors. The focus of their review in 2018 was the process surrounding risk management. The external auditors also perform appropriate test procedures to ascertain whether an ICS exists, which they must confirm in their audit report.

### **Internal auditing**

The internal auditors support the Board of Directors in fulfilling its tasks of control and supervision, particularly within the Group's subsidiaries. The internal auditors provide an independent and objective auditing and consultancy service aimed at creating added value and improving business processes. Internal auditing supports the Company in the achievement of its aims by using a systematic and targeted approach to evaluating the effectiveness of risk management, controls and management and supervision processes, and helping to improve these.

The tasks of internal auditing include the following activities:

- Auditing and assessing the appropriateness and effectiveness of planned and existing internal controls;
- Supporting the exchange of best practices and know-how within the organisation;
- Verifying the reliability and integrity of ORIOR's financial and operational information, including the ways and means for the identification, measurement, classification and reporting of such information;
- Checking the systems established by management to ensure adherence to guidelines, workflows, laws and statutory regulations that may have a significant influence on operations or on compliance;
- Checking and assessing the economic and efficient use of resources;
- Checking work processes and projects to ensure that specified targets are achieved and that work processes and projects are executed as planned.

The internal auditors are functionally independent and have no competence to issue instructions or make decisions in regard to any part of the Company being audited. They report directly to the Audit Committee. Administratively, the internal auditors are managed by the Executive Committee. Both internal and external resources can be used to carry out their tasks.

In cooperation with the Audit Committee, the internal auditors draw up a strategic audit plan at regular intervals, which is presented to the Board of Directors for approval. On the basis of this multi-year plan, an operational audit plan is devised by the internal auditors, setting out in detail the planned audits to be carried out over the following year. This plan is presented to the Audit Committee for approval. In addition the Board of Directors can issue special instructions to the internal auditors.

Following each completed audit, the internal auditors draft a written audit report. In addition to the findings and recommendations of the internal auditors, this report contains input from management, stating the planned measures in response to the findings of the report and the period of time required for the completion of these measures. The Executive Committee verifies the implementation of the defined measures and keeps the Audit Committee informed on an ongoing basis.

The external auditors are provided with information concerning the audit plan and the auditing activities of the internal auditors, and also receive the audit reports. The internal auditors have access to the reports of the external auditors.

From 2011 internal auditing has been outsourced to PricewaterhouseCoopers. The internal auditors did not attend any meetings of the Board of Directors in 2018 but they did attend one meeting of the Audit Committee during the year under review.

#### 4. Executive Committee

The Executive Committee is responsible for the operational management of ORIOR and for all affairs which do not lie within the responsibility of the Board of Directors or another body according to the law, the Articles of Association or the Organisational Regulations. The delegation of duties and responsibilities by the Executive Committee to third parties or subordinate bodies is permitted. Ultimate responsibility for all Executive Committee tasks pursuant to the Organisational Regulations of ORIOR AG and the related decision-making authority rest with the CEO and the Executive Committee. The CEO issues the necessary regulations and arranges appropriate measures as required. To broaden the Company's leadership base and ensure the seamless cascading of information, an Extended Executive Committee consisting of representatives and specialists from various business units and geographically and/or thematically organised Management Committees has been formed to address overarching management tasks. The Executive Committee holds institutionalised meetings with the members of the Extended Executive Committee and the Management Committees on a regular basis.

##### Members of the Executive Committee

The members of the Executive Committee are appointed by the Board of Directors upon recommendation by the CEO and a corresponding recommendation by the Nomination and Compensation Committee. There were two persons on the Executive Committee as of 31 December 2018. The following table provides an overview of the members of the Executive Committee as of 31 December 2018, the year of birth, the nationality, the function within the Group and the year they were appointed to the Committee.

Name	Year of birth	Nationality	Position	Year of appointment
Daniel Lutz	1966	Swiss	CEO ORIOR Group	2015
Ricarda Demarmels <sup>1</sup>	1979	Swiss	CFO ORIOR Group	2015
Filip De Spiegeleire	1961	Belgian	Head ORIOR Europe and Head Culinor Food Group	2016

<sup>1</sup> Resigned on 15 December 2018.

