

Corporate Governance

The Zur Rose Group applies the principles and rules of Corporate Governance set out in the “Swiss Code of Best Practice for Corporate Governance” of *economiesuisse*. The content and structure of this section comply with the Directive on Information relating to Corporate Governance issued by the SIX Swiss Exchange. Unless otherwise stated, all information relates to the reporting date of 31 December 2021. The key elements of corporate governance are defined in the Company’s Articles of Association, Organisational Regulations and Terms of Reference of the Committees of the Board of Directors. The Zur Rose Group publishes these documents online at zurrosegroup.com > “Investors & Media” > “Corporate Governance”.

1 Group Structure and Shareholders

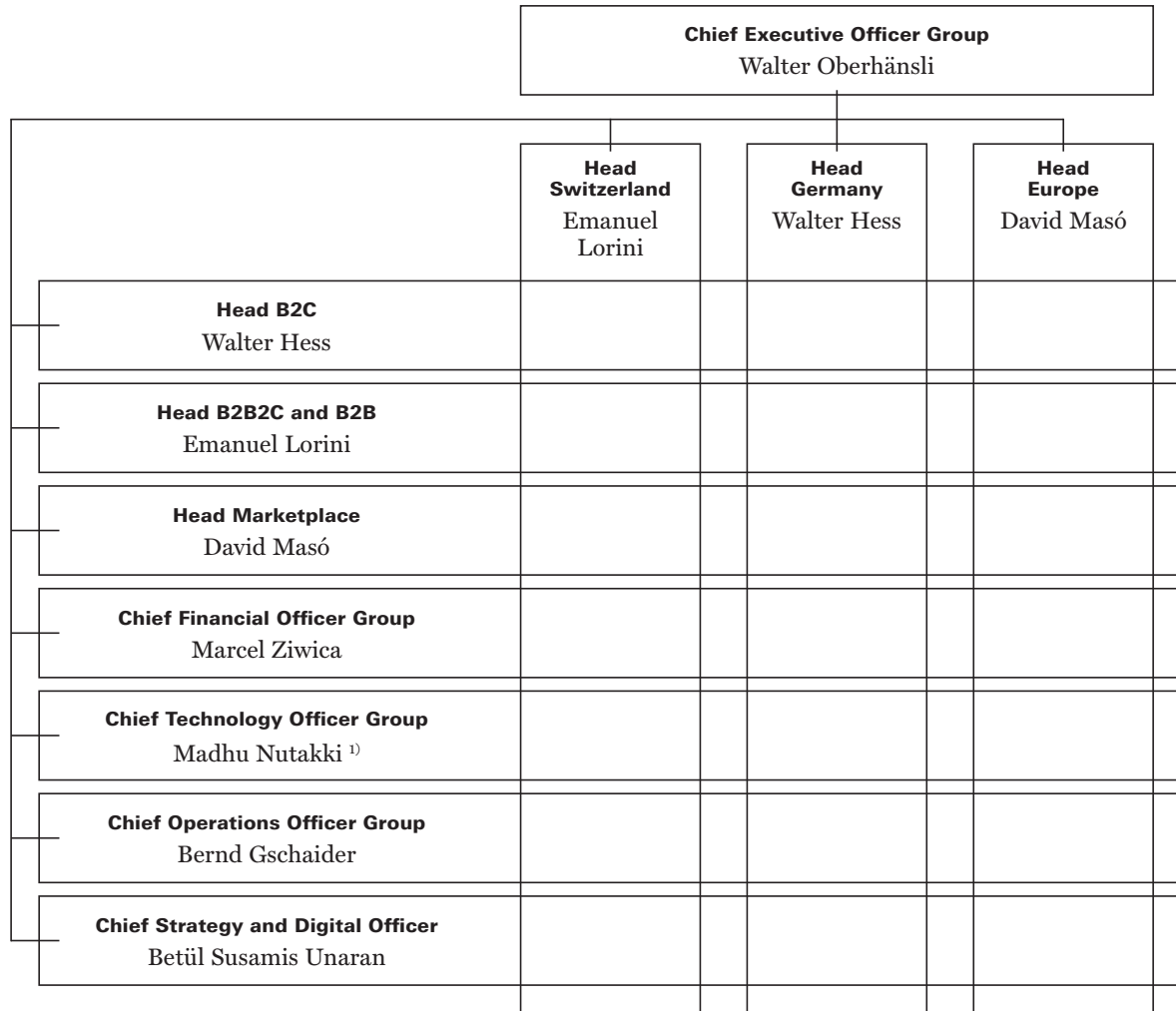
1.1 Group Structure

Zur Rose Group AG based in Steckborn is organised as a stock corporation under Swiss law. The registered shares with the security number 4261528 are listed on the SIX Swiss Exchange. The Board of Directors supervises the Zur Rose Group, while the Executive Board is responsible for the operational management. The CEO is responsible for managing the business of the Zur Rose Group. Under his leadership the Executive Board deals with all issues of relevance for the Group, takes decisions within its authority and submits motions to the Board of Directors. The Group structure is organised into segments responsible for regions and revenue, B2C, B2B2C/ B2B and marketplace business models and the finance, technology, operations and strategy & digitalisation functions. The members of the Executive Board are responsible for devising and achieving their entrepreneurial objectives and running their units independently. Human Resources, Legal, Communications, Investor Relations, Sustainability and Internal Audit report to the CEO; Finance reports to the CFO. These provide services for the whole Group.

The business model of the Zur Rose Group covers online distribution of prescription and OTC medications, health and care products and digital services (marketplace, ecosystem, technology and telemedicine). In Switzerland, Zur Rose also has a pharmaceutical wholesaling business. Information on segment reporting can be found in the management report starting on page 21.

The subsidiaries included in the Group consolidation, with details of their names and registered offices, share capital and the percentage interest held by Group companies, are listed in the Notes to the Consolidated Financial Statements on page 82. The consolidation does not include any companies whose equity securities are listed on a stock exchange, with the exception of Zur Rose Group AG.

