

# ZurRose Group

# Contents

<b>At a Glance</b>	<b>3</b>
<b>Profile</b>	<b>6</b>
<b>Key Financials</b>	<b>7</b>
<b>Letter to Shareholders</b>	<b>8</b>
<b>Interview Management Handover</b>	<b>13</b>
<b>Interview CTO Madhu Nutakki</b>	<b>16</b>
<b>Segment Switzerland</b>	<b>21</b>
<b>Segment Germany</b>	<b>26</b>
<b>Segment Europe</b>	<b>31</b>
<b>Sustainability</b>	<b>33</b>
<b>Corporate Governance</b>	<b>36</b>
<b>Compensation Report</b>	<b>57</b>
<b>Consolidated Financial Statements</b>	<b>73</b>
<b>Zur Rose Group AG Financial Statements</b>	<b>128</b>
<b>Alternative Performance Measures of Zur Rose Group</b>	<b>141</b>
<b>Points to Note</b>	<b>144</b>

---

**1**

**million downloads:  
all set for e-pre-  
scriptions with the  
new DocMorris  
healthcare app.**

---

**First report  
published.**

**Sustain-  
ability**

---

**Launch**

**OTC in  
France  
and brand  
transfer  
DocMorris.fr**

---

**Start of DocMorris  
Obesity Care with  
Novo Nordisk, the first  
ecosystem health  
journey, and strategic  
partnership with  
Roche Diabetes.**

**“Health  
in one  
click”**

---

---

**14.8**

**per cent:  
steady  
revenue  
growth.**

---

**Handover in  
2022 a sign  
of continuity  
and ongoing  
development.**

**CEO**

---

**71**

**per cent:  
new high for  
DocMorris  
brand recog-  
nition.**

---

**Successful  
brands  
integration  
Vitalsana  
and apo-rot.**

**Brand**

---

---

**CHF**

**190**

**million  
successfully  
raised  
for further  
growth.**

---

**Federal Council:  
online sales of OTC  
products in Switzerland  
possible, based on  
innovative technology  
and clearly defined  
quality criteria.**

**OTC**

---

**CTO**

**New position  
of CTO  
emphasises  
focus as a  
tech company.**

---

**First e-prescrip-  
tions at DocMorris,  
despite delay to  
mandatory start.**

**e-**

---

## Profile

The Swiss Zur Rose Group is Europe's largest e-commerce pharmacy and one of the leading medical wholesalers in Switzerland. It also operates the leading marketplace in southern Europe for consumer health, beauty and personal care products commonly sold in pharmacies. The company is internationally present with strong brands, including Germany's best-known pharmacy brand, DocMorris, and employs more than 2,400 people at sites in Switzerland, Germany, the Netherlands, Spain and France. Now serving more than 12 million active customers in core European markets, Zur Rose generated external revenue of CHF 2,034 million in 2021.

With its business model, the Zur Rose Group offers high-quality, safe and cost-effective pharmaceutical care, as well as digital services relating to marketplaces, ecosystems, technology and telemedicine. In addition, Zur Rose is actively driving forward its positioning as a comprehensive healthcare service provider, with focus on building up and extending its European healthcare ecosystem networking qualified providers of products, services and digital solutions. Its ambition is to provide customer-centred health journeys so people are offered optimum supply and a range of medication and treatment options. By doing so, Zur Rose is pursuing its vision of creating a world where people can manage their own health in one click.

The shares of Zur Rose Group AG are listed on the SIX Swiss Exchange (securities number 4261528, ISIN CH0042615283, ticker ROSE). For further information, please visit [zurrosegroup.com](https://zurrosegroup.com).

## Key Financials

	<b>2021</b>	<b>2020</b>	<b>2019</b>
	in CHF million	in CHF million	in CHF million
<b>External revenue</b> <sup>1)</sup>	<b>2,034.0</b>	1,761.7	1,568.7
Year-on-year-change of external revenue in % in local currency	<b>14.8</b>	15.1	32.9
Year-on-year-change of external revenue in %	<b>15.5</b>	12.3	30.0
<b>Net revenue</b>	<b>1,726.5</b>	1,476.9	1,355.5
Year-on-year change of net revenue in %	<b>16.9</b>	9.0	12.3
<b>Gross margin in % of net revenue</b>	<b>15.1</b>	16.3	15.4
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted</b>	<b>-128.9</b>	-31.2	-40.2
in % of net revenue	<b>-7.5</b>	-2.1	-3.0
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-142.6</b>	-78.4	-13.8
in % of net revenue	<b>-8.3</b>	-5.3	-1.0
<b>Earnings before interest and taxes (EBIT)</b>	<b>-193.8</b>	-117.6	-45.7
in % of net revenue	<b>-11.2</b>	-8.0	-3.4
<b>Net operating income</b>	<b>-225.7</b>	-135.6	-52.4
in % of net revenue	<b>-13.1</b>	-9.2	-3.9
<b>Equity</b>	<b>484.9</b>	531.7	405.5
in % of total assets	<b>38.2</b>	41.6	40.9
<b>Investments</b>	<b>63.5</b>	59.8	41.5
<b>Number of employees in full-time equivalents</b>	<b>2,131</b>	1,960	1,710

1) External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them. The definition was slightly revised in 2021 and the figures for the previous year restated accordingly.

## Dear Shareholders

The Zur Rose Group continued to rigorously pursue the growth strategy in 2021 – in particular seizing the opportunities arising from electronic prescriptions in Germany and internationalisation. The successful launch of the DocMorris healthcare app in 2021 created a central, easily accessible portfolio of healthcare services and laid the technical foundations for recording and forwarding e-prescription information. In France the Group extended the product range with a strategic partner by including OTC medications, giving customers easy and secure access to a broad range of health-related products and pharmaceutical advice. In this dynamic environment the Zur Rose Group raised CHF 188.5 million in a capital increase at the end of 2021, which was intended to be mainly used for e-prescriptions when they were launched nationally in Germany; however, this was unexpectedly deferred at the end of the year.