##### Changes in the Executive Committee

As of mid-December 2018, Ricarda Demarmels, CFO of ORIOR Group and member of the Executive Committee, resigned from her role with the company. She commenced maternity leave and will not return to the company before her effective date of separation at the end of May 2019. Bernhard Pfulg, Financial Officer and COO of the ORIOR Convenience Segment, assumed the role of Group CFO ad interim and will sit on the Extended Executive Committee of ORIOR Group in this function.



## ORIOR Executive Committee



From left to right: Filip De Spiegeleire, Daniel Lutz (CEO ORIOR Group), Ricarda Demarmels (CFO ORIOR Group)<sup>1</sup>

<sup>1</sup> Resigned on 15 December 2018. Bernhard Pfulg assumed the role of Group CFO ad interim (CV on page 26).

### Daniel Lutz

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#### CEO ORIOR Group

Daniel Lutz graduated from the Executive Development course at IMD Lausanne and has a Bachelor of Business Administration degree from the St. Gallen University of Applied Sciences. From 1992 to 2001 he worked for Nestlé Switzerland in various sales and marketing roles. Between 2002 and 2004 he was Marketing Manager at Nestlé for the development and strategic implementation of the ice cream market in Malaysia and Singapore. From 2004 to 2006 he did the same job for Nestlé in Mexico. In 2006 he was appointed as Marketing Director Nestlé Ice Cream Switzerland and one year later, in 2007, took charge of Nestlé Frisco Findus in Rorschach as Division Executive Manager. In 2011 Daniel Lutz moved to Nestlé China Ltd., where he was responsible for ice cream and frozen foods for two years. He then became Managing Director with overall responsibility for Nestlé Food & Beverage Greater China Region. In October 2014 the Board of Directors of ORIOR AG appointed him as CEO; he took over operational management of the Group in February 2015.

**Other activities and functions:** none.

### Filip De Spiegeleire

#### Head ORIOR Europe and Head Culinor Food Group

Filip De Spiegeleire holds an MBA from the Drucker School of Management of Claremont Graduate University in Los Angeles (USA). He joined Amando NV, his family company specialising in fine meats, in 1987 and managed the company as its CEO from 1992 to 2000. In 1989 Filip De Spiegeleire established its own company Culinor, a company that specialises in premium fresh convenience food, and, as a result of the increased focus on the growing market of fresh convenience food, Amando was sold in 2000. Under the leadership of its founder and CEO Filip De Spiegeleire, Culinor developed into a successful food group that is well-known in the Benelux. In August 2016 Culinor Food Group became an autonomous competence centre of ORIOR. Filip De Spiegeleire continues to lead Culinor Food Group and was named Head ORIOR Europe as well as appointed to the Executive Committee of ORIOR.

**Other activities and functions:** Filip De Spiegeleire is the managing director of Depot 52 BVBA and a member of the Board of Directors of Pâtisserie Alsacienne Bloch NV.

## Bernhard Pfulg

### **CFO ad interim of ORIOR Group and member of the Extended Executive Committee in this function**

Bernhard Pfulg assumed the role of Group CFO ad interim in mid-December 2018 and now sits on the Extended Executive Committee of ORIOR Group in this role.

Bernhard Pfulg has held several key positions in ORIOR Group over many years. He was the senior financial officer for Fredag and its subsidiaries in Switzerland and China from 1997 to 2006. In the years that followed he was also delegated responsibility for Pastinella and Le Patron's financial accounting and reporting. Bernhard has been a member of ORIOR's Investment Commission/Pension Plan and ORIOR Group's Extended Management Team since 2014. During his many years with ORIOR Bernhard Pfulg has assumed responsibility for various special Group-level projects, ranging from the establishment of an Internal Control System (ICS) and the continual development of Controlling operations to the introduction of electronic invoicing and invoice processing systems. Before joining ORIOR Group, Bernhard Pfulg held various positions, for example in organisational development, controlling, and finance and accounting units in the metalworking industry. Bernhard Pfulg earned a diploma in technical operations, admin and maintenance, after which he earned diplomas in both business administration and controlling from the Controller Akademie Munich as well as a Swiss Federal Diploma in Finance and Controlling from the Business School in Zurich.

### **Other activities and functions**

According to the Articles of Association and subject to approval by the Board of Directors, members of the Executive Committee may simultaneously carry out no more than one additional mandate outside the Group in the supreme managing or supervisory body of another listed company, and four such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. A member may exceed these limits for a short period of time.