STRUCTURE OF THE ZUR ROSE GROUP



1) Member of the Executive Board since 1 August 2021

1.2 Significant Shareholders

According to the disclosure notices to the SIX Swiss Exchange, the following shareholders held 3 per cent or more of the share capital on 31 December 2021:

Beneficial owner(s)/Person(s) entitled to exercise voting rights ¹⁾	Direct shareholder	Percentage
Patrick Schmitz-Morkamer Patrick Bierbaum	PSquared Master SICAV Ltd. Leveraged Event Fund LP BP Investment Ltd.	3.08
Invesco Ltd.		3.05
FMR LLC		3.03
The Capital Group Companies, Inc.	Capital Research and Management Company	3.01

1) Compared to share capital at the time of disclosure (changes in capital see 2.3)

Changes in significant shareholders after the reporting date: Capital Group Companies, Inc. holds 5.29 per cent, BlackRock, Inc. 3.91 per cent and FMR LLC below 3 per cent of the share capital at the editorial deadline of the Annual Report.

Treasury shares: Zur Rose Group AG holds 47,226 treasury shares on 31 Dezember 2021. Furthermore, 900,000 treasury shares are held by Zur Rose Finance B.V. These shares serve as a share lending facility to support the convertible bond issued in spring 2020. When shares are lent, the shareholding of Zur Rose Finance B.V. remains in place for disclosure purposes.

The disclosure notices published by Zur Rose Group AG via the electronic publication platform of the SIX Swiss Exchange can be found at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html. The shareholdings of the members of the Board of Directors and Executive Board are shown in detail in the Notes to the Financial Statements of Zur Rose Group AG on page 136.

Zur Rose Group AG had 10,063 shareholders at 31 December 2021 (7,519 at the end of 2020).

1.3 Cross-Shareholdings

There are no cross-shareholdings with other companies.

2 Capital Structure

Information on the capital structure can be found in the financial report on page 116.

2.1 Capital

The share capital of Zur Rose Group AG as at 31 December 2021 was CHF 335,839,110.00, divided into 11,194,637 registered shares with a par value of CHF 30.00 each.

2.2 Authorised and Conditional Share Capital in Particular

Authorised Capital

The Board of Directors is authorised to increase the share capital at any time until 29 April 2023 by a maximum amount of CHF 12,079,080.00 by issuing a maximum of 402,636 fully paid up shares with a par value of CHF 30.00 each. An increase of the share capital in partial amounts shall be permissible.

Conditional Share Capital for Employee Participations

The share capital of the Company may be increased by an amount not to exceed CHF 4,656,960.00 through the issuance of up to 155,232 fully paid up registered shares with a par value of CHF 30.00 each through issuance of shares to employees and members of the Board of Directors of the Company and its subsidiaries.

Conditional Share Capital for Financing, Acquisitions and other Purposes

The share capital may be increased by an amount not to exceed CHF 31,579,080.00 through the issuance of up to 1,052,636 fully paid up registered shares with a par value of CHF 30.00 each through the exercise or mandatory exercise of conversion, exchange, option, warrant or similar rights for the subscription of shares granted to shareholders or third parties alone or in connection with bonds, notes, options, warrants or other securities or contractual obligations of the Company or any of its subsidiaries.

Until 29 April 2023, the total number of new shares issued from authorised capital where the preemptive rights were restricted or excluded and conditional capital where the advance subscription rights of the existing shareholders were restricted or excluded and may not exceed 402,636 new shares.

Further provisions on authorised and conditional capital can be found in articles 3a, 3b, 3c and 3d of the Articles of Association. The Articles of Association can be found at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>.

2.3 Changes in Capital

At 31 December 2020, the share capital of Zur Rose Group AG was CHF 315,790,980.00. On 9 December 2021, the share capital was increased by CHF 19,500,000.00. The new shares were issued from the existing authorised capital. In 2021 the Company issued 18,271 shares from the conditional capital for employee participations, increasing the share capital by CHF 548,130.00. On 31 December 2021, the share capital was CHF 335,839,110.00.

For previous years please refer to the Annual Report 2020 (can be downloaded at <https://gb.zurrosegroup.com/en/gb2020/home.html>), page 43, and the Annual Report 2019 (can be downloaded at <http://gb.zurrosegroup.com/en/gb2019/home.html>), page 31.

2.4 Shares and Participation Certificates

On 31 December 2021, the share capital was divided into 11,194,637 registered shares with a par value of CHF 30.00 each. The shares are fully paid up. Zur Rose Group AG has not issued any participation certificates.

2.5 Dividend-Right Certificates

The Company has not issued any dividend-right certificates.

2.6 Limitations on Transferability and Nominee Registrations

Persons acquiring registered shares are registered in the share register as shareholders with voting rights upon their request if they expressly declare to have acquired these registered shares in their own name and for their own account. The Board of Directors may register individual persons who do not expressly declare in their registration application to hold the registered shares for their own account (the Nominees) as shareholders with voting rights with regard to up to 3 per cent of the share capital recorded in the commercial register if the Nominee has entered into an agreement with the Company regarding his/her status and is subject to recognised bank or financial market supervision. Beyond such registration limit, the Board of Directors may register Nominees as shareholders with voting rights if such Nominees disclose the first and last names (in the case of legal entities, the company names), addresses and nationality (in the case of legal entities, the registered office) and shareholdings of those persons for whose account they hold 0.5 per cent or more of the share capital recorded in the commercial register. In particular cases, the Board of Directors may grant exceptions from the rules concerning Nominees.

The Nominees recorded in the share register are therefore registered without voting rights. There are no other transfer limitations and no statutory privileges. Any lifting or amendment of the limitations on transferability requires a shareholders' resolution by a voting majority of at least two thirds of the shares represented.