**Result in line with expectations** — External revenue<sup>1</sup> rose 15.5 per cent to CHF 2,034.0 million, meaning the Zur Rose Group met forecasts in the second year of the pandemic. Growth continued in all market segments: Switzerland, Germany and Europe. The number of active customers rose by more than 18 per cent year on year in 2021 to 12.4 million<sup>2</sup>. To support the growth strategy, the Zur Rose Group is investing heavily in electronic prescriptions and high-margin future areas: the healthcare eco-system, telemedicine and PaaS (Platform as a Service). As the European umbrella brand for the ecosystem and with a view to the mandatory launch of e-prescriptions originally set for the start of 2022, in February 2021 DocMorris started a large-scale marketing campaign in Germany on the theme “Das neue Gesund”. In total, expenses for these activities were up roughly CHF 60 million year on year. The OTC market stagnated because of the pandemic, so growth costs were higher, which had an impact on the margin and the marketing ratio. One-off expenses also affected the result, mainly in connection with acquisitions and restructurings. EBITDA adjusted for one-off effects came to minus CHF 128.9 million, putting it in line with expectations. The operating result (EBITDA) was minus CHF 142.6 million.

<sup>1</sup> External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group, less the consolidated revenue from supplying them.

<sup>2</sup> Customers supplied by the Zur Rose Group in 2021, either directly or through its partners.

**Starting basis laid for the launch of electronic prescriptions in Germany** — The Zur Rose Group is technically and logistically ready for the national launch of electronic prescriptions in Germany, which is still expected to take place this year despite the delay. DocMorris used 2021 to focus its healthcare app even more closely on customer needs. This has now been downloaded more than 1.3 million times, making it one of the fastest growing healthcare apps. It provides direct access to physical doctors and the telemedical offering, seamless and personalised customer journeys, adherence solutions, same day delivery options and marketplace offerings. A handy scan function for having e-prescriptions dispensed makes it possible to transmit digital prescription information to the desired pharmacy quickly and securely. As part of the test phase, more than 200 e-prescriptions have already been successfully dispensed by DocMorris and partner pharmacies in the Germany segment. The logistics extension in Heerlen will go into operation in the second quarter of 2022 to handle the volumes expected. The state-of-the-art technology will raise the level of automation to 70 per cent and more than double the site's capacity.

**Recognition of the DocMorris umbrella brand increases** — The Zur Rose Group launched a national multimedia campaign for the DocMorris brand in 2021 on the theme of “Das neue Gesund” to convey the new brand values following the extensive rebranding. The new campaign showcased the brand as an approachable and reliable partner and makes the digital services on the healthcare platform come alive. DocMorris won numerous awards for the new branding. By the end of the year, supported brand recognition had risen to over 70 per cent.

**Healthcare management at a single click** — With an eye to the intended European digital healthcare ecosystem, Zur Rose is pursuing the vision of creating a world where people can manage their health in one click. The collaboration with global healthcare company Novo Nordisk agreed in January 2021 is another major step towards the ecosystem. The aim is to enter into further cooperations with best-in-class healthcare services linked to the core business of the Zur Rose Group.

**Strategic partnerships for innovative health journeys** — The Zur Rose Group continued to expand the European healthcare ecosystem under the DocMorris umbrella brand. This is being gradually anchored in all business units and segments. Telemedicine, marketplace and pharmacy services are already available in the DocMorris app. The Zur Rose Group also entered into two ecosystem partnerships in 2021. In collaboration with Novo Nordisk, it launched the first customer-centric health journey for people living with obesity. The offering helps those affected find their way to the best possible treatment. Initially, the focus is on Germany. Another partnership, with Roche Diabetes, brings together both companies' healthcare products with solutions and high-quality services from third parties to make life easier for people with diabetes.

**Continuing the transformation into a tech company** — The Zur Rose Group further drove ahead the transformation into a technology company in 2021. Interdisciplinary teams in the three tech hubs in Barcelona, Winterthur and Berlin are working at a European level to make customer journeys more intuitive, user-focused and seamless. The Group is also focused on further developing and building up platform technologies and offers platform as a service and marketplace as a service models to partners from the beauty and personal care sector in particular. The benefit for these companies lies not only in gaining visibility, traffic and reach, but also in establishing a new sales channel. A multi-channel strategy allows them to both strengthen their own brand and provide optimal and seamless customer service. The Zur Rose Group also contributed its technology expertise to the healthcare app launched by Swiss healthcare platform Well in late summer 2021.

**apo-rot merged with DocMorris** — apo-rot B.V. merged with DocMorris N.V. as at 30 June 2021. All employees were taken over and integrated into the existing structures at the Heerlen site. The Zur Rose Group has therefore completed the next step of the integration towards achieving efficiency improvements.

**Changes to the Board of Directors** — As announced, CEO Walter Oberhänsli will be put forward for election as Chairman at the Annual 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. On 10 January 2022, the Zur Rose Group announced the nomination of Rongrong Hu as a new director. In the event that all 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.

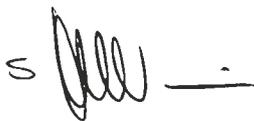
**Matthias Peuckert to be Head Germany** — Following the Annual General Meeting of Shareholders Matthias Peuckert, who since 2018 has been CEO of Windeln.de, a Munich-based online retailer of baby and children's articles, will become Head Germany and CEO of DocMorris. He will be stepping into the shoes of Walter Hess, who will succeed Walter Oberhänsli as CEO of the Zur Rose Group after the General Meeting. Matthias Peuckert will share considerable responsibility for driving ahead growth in the core German market and provide major impetus for further expanding the European healthcare ecosystem. The 48-year old German citizen is a proven expert in e-commerce with broad experience at listed companies, including internationally. He can look back on 14 years at Amazon, where he was most recently Group Director for Core Consumables Germany and Amazon Pantry Europe with responsibility for revenue in the low single-digit billions and several key strategic projects.

**First sustainability report lays the basis for further improvements** — Today the Zur Rose Group published its first sustainability report. The main pillars of the sustainability strategy have been defined as healthy people, healthy planet, healthy company and healthy relationships. On this basis, the Group has set seven sustainable development goals (SDGs), which match those of the United Nations. In 2022 Zur Rose will set specific targets for the areas defined as the basis for further improvements.