With the exception of the positions already listed under "Members of the Executive Committee", none of the Executive Committee members holds any positions relevant to corporate governance in

- Governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- A permanent management or consultancy function for important interest groups;
- A public or political office.

### **Management contracts**

There are no management contracts.

### **Compensation, shareholdings and loans**

Information on the compensation and shareholdings of members of the Executive Committee and any loans extended to them is presented and explained in the "Compensation Report" along with the applicable regulations.

## 5. Shares held by members of governing bodies

As of 31 December 2018, the members of the Board of Directors and the Executive Committee held the following shares:

Name and function	Number of freely disposable shares as of 31.12.2018	Number of restricted shares as of 31.12.2018 <sup>1</sup>	Total number of shares as of 31.12.2018	in %	Total number of shares as of 31.12.2017
Rolf U. Sutter, Chairman of the Board of Directors	199 800	350	200 150 <sup>2</sup>	3.07%	199 800 <sup>2</sup>
Edgar Fluri, Vice Chairman of the Board of Directors	5 000	350	5 350	0.08%	5 000
Walter Lüthi, Member of the Board of Directors	150	350	500	0.01%	150
Dominik Sauter, Member of the Board of Directors	550	0	550	0.01%	550
Monika Walser, Member of the Board of Directors	700	350	1 050	0.02%	700
Christoph Clavadetscher, Member of the Board of Directors <sup>3</sup>	n/a	n/a	n/a	n/a	10 000
Daniel Lutz, CEO ORIOR Group	2 000	1 200	3 200	0.05%	2 000
Filip De Spiegeleire, Head ORIOR Europe	7 100	800	7 900	0.12%	7 100
Ricarda Demarmels, CFO ORIOR Group <sup>4</sup>	n/a	n/a	n/a	n/a	2 150
<b>Total</b>	<b>215 300</b>	<b>3 400</b>	<b>218 700</b>	<b>3.36%</b>	<b>227 450</b>
Total ORIOR Shares			6 517 499	100.00%	5 925 000

<sup>1</sup> Shares allocated within the framework of an employee stock ownership plan (see stock ownership programme, p. 43 ff.).

<sup>2</sup> Personal and group shareholdings (see Corporate Governance Report, p. 12).

<sup>3</sup> Resigned on 12 April 2018.

<sup>4</sup> Resigned on 15 December 2018.

The former CFO and member of the Executive Committee Ricarda Demarmels holds 1 100 ORIOR shares that were purchased in 2018 within the framework of a stock ownership programme; these shares are restricted until 31 July 2021.

Members of the Board of Directors and the Executive Committee are granted no special terms or rights when purchasing shares other than those offered under the share purchase offer.

## 6. Shareholders' rights of participation

### Restriction of voting rights, voting by proxy

Holders of registered shares are registered on request in the Company's share register, subject to their signature of a written statement expressly confirming that they have acquired the shares in their own name and for their own account.

Share capital held by any single Nominee must not exceed 2% of the Company's total issued share capital. The Board of Directors can permit registration of Nominees holding shares (with voting rights) in excess of this limit, provided that the said Nominees disclose the names, addresses, nationalities and shareholdings of the persons for whose account they are holding 2% or more of the Company's issued share capital. No registrations exceeding the 2% limit were made during the year under review.

At the General Meeting, each share carries one vote. Voting rights can only be exercised if the shareholder is registered (with voting rights) in ORIOR AG's share register. A shareholder with voting rights can have himself represented at the General Meeting by written proxy, either by a representative appointed by him, or by the independent proxy. The Board of Directors ensures that shareholders can also use electronic means to give power of proxy and instructions to the independent proxy. All shares held by a shareholder can only be represented by one person.

Persons who have been involved in the Company's management in any way whatsoever must abstain from voting on resolutions granting discharge to the Board of Directors. The Company's Articles of Association contain no other voting restrictions and their provisions on voting by proxy conform to Swiss law.