2.7 Convertibles Bonds and Options

Zur Rose Group AG placed a convertible bond in the amount of CHF 175 million through its subsidiary Zur Rose Finance B.V. in 2020 and listed it on the SIX Swiss Exchange. The bond has a term of five years and matures on 31 March 2025, a coupon of 2.75 per cent per annum, payable semi-annually in arrear, and a conversion price of CHF 142.3944 which represents a premium of 20 per cent to the volume weighted average price (“VWAP”) of the Zur Rose Shares between launch of the Bonds and close of trading on SIX Swiss Exchange on 26 March 2020. The issue price and the redemption price are set at 100 per cent. The Issuer may call the Bonds at any time on or after the day which falls 21 calendar days after the third anniversary of the Settlement Date at par, plus accrued interest, if any, if the VWAP of the Shares is at least 130 per cent of the conversion price on at least 20 out of 30 consecutive trading days or at any time after the Settlement Date at par, plus accrued interest, if less than 15 per cent in aggregate of the principal amount of the Bonds is outstanding. If the bonds were fully converted, a total of 1,228,981 shares would be issued to the owners of the convertible bonds, representing a share capital of CHF 36,869,430 and a ratio of 14.1 per cent to the share capital outstanding at the time of issuance (CHF 262,199,160). In this context, 900,000 new shares were created and a securities lending agreement was concluded. Further details of the convertible bond and the public bonds can be found in note 24 to the consolidated financial statements. Zur Rose Group AG has not issued any options.

3 Board of Directors

3.1 Members of the Board of Directors

The majority of the Board of Directors of Zur Rose Group AG are independent directors. The Board uses the criteria in the Swiss Code of Best Practice for Corporate Governance from *economiesuisse* to determine if its members are independent. This states that non-executive members who either never belonged to the Executive Board or did so more than three years ago and who have no or only relatively minor business relations with the Company are deemed independent. The term of office of members of the Board of Directors is not a criterion for judging their independence. With the exception of the CEO Walter Oberhänsli, no members of the Board of Directors act as an executive for the Zur Rose Group or have done so within the past three reporting years. None of the directors have significant business relations with the Zur Rose Group. There are no crossdirectorships.

The Board of Directors consists of seven members. When members are nominated, the emphasis is on experience in leadership and management roles, e-commerce, technology, digitalisation, law, regulatory issues, healthcare, marketing, finance and accounting, M&A, capital markets, risk management, compensation and sustainability, plus in particular international experience. At the Annual General Meeting of Shareholders on 29 April 2021, Prof. Dr. Andréa Belliger was elected to the Board; as a result, one director is female. Tobias Hartmann did not stand for re-election. The Board of Directors strives to make a balanced allowance for the skills and knowledge that reflect the strategic and operational focuses of the Zur Rose Group, the international outlook and the accounting requirements for listed companies. The skills and knowledge needed are broadly covered by the Board.

Management Changes at the General Meeting of Shareholders on 28 April 2022

On 21 October 2021 the Zur Rose Group announced that Walter Oberhänsli will be put forward as Chairman at the General Meeting of Shareholders on 28 April 2022. Chairman Prof. Stefan Feuerstein will take on the role of Vice Chairman. Dr. Thomas Schneider, Vice Chairman, and Prof. Dr. Volker Amelung will not be standing for re-election. Walter Oberhänsli will be succeeded as CEO by Walter Hess, Head Germany at the Zur Rose Group. On 10 January 2022, the Zur Rose Group announced the nomination of Rongrong Hu as independent director. The 42-year-old Chinese national has been living in Switzerland since 2016 acting as an investor with a focus on the technology sector. From 2013 to 2018 she worked for eBay, most recently as Sr. Director of Innovation, M&A & Business Development EMEA. She graduated with a joint bachelor’s degree in telecommunications engineering and international business and trade from Shanghai Jiao Tong University and holds an MBA from Harvard Business School. In the event that all the proposed persons are elected, the Board of Directors will shrink from its current seven members to six and one-third of these will be female. This means the Board’s target of achieving

at least 30 per cent female members by 2023, announced in the 2020 Annual Report, will be reached a year ahead of schedule.

On 31 December 2021, The Board of Directors consisted of the following persons:

MEMBERS OF THE BOARD OF DIRECTORS

	Position	First elected	Term expires
Prof. Stefan Feuerstein	Chairman, non-executive and independent	2010	2022
Walter Oberhänsli	CEO, executive	1993	2022
Dr. Thomas Schneider	Vice Chairman, non-executive and independent	1995	2022
Prof. Dr. Volker Amelung	non-executive and independent	2010	2022
Prof. Dr. Andréa Belliger	non-executive and independent	2021	2022
Dr. Christian Mielsch	non-executive and independent	2019	2022
Florian Seubert	non-executive and independent	2019	2022

EXPERIENCE AND COMPETENCIES OF THE BOARD OF DIRECTORS

	represented proportionally
Capital markets	3 / 7
E-Commerce	2 / 7
Finance / Accounting	2 / 7
Healthcare	4 / 7
International experience	3 / 7
Leadership	4 / 7
Legal and Regulatory	1 / 7
Marketing	2 / 7
Merger and Acquisition	2 / 7
Remuneration	3 / 7
Risk Management	3 / 7
Sustainability	2 / 7
Technology and Digitisation	2 / 7

– **Stefan Feuerstein** (1955, German national, Prof.)

Chairman of the Board of Partners of the UNIMO-Gerstner Group, Zug/Xanten. Director of various companies. Served as Executive Director and CEO of Markant AG until 2010 and previously as a member of the Management Board of METRO AG, responsible for Strategic Group Purchasing and Food & Retail. He studied business administration and has been an honorary professor at Worms University of Applied Sciences since 2001.

– **Walter Oberhänsli** (1958, Swiss national)

Chairman of the Board from 1996 to 2011, serving as Executive Director and Chief Executive Officer (CEO) since 2005. He practised as an independent lawyer in Kreuzlingen (Canton of Thurgau) until the end of 2004 and studied law at the University of Zurich.

– **Thomas Schneider** (1955, Swiss national, Dr. med.)