**Focus for 2022: e-prescriptions and leveraging synergies** — The first focus for 2022 is electronic prescriptions in Germany. With around 11 million active customers, DocMorris is the best known pharmacy brand and one of the most successful healthcare apps in the German market; this gives the Zur Rose Group an excellent starting position to convince customers of its service offering and win them over to e-prescriptions. The Group is also keen to leverage efficiencies through synergies. The emphasis is on creating cross-border shared service functions, pooling expertise and using a common platform for technology, products, logistics, services and brands. This will lay solid foundations for further expansion and sustainable profitability at the Zur Rose Group.

**Outlook** — Management is confident that the business with prescription medications on the basis of electronic prescriptions (eRx) in Germany will get under way this year. However, since the timing is not confirmed, the Zur Rose Group is excluding the influence of eRx for 2022. The objective for the core DocMorris brand is double-digit growth in non-prescription products. At the Group level, the focus in the short term is on operational leverage and profitability, so external revenue is likely to remain flat year on year. For 2022, management is aiming for adjusted EBITDA between minus CHF 75 million and minus CHF 95 million driven by continued investment in technology and maintaining eRx readiness. As a result of the delay in eRx, break even at the EBITDA level is expected in 2024. The Group confirms the medium-term EBITDA margin target of around 8 per cent.

**Thanks** — We feel it is very important to express our warmest thanks to all who supported us last year: our customers, for their confidence in our services; our staff, for their impressive commitment to the good of the company and the great motivation with which they carry out their daily responsibilities; and you our shareholders, for your loyalty to our company.



**Prof. Stefan Feuerstein**  
Chairman of the Board



**Walter Oberhänsli**  
Executive Director and CEO



WALTER OBERHÄNSLI (*left*)  
AND STEFAN FEUERSTEIN.

## Interview

**“Walter Hess is the right type of person. He has a great deal of experience as a successful manager”**

### **Chairman-designate Walter Oberhänsli and new CEO Walter Hess talk about the forthcoming management handover and the future planning and strategic positioning of the Zur Rose Group.**

**Walter Oberhänsli, you are passing the top job on to Walter Hess. What’s the condition of the company you are handing over?**

**W.O.** — It’s doing absolutely fantastically. On the one hand, we have put together an incredibly good team in the past few years and we have an amazing market opportunity in front of us in the shape of the launch of electronic prescriptions. On the other hand, there is a lot to be done, from integration to developing our company even further as a technology firm.

**Walter Hess, you’re stepping into the shoes of Walter Oberhänsli. Do you think he’s right in his assessment?**

**W.H.** — Oh yes, absolutely. We’re starting from a great position as far as the company is concerned, and the markets too. And above all we have an excellent basis in our staff, in Spain, France, Germany, the Netherlands and Switzerland.

**Walter Oberhänsli, you’ve fought a few legal battles in your time as CEO. What was your most important victory?**

**W.O.** — I think that would be the ruling of the European Court of Justice in October 2016 that the German ban on discounts for prescription medicines is not compatible with EU law. That set clear boundaries to the protectionism surrounding bricks-and-mortar pharmacies.

**Walter Hess, you’ve also been with the Zur Rose Group for some time; what positions have you held at the company?**

**W.H.** — Initially I was supporting Walter Oberhänsli and the Board of Directors as an external consultant. Between 2015 and December 2020 I was Head Switzerland, and since December 2020 I have been Head Germany. I have enjoyed all my jobs, because at the Zur Rose Group you can just enjoy yourself and achieve things wherever you are.

**Walter Oberhänsli, why was Walter Hess the first choice to succeed you as CEO?**

**W.O.** — Walter Hess is the right type of person. He has a great deal of experience as a successful manager. And of course he knows the Zur Rose Group inside out.

**Walter Hess, what are your plans for the traditional first hundred days?**

**W.H.** — First, to make sure the transition from Walter Oberhänsli to me is seamless. Second, to be rigorous about implementing the projects and actions that will take us through to profitability and growth. Third, and this is particularly important, to bring even more great and highly talented people on board to join us in the Group.

**What are you most looking forward to in the new job?**

**W.H.** — Working together to get an even deeper understanding of our customers, so we can offer them what they want and what they need.

**What strategic and operational focuses do you have planned for the short, medium and long term?**

**W.H.** — In the short term, it has to be the launch of electronic prescriptions in Germany. Also exploiting the potential and the synergies within the Zur Rose Group. In the medium and long term, it's about continuing to develop a shared corporate culture while still retaining the strengths of the individual units in the organisation. And crucially, of course, to lead Zur Rose to a position where the company is profitable over the longer term.

**Will there be any strategic changes? Do you see potential for optimisation?**

**W.H.** — The long-term direction has been clearly set out: we want to become THE European healthcare platform. As a company, we also want to move into a new phase and shift from a strong focus on growth towards profitability and growth. And we will keep up the transformation into a company based on technology and data.

**Walter Oberhänsli, you are the Chairman-designate. What matters to you in this position?**

**W.O.** — It's important for me to keep the Board as close as possible to the strategic and major operational issues, so the collaboration between the directors and management works well. We also have very strong experience and expertise in the Board, and that has to be made available to management.

The video of the interview is available at the following link: <https://gb.zurrosegroup.com/en/gb2021/management-handover.html>

The transcription of the interview contains minor deviations from the online version.



WALTER OBERHÄNSLI (*left*)  
AND WALTER HESS.