**Statutory quorum**

Unless otherwise stipulated by mandatory law or by provisions contained in the Articles of Association, the General Meeting of Shareholders passes its resolutions and confirms elections by an absolute majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

Should the first ballot in any election fail to produce a valid result and if more than one candidate is standing for election, the Chair shall order a second ballot that is decided by a relative majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

**Convening of General Meeting**

Ordinary General Meetings are convened by the Board of Directors and must be held annually within six months of the close of the Company's fiscal year. Invitations must be sent not less than 20 days prior to the date of the meeting. Extraordinary General Meetings shall take place as necessary, in particular in those cases stipulated by law. General Meetings are called by the Board of Directors or, if necessary, by the auditors or a liquidator.

The Annual General Meeting on 12 April 2018 was attended by 565 shareholders. They represented 255 422 voting shares or 3.92% of the total share capital of 6 517 499 issued shares. The independent proxy was asked to represent 3 534 422 registered shares on behalf of absent shareholders. Consequently, 58.15% of the total share capital, i.e. 3 789 844 registered shares with a nominal value of CHF 15 159 376 were represented. All proposals submitted by the Board of Directors were approved by shareholders.

The annual report and the 2017 parent-company and consolidated financial statements were approved, and the acts of the Board of Directors and Executive Committee were discharged.

In the elections, an overwhelming majority of shareholders voted to re-elect Rolf U. Sutter as Chairman and Edgar Fluri, Walter Lüthi, Dominik Sauter and Monika Walser as directors for another one-year term and elected Josef Ming as a new member of the Board of Directors. Monika Walser, Rolf U. Sutter and Josef Ming were elected as members of the Compensation Committee. In addition, Ernst & Young AG, Basel, was confirmed as auditor for the 2018 financial year and Ines Pöschel was elected as independent proxy until the end of the Annual General Meeting in 2019. The proposed renewal of authorised capital in the amount of 977 000 registered shares was likewise approved and the shareholders voted for the proposed dividend payment of CHF 2.17 per registered share for the 2017 fiscal year.

In accordance with the Articles of Association of ORIOR AG and the provisions of the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the Board of Directors held a binding vote on the maximum total amount of compensation to be paid to the members of the Board of Directors and the Executive Committee. Shareholders approved the maximum total compensation of CHF 765 000 for the members of the Board of Directors for the period up to the 2019 Annual General Meeting, the total variable compensation of CHF 619 000 for the members of the Executive Committee for 2017 fiscal year and the maximum total fixed compensation of CHF 1 500 000 for the members of the Executive Committee for the 2019 fiscal year.

**Inclusion of agenda items proposed by shareholders**

One or more shareholders whose combined shareholdings represent in the aggregate not less than 10% of the Company's share capital or an aggregate par value of not less than CHF 1 million can demand inclusion of an item in the agenda of a General Meeting. Such a demand must be received in writing by the Company's Board of Directors at the latest 60 days prior to the date of the meeting, stating the agenda item and the motions proposed by the shareholder(s).

**Entries into share register**

Unless other cut-off dates are stipulated by the Board of Directors, no entries into the share register are permitted as from the date of dispatch of the invitations to the General Meeting until the day after the date of the meeting.

## 7. Changes of control and defence measures

### Obligation to make an offer

According to the Swiss Financial Market Infrastructure Act (FMIA), shareholders or a group of shareholders acting in concert who acquire more than 33.3% of the voting rights of a company domiciled in Switzerland and listed on an exchange in Switzerland are required to issue a public offer to acquire all listed equity securities of that company. Although it is possible to opt out of this mandatory offer obligation by amending the Articles of Association ("opting-out", Art. 125 para. 3 FMIA) or to raise the minimum threshold for this mandatory offer obligation to as high as 49% of the outstanding ORIOR shares ("opting-up", Art. 135, para. 1, FMIA), there are no such clauses in ORIOR's Articles of Association. Therefore, the aforementioned mandatory offer obligation is applicable without any restrictions in the case of ORIOR shares.

### Clauses on changes of control

There are no change-of-control agreements with members of the Board of Directors or the Executive Committee or other executives.

## 8. Auditors

### Duration of mandate and term of office of Head Auditor

Ernst & Young AG, Aeschengraben 9, 4002 Basel, Switzerland, have acted as auditors for ORIOR AG since 2006. Ernst & Young, Basel, were re-elected as Company auditors for another term of one year by the General Meeting on 12 April 2018. Roger Müller (Partner) is the lead auditor and he has held this position since the audit of the 2011 financial statements. As stipulated under Art. 730a para. 2 of the Swiss Code of Obligations (CO) the lead auditor is rotated at least every seven years. In the 2015 fiscal year, however, Martin Gröli (Partner) assumed the function of lead auditor due to the absence of Roger Müller.