Specialist in general medicine (FMH), working as a family and general practitioner in a group practice in Tägerwil (Canton of Thurgau) since 1989. Served as a member of the Medical Ethics Board of the Thurgau Medical Society in 2009, having previously occupied various roles in professional policy at national and cantonal level. He studied medicine at the University of Basel.

– **Volker Amelung** (1965, dual German-Swiss national, Univ. Prof. Dr. oec. HSG)

Specialist Professor of International Health Systems Research at Hannover Medical School since 2001, following teaching appointments at the University of Economics and Politics, Hamburg, and Columbia University, New York. He studied business administration at the Universities of St. Gallen and Paris-Dauphine.

– **Andréa Belliger** (1970, Swiss national, Prof. Dr.)

Prorector of the Teacher Training University of Central Switzerland since 2007 and director of the Institute for Communication and Leadership IKF in Lucerne since 2003. Director and advisor of various Swiss and German companies in the healthcare, financial, insurance and energy sectors. Author and international keynote speaker on digital transformation issues, particularly in healthcare. She studied theology, philosophy and history at the universities of Lucerne, Strasbourg and Athens and holds an international MBA degree (CH / USA).

– **Christian Mielsch** (1962, German national, Dr. rer. nat.)

Management Board member and CFO of the REWE Group, Cologne, since 2012. Member of various supervisory boards and boards of directors. Occupied various executive positions in the Metro Group from 1997 to 2012, including CFO of Metro Cash & Carry International and ultimately COO of Metro Cash & Carry Central East Europe, after holding executive finance roles at Bertelsmann AG, Munich, from 1994 to 1997 and working for McKinsey & Company, Düsseldorf, from 1990 to 1994. He studied physics and business administration in Dortmund and Hagen.

– **Florian Seubert** (1973, German national)

Partner and private investor at Maxburg Capital Partners, Munich, since 2013. Served as co-founder and CFO of zooplus AG, Munich, from 1999 to 2013 and in the Securities Division of JPMorgan in London and New York from 1998 to 1999. He earned a master's degree (MA Oxon) in philosophy, politics and economics from Oxford University.

3.2 Other Activities and Vested Interests

– Stefan Feuerstein

Chairman of the Board of the Al Faisaliah Group's Electronics & Systems Company, Riyadh (SA)
 Chairman of the Board of Electronic Partner Handel SE as well as Vice Chairman of the holding company Haubrich Holding SE, Düsseldorf (DE)
 Chairman of the Supervisory Board of Kühnl + Schmidt Architekten AG, Karlsruhe (DE)
 Chairman of the Shareholders' Council of the UNIMO-Gerstner Group, Zug (CH), Xanten (DE), La Valetta (MLT); associated functions on the Executive Board, Management Board and Supervisory Board of various affiliated companies
 Member of the Research Advisory Board at Worms University of Applied Sciences (DE)

– Walter Oberhänsli

President of the Association of Swiss Mail-Order Pharmacies (VSVA), Bern

– Thomas Schneider

Board Member of the Dispensing Doctors' Association (APA), St. Gallen
 Board Member of the Pharma Code Committee of the Scienceindustries Business Association, Zurich

– Volker Amelung

President of the German Managed Care Association, Berlin (DE)
 Managing Director of the private Institute for Applied Health Services Research (Institut für angewandte Versorgungsforschung GmbH, inav), Berlin (DE)
 Member of the Doctors' Health Fund (Ärzte-Krankenkasse) State Committee in Lower Saxony, Hanover (DE)
 Healthcare Denmark Ambassador, Copenhagen (DK)

– Andréa Belliger

Director of Aargauische Kantonalbank, Aarau
 Director of WAS Wirtschaft Arbeit Soziales of the canton of Lucerne, Lucerne
 Director of Lernetz AG, Zurich
 Member of the Health Policy Advisory Board of ApoBank – Deutsche Apotheker- und Ärztebank, Düsseldorf (DE)
 Member of the Digital Advisory Board of allthisfuture AG, Risch-Rotkreuz

– Christian Mielsch

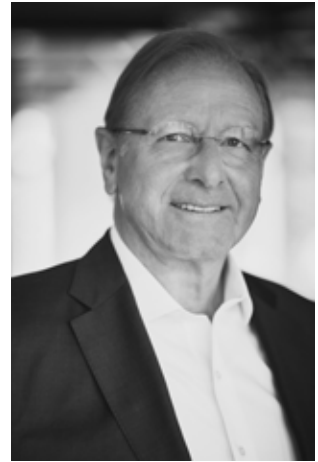
Board Member of REWE Zentralfinanz eG, Köln (DE); associated with this are Executive Board, management and Supervisory Board functions in various companies belonging to the Group
 Chairman of the Supervisory Board of Wasgau Produktions- und Handels AG, Pirmasens (DE)
 Director of Electronic Partner Handel SE as well as Haubrich Holding SE, Düsseldorf (DE)

– Florian Seubert

Board Member of Attikon Finanz AG, Düsseldorf (DE)
 Managing Partner of AB1204 Verwaltungs GmbH, Brannenburg (DE)
 Member of the Advisory Board of Econnext KgaA, Frankfurt (DE)
 Board Member of Pacifico Renewables Yield AG, Grünwald (DE)
 Member of the Board of Electronics and Systems Company Al Faisaliah Group, Riad (SA)

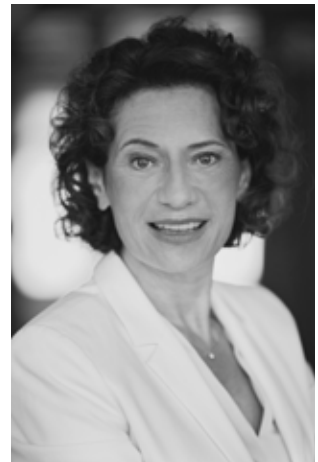


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2 –

- 1 – WALTER OBERHÄNSLI
- 2 – STEFAN FEUERSTEIN
- 3 – ANDRÉA BELLIGER



3 –

- 4 – CHRISTIAN MIELSCH
- 5 – FLORIAN SEUBERT
- 6 – THOMAS SCHNEIDER
- 7 – VOLKER AMELUNG



4 –



5 –



6 –



7 –

3.3 Additional Mandates Outside the Zur Rose Group

Under the Articles of Association of Zur Rose Group AG, no member of the Board of Directors may hold more than ten additional mandates and, in addition to those, no more than four in listed companies. Each of these mandates is subject to approval by the Chairman of the Board of Directors and, in case of a mandate of the Chairman of the Board of the Directors, by the majority of the other members of the Board of Directors. Any exceptions (e.g. mandates in companies which are held at the request of the Zur Rose Group or companies controlled by it or in charitable organizations) are defined in the Articles of Association.