## Interview

# “The European healthcare sector has enormous potential in terms of digital transformation”

**Madhu Nutakki was appointed Chief Technology Officer in August 2021 and is thus the newest member of the Executive Board at the Zur Rose Group. Innovation is Nutakki's world – whether it is digital transformation, digital marketing or global ecosystems.**

**Madhu Nutakki, you've been CTO at the Zur Rose Group for more than half a year now. You previously worked for the Nissan Motor Corporation in Japan and Kaiser Permanente, among other companies. At the latter, the U.S. health maintenance organisation, your most recent position was Vice President Digital Health Applications and Platforms. What made you decide to become part of the Swiss Zur Rose Group?**

The Corona pandemic has highlighted that healthcare is a fundamental pillar for the entire economy. The European healthcare sector in particular has enormous potential in terms of digital transformation. Being actively involved in this development has been a great incentive for me. One of the most important lessons I have learned from my career so far in a wide variety of industries: The end consumer has the greatest benefit from technological solutions. Therefore, technology should be embraced as an opportunity and not a threat. I joined the Zur Rose Group at a time when digital customer expectations are continuously increasing and government framework conditions are also developing in the direction of digitalisation. At Zur Rose, I am not only able to work in an international organisation that is a key player in its industry with its vision to become the leading European healthcare ecosystem. Ultimately, returning to the healthcare industry also feels like coming home.

**You come from an international environment and you yourself are an American. Where do you see the European healthcare system at the moment in comparison to the USA or Asia? Where do we in Europe have to catch up in particular in terms of digital health?**

Digitisation is inevitable – regardless of the sector or location. I truly believe that the healthcare sector determines the timing of the digital transformation itself, i.e. it sets its own pace. This is due to the enormous complexity of the industry, which is also one of the few that is actually capable of “touching people's lives” to a decisive extent. Also, digitalisation of healthcare is heavily dependent on the particular system of social values of a country. It should therefore be less of a

question of who is at the forefront but rather who is lagging behind. What really matters is whether all the relevant factors can come together in the specific region: Are people ready? Are the regulatory frameworks in place? Are the underlying value chains sufficiently mature? These are just a few of many essential questions. One of the concrete upcoming opportunities to integrate digital health into the everyday lives of people in Europe is, for example, via the introduction of electronic prescriptions. This requires a well-thought-out roadmap that also always keeps customer convenience in mind.

---

**“One of the concrete upcoming opportunities to integrate digital health into the everyday lives of people in Europe is, for example, via the introduction of electronic prescriptions.”**

---

**You just mentioned the Zur Rose Group’s vision to become the leading European healthcare ecosystem. Is that one of the topics that is a main point on your CTO agenda at the moment?**

Our vision of becoming the leading European healthcare ecosystem is certainly one of the topics that my team and I currently have a strong focus on. Achieving this goal requires a good combination of short-term tactics and long-term planning. 80 per cent of all digitalisation measures are always the same, irrespective of the industry: Gathering customer-centric experiences, leveraging data, adopting a mobile-first approach, and implementing value into the ecosystem. In the end, the remaining 20 per cent is where the Zur Rose Group is able to make the difference.

One major lesson I learned in my professional career was to never take the customer for granted. At the same time, as a software engineer, I was taught the “superpower” behind digital solutions. Balancing these two aspects – having the necessary empathy towards the customer and leveraging the power of software – is what I focus on now and will continue to do so in the future.

**You are not only in charge of the technology-driven topics of the Group – and thus throughout Europe – but also of the three tech hubs in Barcelona, Berlin and Winterthur. What is the main focus for 2022?**

It’s important for me to be able to think outside the box. I don’t think it’s appropriate to just chase after future-oriented developments such as Artificial Intelligence, Machine Learning, Cloud, Robotic Process Automation or Blockchain. I see my job as fulfilled when I – together with a team of experienced designers, product managers, software enthusiasts and data jugglers – can develop a range of solutions that are not only convenient, but also offer actual value to users. In a world turned upside down by Covid-19, the concept of a technology hub has also fundamentally changed. While the importance of location per se has greatly diminished, it is collaboration and the ability to add value that has become the all-distinguishing feature. We will continue to pool expertise in each of the three hubs, but with product-oriented specialisations in mind. My overarching goal is to empower every employee – regardless of location – to make their own decisions.

---

**“One major lesson I learned in my professional career was to never take the customer for granted.”**

---

**The DocMorris app is and will be the digital flagship of the Zur Rose Group. How satisfied are you with the current status and what can users expect in terms of further development in 2022?**

Here’s a little anecdote: I remember my first mobile application, which was also in the health industry and which I worked on more than a decade ago. The initial version was jam-packed with bells and whistles, so one of the product managers called it “cute and functional”. In the end, the release did not meet with the expected success. The relevant insight behind this story? An app is just one of many channels. But what we really want to

achieve is to establish an empathetic connection with the user. The numerous brands of the Zur Rose Group have already built up a strong trust among customers. The digital channel behind them must now also deliver on this promise. Convenience is the underlying value, trust the key benefit and experience is king.

Our current concern for customers in Germany is to make the path to the e-prescription as seamless and intuitive as possible via the DocMorris app. The app is a relevant channel towards a more comprehensive health journey for our customers.

---

**“I am interested in creating a sustainable foundation that allows us to develop products and functions that enrich the lives of customers.”**

---

**Finally, let’s take a look into the crystal ball: Where do you see the European healthcare system in general and the Zur Rose Group in particular in five years?**

Developments in the health sector are not really predictable – and that is at the same time one of its greatest strengths. After all, who could have predicted the global impact of the pandemic, for example? I am not interested in jumping on trends. Instead, I am interested in creating a sustainable foundation that allows us to develop products and functions that enrich the lives of customers – irrespective of current trends.

Creating a connected health journey for people in Europe is not a distant dream. Many of the key components are already being implemented step by step. The Zur Rose Group is an established, strong brand in the healthcare sector and can therefore contribute its accumulated knowledge about its customers – especially when it comes to their needs and expectations. The collaborations that have already taken place also show the commitment Zur Rose has to the digitalisation of European healthcare. Last but not least, one of my key goals is to transform current users into long-term digital health advocates at an early stage.

Madhu Nutakki is American and born in India. The visionary brings over 20 years of experience in the successful transformation of organisations and their technologies and business models.