### Auditing fees / additional fees

in CHF thousand	2018	2017	2016
<b>Auditing fees</b>			
<i>Fees for auditing the consolidated financial statements, annual financial statements and the Compensation Report</i>	338.5	313.9	303.3
<i>Non-recurring fees related to acquisitions and the change in accounting standards</i>	157.7	0.0	0.0
<b>Total Auditing fees</b>	<b>496.2</b>	<b>313.9</b>	<b>303.3</b>
<b>Additional fees</b>			
<i>Tax advisory</i>	28.6	0.0	57.1
<i>Transaction-related services</i>	63.0	0.0	109.0
<i>Other audit-related services</i>	55.6	65.5	9.0
<b>Total additional fees</b>	<b>147.2</b>	<b>65.5</b>	<b>175.1</b>
<b>Total</b>	<b>643.4</b>	<b>379.4</b>	<b>478.4</b>

Auditing services consist of auditing work that needs to be performed in order to issue an opinion on the consolidated financial statements of ORIOR Group and the local statutory financial statements.

### Supervision and control of auditors

The Board of Directors exercises its responsibilities for supervision and control of the auditors through the Audit Committee. The Audit Committee prepares an annual appraisal of the independence and quality of the auditors and the fees paid to them. The Audit Committee also examines the audit plan and scope as well as the results of the external audit. In addition the audit committee coordinates cooperation between the external auditors and the internal auditors.

As well as the audit report on the annual accounts and on the remuneration report, pages 37-41, the auditor draws up a comprehensive report for the Board of Directors pursuant to Art. 728b CO and Art. 17 OAEK. This report contains the findings of its auditing activities (including an existence check on the internal control system) and its recommendations, as well as the status of findings and recommendations from previous audits. This report is discussed in detail with the Audit Committee. The Audit Committee also monitors whether and how the Executive Committee is implementing measures that have been approved on the basis of the external auditor's findings. To this end, the auditor will also draw up an annual status report for presentation to the Audit Committee. In addition the Audit Committee has regular meetings with the senior external auditors.

The external auditors participated in all meetings and telephone conferences of the Audit Committee in 2018, but they did not attend any meetings of the Board of Directors.

Selection procedure: the current auditors were elected in 2006 for the first time by the then shareholders of the Company. The grounds for selection of Ernst & Young AG were customary criteria such as quality and cost of services.

The performance of the external auditors and the fees paid to them were reviewed in a questionnaire circulated to functions at Group level and to staff responsible for financial matters at the audited Group subsidiaries. The questions focused mainly on efficiency of the audit process, the auditors' technical knowledge of accounting principles and their understanding of Group processes and procedures, validity of the priorities addressed in the audit and justification of the audit fees. Either the CFO or the Group Controller also attended all the exit meetings with the auditors at subsidiary company level.

The Audit Committee verifies that any additional services of the auditors not relating to the actual audit work are provided strictly within the framework of the regulations on independence of service providers. The auditors are required to confirm that their performance of these additional services will not affect the independence of their auditing mandate.

## 9. Information policy

ORIOR publishes an annual and an interim report every year containing information on its business operations and the financial results of ORIOR Group. ORIOR also provides information on current events and developments through press releases, employee and customer newsletters and through online publications at [www.orior.ch](http://www.orior.ch). As a company listed on SIX Swiss Exchange, ORIOR must comply with the rules governing ad hoc publicity, i.e. it is obligated to disclose potentially price-sensitive events and developments.

Ongoing communications with shareholders, the capital market and the general public are maintained by CEO Daniel Lutz, CFO a. i. Bernhard Pfulg and Head of Corporate Communications & Investor Relations Milena Mathiuet. E-mails can be sent to [investors@orior.ch](mailto:investors@orior.ch) at any time.

Interested persons may join our mailing list for ad-hoc disclosures and other Company information by visiting <http://www.orior.ch/en/investor-relations/news-service/>.

### Events calendar

Annual General Meeting	11 April 2019
Publication of 2019 interim results	19 August 2019
Publication of Half Year Report 2019	19 August 2019