3.4 Elections and Terms of Office

The General Meeting of Shareholders elects the members of the Board of Directors and the Chairman of the Board of Directors individually and for a term of office until the end of the next Annual General Meeting of Shareholders. They are eligible for re-election. If the office of the Chairman of the Board of Directors is vacant, the Board of Directors appoints a new Chairman from among its members for a term of office extending until the end of the next Annual General Meeting of Shareholders. The year in which the members of the Board of Directors were first elected to office is shown in the table in chapter 3.1. No restrictions on their terms of office have been set.

3.5 Internal Organisational Structure

3.5.1 Allocation of tasks within the Board of Directors

Except for the election of the Chairman of the Board of Directors and the members of the Compensation and Nomination Committee by the General Meeting of Shareholders, the Board of Directors constitutes itself. The Board of Directors may elect one or several Vice Chairmen. The Board of Directors also appoints a secretary, who need not be a member of the Board of Directors. Prof. Stefan Feuerstein serves as the Chairman of the Board. Walter Oberhänsli is the Executive Director and CEO of the Company. Dr. Thomas Schneider holds the office of Vice Chairman. The allocation of tasks between the Board of Directors and the CEO, as well as the duties and powers of the Chairman of the Board of Directors and the Committees, are set out in the Organisational Regulations and related Committee Terms of Reference (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>).

3.5.2 Committees of the Board of Directors

The Audit Committee and the Compensation and Nomination Committee are standing committees of the Board of Directors. The Board of Directors may resolve to establish (and dissolve) additional committees and entrust them with certain responsibilities and project-related tasks.

AUDIT COMMITTEE

Prof. Dr. Volker Amelung, Chairman

Prof. Stefan Feuerstein

Dr. Christian Mielsch

The Audit Committee is comprised of three non-executive members of the Board of Directors, who must all have business management skills. The members and the chairman are appointed by a resolution of the Board of Directors. The Audit Committee assists the Board of Directors in overseeing the management of the business, in particular in its non-delegable duties of ultimate supervision and financial control (Art. 716a CO), as well as in the preparation of the annual report and financial statements, by forming its own judgement of the organisation and operation of the internal and external control systems, as well as the financial report. The Audit Committee is established as a standing committee. Its role is exclusively advisory and supervisory, and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Audit Committee does not appoint any subcommittees.

COMPENSATION AND NOMINATION COMMITTEE

Dr. Thomas Schneider, Chairman

Prof. Stefan Feuerstein

Florian Seubert

The Compensation and Nomination Committee comprises three members of the Board of Directors and constitutes itself. It supports the Board of Directors in establishing and reviewing the compensation strategy and guidelines, and in preparing the proposals to the General Meeting of Shareholders regarding the compensation of the Board of Directors and Executive Board. It may submit proposals to the Board of Directors on other compensation issues and assists it in matters relating to the nomination and promotion of members of the Board and Executive Board. The role of the Compensation and Nomination Committee is exclusively advisory and includes the preparation of resolutions. The decision-making authority of the full Board of Directors remains unaffected. The Compensation and Nomination Committee does not appoint any subcommittees.

3.5.3 Working methods of the Board of Directors and its Committees

The Board of Directors meets as often as is deemed necessary or if a member requests this in writing. The meetings usually take place about every two months, taking up a full day. Meetings of the Board of Directors are convened by the Chairman or, should he be prevented from doing so, by the Vice Chairman or by the oldest member of the Board of Directors. Meetings of the Board of Directors and its Committees may also be held by telephone or video conference. Meetings are convened in writing, with details of the agenda items. The Board of Directors constitutes a quorum if the majority of its members are present. Participation by telephone or video equates to attendance in person. No quorum is required if solely the completion of a share capital increase is to be ascertained and the subsequent amendment to the Articles of Association is to be resolved. The Chairman's style of leadership and the way meetings are conducted promote an open, transparent and collegiate culture of discussion based on trust and respect. The Board of Directors passes its resolutions by a majority of the votes cast; unanimous decisions are normal. In the event of a tie, the Chairman has the casting vote. Resolutions may be passed by circular letter unless a member requests a verbal consultation. The Board defends its decisions collectively, both internally and externally.

In 2021 the Board came together for three meetings and a strategy workshop. In addition, 12 video conferences of the Board were held. Meetings of the Board of Directors are normally also attended by the CFO and the Group General Counsel (as minute-taker) in an advisory capacity. The other members of the Executive Board are invited to meetings of the Board of Directors where the strategy and budget or market-specific agenda items are to be deliberated.