MADHU NUTAKKI

# Technology Hubs

Total employees

> **350**

Software engineers, UX designers,  
data scientists and product managers

Focus

- Improving user experience (UX)
- DocMorris app (e-prescription)
- Making customer journeys seamless
- Leveraging data and science
- Expanding the European healthcare ecosystem
- Expanding physician software and IT solutions



Switzerland

Germany

Spain

**The issues healthcare policy focused on in 2021 were managing the Covid crisis and ways to keep costs under control. As the National Council did earlier, the Council of States of the Swiss parliament also rejected the proposed system of reference prices. There are currently two proposals under way in parliament to promote the introduction of electronic prescriptions. And in November, in its report on the Stahl proposal, the Federal Council announced that online sales of OTC medications can be permitted in Switzerland, subject to certain conditions.**

### Market environment

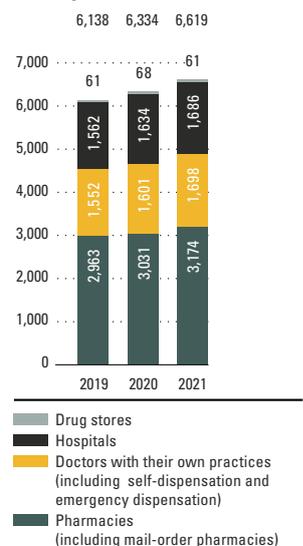
**Trends in the market for medicines** — The total volume in the drugs market in 2021 amounted to CHF 6.6 billion, a year-on-year rise of over 4 per cent.

**Restructuring of the price system for medications** — Following the rejection by the National Council during the year under review of the proposal to bring in a reference price system for drugs on which the patent has expired, December saw it fail to pass the Council of States too. Zur Rose reiterated in 2021 that when setting prices for medicines, factors such as ex-factory and generics prices as well as service-based remuneration and distribution margins have to be seen as an inter-related whole. Fair prices and high-quality supply would no longer be possible if the distribution margin were adjusted across the board in isolation. For medium to high-priced medicines in particular, any pricing system that will stand the test of time has to cover costs, otherwise supply to chronically ill people in Switzerland, who frequently depend on drugs in this price segment, will be put at risk.

**Pushing rapidly ahead with the introduction of electronic prescriptions** — Electronic prescriptions are a key factor when it comes to digitalising healthcare. Both chambers of parliament currently have a motion pending that seeks to introduce electronic prescriptions in Switzerland. Zur Rose welcomes these moves and is committed to the mandatory nationwide introduction of electronic prescriptions, because the benefits for patients and the entire healthcare system are obvious: it increases patient safety by removing error-prone media

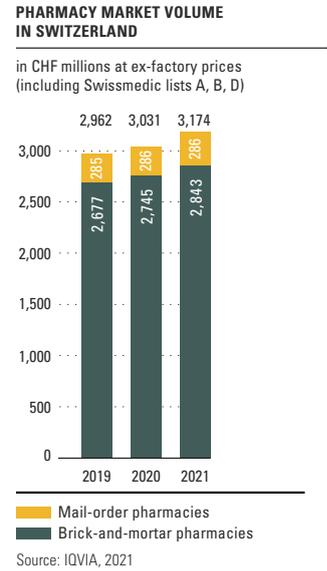
### DRUGS MARKET VOLUME IN SWITZERLAND

in CHF millions at ex-factory prices  
(including Swissmedic lists A, B, D)



breaks and cuts out both forged prescriptions and follow-up costs due to incorrect medication.

**Liberalisation of online sales of OTC medications** – The publication in November of the Federal Council report on the proposal by National Councillor Jürg Stahl triggered movement in the discussion on the liberalisation of online sales of OTC medications. Back in April 2020 the Federal Council had turned down an application by Zur Rose for exceptional permission to sell OTC emergency, cold and flu medications online during the pandemic. In November 2021 it stated in its report that online OTC sales can be permitted subject to certain conditions: “The spread of new technologies, online shopping and the increasing quality and security of IT-supported solutions and software mean it is now possible to consider innovative approaches to ensure quality of care and patient safety with online sales other than a doctor’s prescription. The Covid-19 crisis has considerably speeded up technological development and the use of such processes in the healthcare sector. Digital applications and telemedicine have demonstrably grown in importance.”<sup>1</sup> The intention is to hold a consultation on amending the Therapeutic Products Act (TPA) by early 2023.



<sup>1</sup> Report of the Federal Council in response to proposal 19.3382 Stahl dated 22 March 2019: online sales of OTC medications, 24 November 2021.

**The revenue performance in the Switzerland segment remained positive, gaining 5.7 per cent on the previous year. The coronavirus continued to be a key factor in 2021, and Zur Rose contributed to fighting the pandemic by providing various solutions for authorities, doctors and the public. Zur Rose further expanded its digital offering for doctors’ practices and online pharmacies. The increased shift towards demand for digital services was apparent in the growth of the online pharmacy, and highlights patients’ growing need to order their medications to be delivered directly to their homes.**

**Business performance**

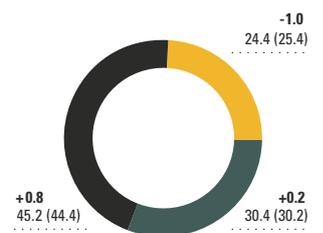
**Innovative solutions in combating the coronavirus pandemic** — In the second year of the coronavirus Zur Rose continued to feel obliged to ensure the highest possible security of deliveries and supplies of urgently needed medications and to contribute to combating the pandemic with innovative and unbureaucratic solutions. For example, the company supported the cantons of Thurgau and Schaffhausen with logistics for supplying the vaccine to vaccination centres and doctors’ practices. To ease the strain of administering Covid tests and vaccinations, Zur Rose and partners developed and financed a technological solution that became the most significant software in Switzerland for this purpose. More than 800 practices used the free offering to carry out 77,000 test registrations and perform 120,000 vaccination registrations during the year under review. Between April and September the FOPH insisted that self-testing kits be available free of charge. Here too, Zur Rose quickly provided a digital solution that allowed all Swiss residents to order self-testing kits online and settle directly with their health insurer.

**Supplying medications and advising doctors’ practices** — Zur Rose had a market share of 24.4 per cent in supplying medications to doctors’ practices.