NUMBER OF BOARD MEETINGS	16
Average length (in hours)	3:17
Attendance	95.5%
Prof. Stefan Feuerstein	16
Dr. Thomas Schneider	16
Walter Oberhänsli	16
Prof. Dr. Volker E. Amelung	14
Prof. Dr. Andréa Belliger ¹⁾	12 (von 13)
Tobias Hartmann ²⁾	3 (von 3)
Dr. Christian Mielsch	14
Florian Seubert	16

1) Prof. Dr. Andréa Belliger joined the Board on 29 April 2021

2) Tobias Hartmann stepped down from the Board on 29 April 2021

The Committees meet at least twice a year (spring and autumn) and at such other times as required and may be requested by any member of the Committees. The meetings usually last two or three hours. The role of the Committees is restricted to the preparation of decision-making criteria for the attention of the Board of Directors. The composition, organisation, powers and roles of the individual Committees are defined by the Board of Directors in appropriate Committee Terms of Reference (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>), to the extent that they are not prescribed by the Articles of Association or a resolution of the General Meeting of Shareholders. The chairmen of the Committees keep the Board of Directors informed of their activities at the next ordinary meeting of the Board of Directors or, in urgent cases, immediately. The Audit Committee met four times and the Compensation and Nomination Committee five times during the 2021 financial year. All Committee members attended all the meetings. Members of the Executive Board are also usually represented at the Committee meetings in an advisory capacity, as well as individual specialist departments, when required.

NUMBER OF MEETINGS OF THE AUDIT COMMITTEE	4
Average length (in hours)	1:56
Attendance	100%
Prof. Dr. Volker E. Amelung	4
Prof. Stefan Feuerstein	4
Dr. Christian Mielsch	4
NUMBER OF MEETINGS OF THE COMPENSATION AND NOMINATION COMMITTEE	5
Average length (in hours)	1:36
Attendance	100%
Dr. Thomas Schneider	5
Prof. Stefan Feuerstein	5
Florian Seubert	5

3.6 Definition of Areas of Responsibility

The Board of Directors is responsible for the ultimate management of the Company and overseeing the management of business. In particular, the Board of Directors has the following responsibilities:

- a) ultimate management of the Company, including the definition of medium- and long-term strategies and core planning priorities together with the guidelines for corporate policy, and the issuance of the necessary instructions;
- b) establishment of the underlying organisation, in particular the issuance of Organisational Regulations;
- c) decisions on transactions of key strategic significance;
- d) appointment and dismissal of the persons entrusted with the management and representation of the Company, in particular the Executive Director and CEO, the members of the Executive Board and the Head of Internal Auditing, as well as establishment of rules on signature powers;
- e) ultimate supervision of the corporate bodies entrusted with the management of the Company, in particular in terms of compliance with laws, the Articles of Association, regulations and directives;
- f) preparation of the annual report and the compensation report, as well as preparation of the General Meeting of Shareholders and implementation of its resolutions;
- g) notification of the judge if liabilities exceed assets;
- h) adoption of resolutions on the increase of the share capital, to the extent that such power is vested in the Board of Directors (CO 651 IV), as well as the ascertainment of capital increases and the respective amendments to the Articles of Association;
- i) approval of the annual budget.

The Board of Directors delegates all other areas of management in full to the Executive Director and CEO and to the Executive Board, unless otherwise provided by statutory legal provisions or the Articles of Association. The duties and powers of the Executive Board are set out in the Organizational Regulations (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>).

3.7 Information and Control Instruments Relating to the Executive Board

Each member of the Board of Directors receives the monthly, half-yearly and annual financial statements. The financial statements provide information such as details of the balance sheet, income statement, cash flow statement and the key financials of the Group and its segments. Furthermore, the CEO and the CFO report on the course of business and all matters of relevance for the Group at every ordinary meeting of the Board of Directors, which receives a forecast of the annual results at least twice a year. At these meetings, the chairmen of the Committees also report on the agenda items dealt with by their Committee, as well as the key findings and assessments, and they present the corresponding proposals. Each year, the Board of Directors discusses and adopts the budget for the following year. It defines the medium-term strategic plan and reviews it annually. The Chairman of the Board of Directors consults regularly with the CEO and other representatives of the Executive Board. In addition, the Board of Directors regularly receives a current status report on investor relations.

The Zur Rose Group has implemented three main information and control tools to support the Executive Board and the Board of Directors in running the Company: a risk management system, an internal control system and an internal audit function. The internal control system (ICS) covers all procedures and actions that ensure business operations run properly, in particular that the financial statements are accurate and reliable. For each process, key risks and controls are defined; these are carried out and checked on a regular basis. The external auditors also check that an adequate internal control system is in place.

The Zur Rose Group has a system in place to monitor and control the risks associated with its business operations. This process includes the identification, analysis, control and reporting of risks, plus risk reporting from the individual organisational units all the way up to the level of the Group. The Board of Directors and CEO are responsible for creating the necessary organizational framework for the operation of the risk management system. The CFO is operationally responsible for risk management control. He may delegate subtasks. The people responsible for these tasks take concrete measures to manage the risks and monitor their implementation.

Based on the Organisational Regulations (available at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>) and risk management, Internal Auditing conducts risk-based operational, process and systems reviews and assists the Group's organisational units in regulating, improving and assuring the effectiveness of their risk management and internal control processes. To preserve its independence, Internal Auditing reports directly to the CEO and the Audit Committee of the Board of Directors, which also approves the audit plan for Internal Auditing. Internal Auditing coordinates its work as far as possible with the external auditors. The Board of Directors may entrust Internal Auditing with special audits, internal investigations or other tasks extending beyond the regular activities of Internal Auditing.

4 Executive Board

4.1 Members of the Executive Board

Madhu Nutakki was appointed Chief Technology Officer with effect from 1 August 2021. Since then, the Executive Board has consisted of eight members; previously it had been seven. Walter Oberhänsli will be put forward to the General Meeting of Shareholders on 28 April 2022 as Chairman of the Board (see 3.1). Walter Hess, Head Germany, has been appointed his successor. He will take up the position after the General Meeting of Shareholders on 28 April 2022. Walter Hess will be succeeded by Matthias Peuckert (48). Matthias Peuckert spent 14 years working at Amazon, latterly (until 2017) as Group Director for Core Consumables Germany and Amazon Pantry Europe. Since 2018 he has been CEO of windeln.de.