The trend away from individual practices towards larger doctors’ centres continued unabated in 2021. Zur Rose is supporting this structural change with specialised services aimed at digitalising practice pro-

**MARKET SHARES IN THE PHYSICIANS BUSINESS**

As per end of 2021 (value of previous year 2020) in %



■ Zur Rose  
■ Direct suppliers  
■ Other wholesalers and purchasing organisations

Source: IQVIA, 2021

cesses and the supply chain. Automating medication management brings a demonstrable gain in efficiency for practices: there is a time saving of up to 35 per cent and cost savings of up to 20 per cent compared to running things manually. This is shown in a study conducted jointly by Zur Rose and the University of Applied Sciences of Eastern Switzerland, which won the WTT Young Leader Award 2021.

**A technology provider in e-health** — In close collaboration with BlueCare as the technology hub of Zur Rose Switzerland, the Company is focused on developing and expanding platform technologies and offers this expertise as platform-as-a-service and marketplace-as-a-service. The Swiss healthcare platform Well announced last year, which Zur Rose set up with health insurers CSS and Visana and telemedicine provider Medi24, and to which it contributed some of the technology, went live in late summer with the beta version of the app. The digital healthcare navigator provides access around the clock to quality-checked physical and digital healthcare services. As part of the platform-as-a-service offering, BlueCare concentrated on connecting registered service providers to the Well platform. The various different transactions are brought together in the central user interface for sending and receiving medical documents (BlueConnect), so they are ideally integrated in the workflows at doctors' practices. The compatibility with existing practice information systems is ensured.

**Pleasing performance in the online pharmacy** — In the online pharmacy business, Zur Rose stepped up the linking of the various players involved (patients, doctors and physicians) to further improve services for customers and patients. Various digital functions were added to the Zur Rose customer account: personal medication plans can now be scanned directly into the customer account electronically by QR code. This means users always have a full overview of their medications and can also set electronic reminders to take them. Further medications can be added to the electronic medication plan and at each visit to the general practitioner, be checked for interactions with other drugs and approved again. The customer account lets patients digitally request a prescription or renew a repeat prescription directly from a practice electronically. The enhanced functionalities, combined with various marketing campaigns, resulted in considerable year-on-year growth in the average number of daily active users of the online pharmacy.

Dailymed's individual blister packaging for medications also saw strong demand during the year under review. For people who take multiple medications at the same time, Dailymed sorts them into individual pouches in the order of when they are to be taken, as the doctor prescribes. This increases safety when taking the medication and boosts compliance, in turn generating better treatment success. In an effort to make services available to all barrier-free, in collaboration with the Swiss Association for the Blind and Visually Impaired Zur Rose developed a new Dailymed box specially adapted to the needs of people with a visual impairment. QR codes affixed to the individual pouches can be easily scanned with a smartphone, allowing the information on taking the medications to be made audible using the voice output for people who are blind. Zur Rose uses some of the revenue from this Dailymed box to support projects that make daily life easier for people with a visual impairment.

Institutions like nursing homes and homecare organisations are showing growing interest in Dailymed, as automatic blister packaging releases resources that would otherwise have to be used on organising medications by hand, which takes a great deal of time. To be able to offer more safety and efficiency with drug orders from institutions, the Company jointly with a software partner, produced a digital interface for ordering medications, to which data can be uploaded directly from the care documentation software.

Specialty Care, which provides specialist support for complex medication treatments, also posted strong growth during the year under review. The cooperation with specialist doctors was expanded and further cooperations with manufacturers were added.

In addition, Zur Rose expanded collaboration with various health insurers as part of alternative insurance models with solutions to improve compliance.

**Joint ventures with Migros subsidiary Medbase** — The trend towards more online shopping since the outbreak of the pandemic continued in 2021 in the online shop for beauty and personal care products that Zur Rose operates as a joint venture with the Medbase Group. Revenue in 2021 was once more up considerably on the previous year. Orders from mobile end-devices and use of electronic forms of payment such as Twint grew strongly. Shipping packaging was optimised to improve sustainability and more environmentally-friendly materials were used. The six existing shop-in-shop pharmacies in Migros branches continued to perform positively. An additional shop-in-shop pharmacy was opened in the canton of Bern in the Shoppyland Schönbühl branch.

**The new federal government in Germany has agreed a digitalisation strategy for the healthcare sector with the slogan “Dare to make more progress”. This will be regularly updated and the focus will be on solving supply problems and being user-centred. Telemedicine will also be further expanded and should now be possible on a “regular basis”. Under the Digital Provision and Care Modernisation Act the charging rate for video consultations will be increased to 30 per cent. In January 2022, the shareholders of gematik set quality criteria for the ongoing test phase for e-prescriptions in Germany this year. The test phase will be followed by a nationwide rollout.**

#### **Market environment**

**Market growth in Germany<sup>1,2</sup>** — 2021 saw Europe’s largest market for medicines grow by 7.3 per cent to EUR 54 billion. Pharmacies currently have a market share of 86 per cent. The other 14 per cent of sales are generated through hospitals and clinics. In the pharmacy channel, mail order accounts for around 0.7 per cent<sup>3</sup> of prescription drugs and 23.2 per cent of OTC medicines. Pharmacy sales of prescription medicines increased by 8.7 per cent in 2021 to EUR 38.8 billion, while sales of OTC medicines rose by 1.7 per cent to EUR 5.6 billion. Revenue from non-prescription products (OTC medicines and products commonly sold in pharmacies) in the pharmaceutical mail-order business rose by 3.6 per cent to EUR 2.6 billion in 2021.

1 IQVIA™ Market Report Classic, Performance of the German Pharmaceuticals Market in 2021

2 Insight Health, OTC Pharmacy market development December 2021

3 Federal Ministry of Health: Financial results of the Statutory Health Insurance (GKV)

1<sup>st</sup> to 3<sup>rd</sup> quarter 2021 (KV45)

**Digital Provision and Care Modernisation Act (DVPMG)** — On 6 May 2021, with the consent of the governing parties, the German parliament approved another digitalisation act for healthcare. Amongst other things, the DVPMG will increase the rate at which video consultations can be charged to 30 per cent. The insurers are also obliged to set a digital authentication procedure for video consultations. This will remove some of the barriers to using video consultations, such as showing an electronic health card over video or afterwards at the practice.