On 31 December 2021, the Executive Board consisted of the following members:

– **Walter Oberhänsli** (1958, Swiss national), Executive Director and CEO

Chairman of the Board from 1996 to 2011, serving as Executive Director and Chief Executive Officer (CEO) since 2005. He practised as an independent lawyer in Kreuzlingen (Canton of Thurgau) until the end of 2004 and studied law at the University of Zurich.

– **Bernd Gschaidner** (1966, German national), Chief Operations Officer

Chief Operations Officer of the Zur Rose Group since May 2020. Previously, he worked at Amazon, first as Director Operations, then as Country Director Logistics for Germany and Austria, from 2016 to 2020. He held various senior positions at Robert Bosch GmbH in Turkey, France and Germany from 1998 to 2016. Prior to joining Bosch, he served for Bundy Systemwerk Neunkirchen GmbH from 1995 to 1998. He studied mechanical engineering at RWTH Aachen University.

– **Walter Hess** (1965, Swiss national), Head Germany

Head Germany of the Zur Rose Group since 2020 and Head Switzerland from 2015 to December 2020. Before that he spent two years as Managing Director of Zur Rose Pharma GmbH, Halle (Saale). Between 2008 and 2013 he was an external consultant, for Zur Rose amongst others. CEO of Praevmedic AG, Zurich, until 2013. Previously held a number of management positions in international industrial companies. After a business education, he studied business administration at FHS St. Gallen University of Applied Sciences.

– **Emanuel Lorini** (1977, dual Swiss-Italian national), Head Switzerland

Head Switzerland of the Zur Rose Group since December 2020. Serving as Head of the medical wholesaler business and member of the Executive Committee of Zur Rose Suisse AG from 2011 until 2020. Before that, he was with Blue-Care AG in Winterthur in corporate development for managed care system solutions from 2008 to 2010. Previously he worked at Health Info Net (HIN) AG in Wallisellen, ultimately as Head of E-Health Platform. He studied business administration at the University of St. Gallen.

– **David Masó** (1971, Spanish national), Head Europe

Head Europe of the Zur Rose Group since May 2020 and CEO of PromoFarma, Barcelona, since 2012. Co-founder of several start-ups in the e-commerce and digital sector in Spain: 2012 PromoFarma; 2009 Qporama, active until 2011; 2003 Futurlink, CEO until 2009. Previously management consultant for internet projects at European level. Telecommunications engineering studies at UPC Barcelona, Master of Business Administration at ESADE Barcelona and Executive Program at Stanford.

– **Madhu Nutakki** (1971, US national), Chief Technology Officer

Chief Technology Officer of the Zur Rose Group since August 2021. Before that, he was with Nissan Motor Corporation in Japan as Global Head of Customer Experience and Connected Car from 2016 to 2021. He served as Chief Technology Officer and Global Digital Head at American International Group (AIG) insurance company in New York, USA, from 2014 to 2016. Previously he worked twelve years at Kaiser Permanente in various management positions, most recently as V.P. Digital Health Applications and Platforms. He holds a master's degree in Computer Engineering from Iowa State University and completed an Executive Business Management program at the Wharton School of Management at the University of Pennsylvania.

– **Betül Susamis Unaran** (1976, dual Swiss-Turkish national), Chief Strategy and Digital Officer
Chief Strategy and Digital Officer of the Zur Rose Group since November 2019. Before that, she was Global Head of Digital Medicines at Novartis Pharmaceuticals from 2018 to 2019. She served as Director of Global Operations and then as Global Head of Digital at Ferring Pharmaceuticals from 2012 to 2017. Consultant at McKinsey & Company in London and Geneva from 2004 to 2011. Previously she worked at Procter & Gamble in Istanbul and Frankfurt. She studied Industrial Engineering at Bogaziçi University in Istanbul and has an MBA from INSEAD.

– **Marcel Ziwica** (1975, Swiss national), Chief Financial Officer
CFO of the Zur Rose Group since November 2014. Before that, he held a variety of management positions in Zur Rose from 2001 to 2014, ultimately as Head of Group Finance and Controlling and a member of the Executive Committee for Switzerland. Prior to joining the Zur Rose Group, he worked as a consultant with Spider Innoventure AG in Tägerwil. He studied business administration at the University of St. Gallen.

4.2 Other Activities and Vested Interests

– **Walter Oberhänsli**

President of the Association of Swiss Mail-Order Pharmacies (VSVA), Bern

– **Bernd Gschaidler**

No other activities or vested interests.

– **Walter Hess**

Chairman of the Board and co-owner of Praevmedic AG, Zurich

Chairman of the Board of Sportemotion AG, Rorschach

Director of Hohlflex AG, Abtwil

President of the European Association of E-Pharmacies (EAEP), Berlin (DE)

– **Emanuel Lorini**

No other activities or vested interests.

– **David Masó**

Director of Mascoteros.com, Barcelona (ES)

Associate teacher at ESADE and ISDI school for e-commerce and marketplace strategies in Barcelona (ES)

– **Madhu Nutakki**

No other activities or vested interests.

– **Betül Susamis Unaran**

Director of Ypsomed Holding AG, Burgdorf

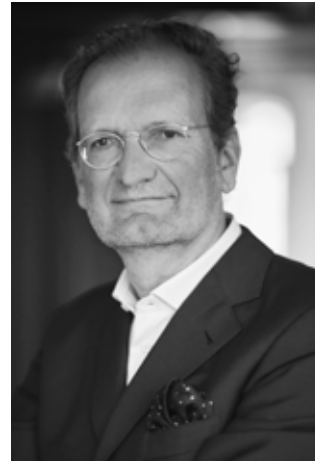
Senior Advisor of Native Design Ltd., London (UK) and San Francisco (USA)

– **Marcel Ziwica**

No other activities or vested interests.



1 –



2 –

- 1 – WALTER HESS
- 2 – WALTER OBERHÄNSLI
- 3 – MARCEL ZIWICA



3 –



4 –

- 4 – MADHU NUTAKKI
- 5 – BETÜL SUSAMIS UNARAN
- 6 – EMANUEL LORINI
- 7 – BERND GSCHAIER
- 8 – DAVID MASÓ



5 –



6 –



7 –



8 –

4.3 Number of Permitted Activities Outside the Zur Rose Group

No member of the Executive Board may hold more than four mandates and, in addition to those, no more than two in a listed company. Any exceptions (e.g. for mandates held on behalf of the Zur Rose Group or in charitable organisations) are defined in the Articles of Association.

4.4 Management Contracts

There are no management contracts with third parties.

5 Compensation, Shareholdings and Loans

Information about the compensation and shareholdings of the Board of Directors and Executive Board, and about loans to them, can be found in the Compensation Report starting on page 57 and in the notes to the financial statements of Zur Rose Group AG on page 136.

6 Shareholders' Participation Rights

6.1 Voting Right Restrictions and Representation

Restrictions only exist for Nominees (see 2.6 Limitations on Transferability and Nominee Registrations). No exceptions were granted during the reporting year, and no measures to lift restrictions are planned. A shareholder may only be represented at a General Meeting of Shareholders by the independent proxy, his or her legal representative or by any other proxy authorised in writing, who need not be a shareholder. All shares held by a shareholder may only be represented by one person.

6.2 Quorums Required by the Articles of Association

The Company's Articles of Association do not provide for resolutions of the General Meeting of Shareholders that can only be passed by a majority greater than that required by the statutory legal provisions. The one exception is a resolution to convert registered shares into bearer shares, which requires at least two thirds of the votes represented and an absolute majority of the par value of shares represented.

6.3 Convocation of the General Meeting of Shareholders

There are no rules for the convocation of a General Meeting of Shareholders that differ from the statutory legal provisions.

6.4 Inclusion of Items on the Agenda

Shareholders who, alone or together, either hold shares with a par value of at least CHF 1,000,000 or who represent at least 10 per cent of the share capital may request that an item be included on the agenda. Such request must be made in writing at least 45 calendar days prior to the General Meeting of Shareholders, specifying the agenda item and the shareholders' proposals. No resolutions may be passed at a General Meeting of Shareholders on proposals concerning agenda items for which proper notice was not given. This provision does not apply to proposals made during a General Meeting of Shareholders to convene an Extraordinary General Meeting of Shareholders or to initiate a special audit. No prior notice is required to bring motions related to items already on the agenda or for the discussion of matters on which no resolution is to be taken.

6.5 Entries in the Share Register

No entries can be made in the share register within one week prior to the General Meeting of Shareholders. The date is published in the notice of the General Meeting of Shareholders. Shareholders who sell their shares before the General Meeting of Shareholders are no longer entitled to vote or receive dividends.

7 Changes of Control and Defence Measures

7.1 Duty to Make an Offer

The Articles of Association make no provision for opting out or opting up.

7.2 Clauses on Changes of Control

The contracts of the Board of Directors and Executive Board contain no change of control clause.

8 Auditors

8.1 Duration of the Mandate

The Auditors are elected annually by the General Meeting of Shareholders. Ernst & Young AG has served as Auditors since 2002. The function of Lead Auditor is now held by Jolanda Dolente (for the first time for the annual report 2021). The term of office of the Lead Auditor is limited to a maximum of seven years.

8.2 Auditing Fees

The total cost of the auditing services charged by Ernst & Young during 2021 was CHF 637,747. In addition, the audit firm charged fees of CHF 151,200 for audit-related services.

8.3 Additional Fees

Fees amounting to CHF 70,943 were incurred during 2021 for tax advice and people advisory services provided by the audit firm.

8.4 Information Instruments Pertaining to the External Audit

Before each scheduled meeting, the external Auditors report to the Audit Committee in writing on relevant auditing activities and other important issues associated with the Company. Representatives of the external Auditors attend the meetings of the Audit Committee for specific agenda items, and to comment on their activities and answer questions. During 2021, the external Auditors attended two meetings of the Audit Committee. The Audit Committee assesses the performance, remuneration and independence of the auditors annually and submits a proposal to the Board of Directors for the nomination of the Auditors, for the attention of the General Meeting of Shareholders. The Audit Committee also reviews the scope of the external audit, audit plans and relevant procedures annually. The results of the audit are discussed with the external Auditors.

9 Information Policy

The most important sources of information are the Annual Report and the Half Year Report, the website (www.zurrosegroup.com), press releases, press conferences, meetings for financial analysts and investors as well as the Annual General Meeting. Zur Rose Group provides information about its annual and half-year results in the form of press releases and by holding analyst and media conferences. Quarterly revenue is announced in press releases. Shareholders are sent the printed summary report on the financial year upon request. A full online version of the annual report can be accessed at <https://gb.zurrosegroup.com/en/gb2021/home.html>. Furthermore, the half-year report is available online as a PDF at <https://zurrosegroup.com/websites/zurrosegroup/English/2050/publications.html>. The Annual General Meeting for the shareholders of record is held in the first half of the year. The Group reports on key events by way of press releases, which are available at <https://zurrosegroup.com/websites/zurrosegroup/English/2010/press-releases.html>. This information can be subscribed to at <https://zurrosegroup.com/websites/zurrosegroup/English/2095/subscribe-to-press-releases.html>.

The regular reporting dates are shown under <https://zurrosegroupp.com/websites/zurrosegroupp/English/2090/financial-calendar.html>. Key dates in 2022 are:

24 March	2021 Full-Year Results
20 April	First Quarter Trading Update
28 April	Annual General Meeting of Shareholders
18 August	Half-Year Results
20 October	Third Quarter Trading Update

The address of the head office and contacts for specific questions are listed at the end of this annual report.

10 Quiet Periods

General close periods start each 1 January and 1 July and end after the financial statements have been released. All transactions in the Company's securities are forbidden for people to whom they apply. The general close periods apply to members of the Board of Directors and the Executive Board, members of the segment executive boards and employees with access to material information included in the financial statements. The CFO may order a deviation from the general close periods.