**Coalition agreement in Germany** — The coalition agreement between the SPD, ALLIANCE 90/THE GREENS and the FDP of 7 December 2021 places a strong emphasis on digitalisation in healthcare. This includes accelerated introduction of electronic health records (ePA) and e-prescriptions and using these in a way that provides benefits. Telemedical services including prescriptions for medication, remedies and appliances plus video consultations, teleconsultations, telemonitoring and emergency medical assistance over the phone are also to be possible as a general rule. In addition, the Strengthening Local Pharmacies Act will be revised to better reward pharmaceutical services and make use of efficiency gains within the financing system.

**Launch of electronic prescriptions** — On 20 December 2021 the Federal Ministry of Health announced that the test phase for e-prescriptions in Germany was to be extended. As a result, the test and pilot operations have been continued and expanded in stages beyond 1 January 2022, as feedback from service providers and funding agencies to the Ministry of Health indicated that the technical process had not been sufficiently tested by that time. Under section 360 para. 1 of the Social Security Code V, across-the-board technical availability was a fundamental condition for the mandatory launch of e-prescriptions on 1 January 2022. On 26 January 2022 the shareholders of gematik decided to intensify the ongoing test phase for e-prescriptions and set corresponding quality criteria. For example, at least 30,000 e-prescriptions should be successfully processed. The test phase will be followed by a nationwide rollout in Germany.

**In 2021 the Zur Rose Group saw a significant increase in external revenue<sup>1</sup> in the Germany segment by 19.4 per cent to EUR 1,232,2 million. The increase is mainly due to the online business in non-prescription drugs and healthcare products, which more than made up for the slight decline in revenue from prescription drugs on a paper prescription. In Germany, the DocMorris healthcare platform completed the next step in its development. By the start of January 2022, the DocMorris app had already reached one million downloads. More than 200 local pharmacies are already cooperating with DocMorris on the marketplace integrated into the platform. Strategic partnerships expand the offering for patients**

#### **Business performance**

**Strategic partnerships for innovative treatment paths** — The Zur Rose Group is continuing to expand the European healthcare ecosystem under the DocMorris umbrella brand. In 2021, Zur Rose entered into two strategic partnerships with global healthcare companies to offer customer-centred health journeys for people living with chronic diseases such as obesity and diabetes, with the initial focus on Germany:

January 2021 saw Zur Rose and Novo Nordisk pool their skills in the field of obesity. Since March 2021, DocMorris Obesity Care has been helping people with obesity find the way to get the best treatment. Via the digital hub people who are affected can find out about healthcare solutions, get in touch with specialist doctors and gain access to digital solutions for obesity care.

<sup>1</sup> External revenue consists of the consolidated revenue of the Zur Rose Group plus online revenues of pharmacies supplied by the Zur Rose Group less the consolidated revenue from supplying them.

The partnership with Roche, which has been in place since October 2021, brings together both companies' healthcare products with solutions and high-quality services from third parties to make life easier for people living with diabetes. Over the course of 2022 they will gain easy, centralised and digital access to information about the disease, optimum supply and a range of medication and treatment options.

**Multi-media campaign across Germany** — February 2021 saw the launch of “The New Healthy”, a multimedia campaign across Germany for the DocMorris brand. This will convey the new brand values of DocMorris following its extensive rebranding at the end of 2020. DocMorris won eight highly prestigious international prizes, including the Red Dot for brand design and four New York Festival awards, for the new branding and the #TakeCare Christmas campaign. These came in recognition of the new brand image, which reflects the values and positioning of DocMorris. The campaign showcased the brand as an approachable and reliable partner and makes the digital services on the healthcare platform come alive. By the end of the year, supported brand recognition had risen significantly to about 70 per cent.

**Merger of apo-rot and DocMorris** — apo-rot B.V. merged with DocMorris N.V. as of 30 June 2021. All employees were taken over and integrated into the existing structures at the Heerlen site. The Zur Rose Group has therefore successfully completed the next step of the integration towards achieving efficiency improvements.

**Technical components supplied for e-prescriptions** — On 30 June 2021 all technical components – the gematik app for forwarding e-prescriptions, the identity provider as the central access system and the specialist e-prescription service on which all e-prescriptions are stored in encrypted form (and which the Zur Rose subsidiary eHealth-Tec was involved as a partner to IBM) – were supplied on schedule. A test phase could therefore start for e-prescriptions on 1 July 2021 using Berlin-Brandenburg as a focus region. DocMorris was also part of it. The aim was for selected doctors in their practices or by telemedicine, local and online pharmacies and patients to try out the new prescription and dispensing process with e-prescriptions. The controlled test and pilot operations were extended beyond 1 January 2022.

eHealth-Tec devised a compatible software development kit (SDK) to ensure software from providers of practice and pharmacy management systems and hospital information systems were connected to the gematik specialist e-prescription service on time. The tool met the highest security standards and all gematik requirements and combined many individual steps into a single rigorous process.

**Next step in developing the DocMorris healthcare platform in Germany** — By the end of 2021 all services and functions, such as e-commerce, healthcare services and marketplace, had been brought together in a digital DocMorris healthcare platform with a new app. The platform will therefore be even more closely focused on the needs of its customers. By the start of January 2022 the DocMorris app had already reached one million downloads, making it one of the fastest growing healthcare apps in the German market. The platform will therefore be even more closely

focused on the needs of its customers. With its centralised portfolio of services and easy access using a mobile app, the DocMorris healthcare platform is creating a holistic way for people to manage their health in one click – from diagnosis in an online consultation with a doctor and dispensing an e-prescription all the way through to pharmaceutical advice, an interaction check and the various options for delivery.

As a result of the integration of the DocMorris Express marketplace, which comprises a network of just over 200 partner pharmacies and their services, customers on the DocMorris healthcare platform have the option of same-day express delivery by local partner pharmacies when ordering their medications and healthcare products, as well as having them posted. Same-day delivery is already possible in many of the major cities in Germany.

Right from the start of the gematik e-prescription test phase on 1 July 2021 the app had a smart scan function for having e-prescriptions dispensed. When the launch of e-prescriptions becomes mandatory across the country, customers will expect functions tailored to their needs. Dispensing e-prescriptions has to be user-friendly and barrier-free and there must be direct access to local doctors, as well as online by TeleClinic, with the ability to choose the method of transfer. Scanning an e-prescription in particular gives patients a secure and rapid way to send the digital prescription information to the pharmacy of their choice. OTC medicines and healthcare products can be ordered directly in the DocMorris app at the same time.

**In its two leading marketplaces in Southern Europe – Spain and France – the Zur Rose Group recorded continuous pleasing growth in 2021. Sales revenue increased by 22.3 per cent to EUR 75.8 million, reflecting the enormous online potential of the little-regulated segment of over-the-counter, standard pharmacy health and care products. The total market in Europe amounts to around EUR 100 billion.**

#### **Business performance**

**Marketplaces in Spain and France adopt DocMorris brand identity** – PromoFarma, the leading brand for online pharmacy marketplaces in Spain, and DoctiPharma, the second largest online pharmacy platform in France, were linked to the brand identity of DocMorris, the umbrella brand for the European healthcare ecosystem, in February 2021. The lettering “by DocMorris” forms the brand essence and shows that both marketplaces belong to the healthcare ecosystem. The company focused even more closely on the almost 1.2 million active customers and caring for their health. People all over Europe will thus be enabled to manage their health in one click – quickly, easily and securely – while experiencing seamless 360-degree care tailored to them. As a next step for the new brand architecture, DoctiPharma was renamed DocMorris in November 2021. The number of partner pharmacies of both marketplaces increased by 5 per cent to over 1,300 in 2021 and the number of products increased by 16 per cent to 235,000. The app has already had over one million downloads in the popular app stores.

**Expansion of the product portfolio in France** – In November 2021, the Zur Rose Group expanded its product range on the Docmorris.fr marketplace by adding non-prescription (OTC) drugs through a strategic partner. This provides customers in France with easy and secure access to a wide range of healthcare products and pharmaceutical advice that goes beyond the over-the-counter pharmacy products from the areas of healthcare, cosmetics and personal care included so far.

**Continuous expansion of the Zur Rose Group as a technology provider** – The team around CTO Madhu Nutakki, who joined the company in August 2021, is focusing on the further expansion of the Zur Rose Group’s three technology hubs in Barcelona, Winterthur and Berlin. The more than 200 software engineers, data scientists, UX designers and product managers from over 20 nations working in Spain took leading

roles in the development of the Swiss platform-as-a-service (PaaS) application Well. The joint venture, which connects the stakeholders of the Swiss healthcare industry on a single platform, had its soft launch in August 2021 (see report p. 24). The development of the Zur Rose Group's European healthcare ecosystem also remains on the agenda. Through comprehensive journeys, patients – especially those living with chronic conditions – will be enabled to manage their own health in just one click. To achieve these goals, the employees in Spain collaborate with the other hubs across the different locations. This enables the pooling of individual expertise, while at the same time taking into account product-oriented specialisations.

## Dear Shareholders

**Sustainability is becoming increasingly important – not just for you and me as private individuals, but in the corporate context too. Today, customers insist that companies are managed sustainably, whether it be in terms of energy, CO<sub>2</sub> emissions or packaging materials. Investors have also long recognised the relevance, as can be seen from the investments made by both institutions and private clients.**

It therefore follows as a logical consequence that the Board of Directors and Executive Board have decided to firmly embed sustainability across the Group in 2021 and steadily build on the issue in the years ahead. We too wish to do our bit – for the environment, the economy and society. We don't just regard sustainability as one more item on the agenda – we see it as a core part of everything we do.

Zur Rose has set the fields of action healthy people, healthy planet, healthy company and healthy relationships as the basic pillars of its sustainability strategy. These were mainly identified in the course of a materiality analysis Zur Rose conducted in 2021, in close consultation with key stakeholders. As part of the strategy, the Zur Rose Group is committing to the UN Sustainable Development Goals (SDGs).

From its core business alone, Zur Rose has a special responsibility to society: to create a world where everyone can manage their health in just one click. As well as providing access to high-quality healthcare products and medications, the health and safety of all Group staff are also close to our heart. Other important areas include impact on the environment and the climate, success based on sustainable corporate governance and productive employees and the collective contribution to sustainable development made jointly with the stakeholders.

Diversity and inclusivity are further important aspects of our corporate culture. These are already fully integrated into the business model. Zur Rose is dedicated to building up a workforce that is diverse at all levels as well as to overcoming inequalities and exclusion in the healthcare system. Physical impairment, mobility and age often result in access to healthcare services being very restricted. Zur Rose is aware

of groups of people with particular needs and adapts its communication, services and offerings accordingly.

The sustainability strategy drafted last year and the focus on the SDGs are key pillars in our efforts and progress. On this basis, Zur Rose is keen to set and implement targets that are ambitious but nonetheless realistic.

Overall responsibility for sustainable development lies with the Board of Directors and Executive Board. Zur Rose has also appointed a Sustainability Council to act as a coordinating body across locations and businesses. This meets regularly and consists of members of the Executive Board and experts from departments where sustainability is relevant. A new management position has been created at the operating level: Head of Sustainability, to integrate the sustainability strategy across the whole Group and coordinate the initiatives proposed by the Sustainability Council.

In this first Sustainability Report we disclose current and future trends. This transparency helps us to appreciate our strengths and identify room for improvement. We will continue to engage in an active dialogue with major stakeholders to gain sound and relevant findings. The purpose of exchanging views is to jointly encourage the commitment to sustainability and boost the future success of the measures taken. In 2022 the Zur Rose Group will set specific targets for the issues mentioned, so we have a solid foundation for further improvements.



Walter Oberhänkli  
Executive Director and CEO



WALTER OBERHÄNSLI

# 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](http://zurrosegroup.com) > “Investors & Media” > “Corporate Governance”.

## 1 Group Structure and Shareholders

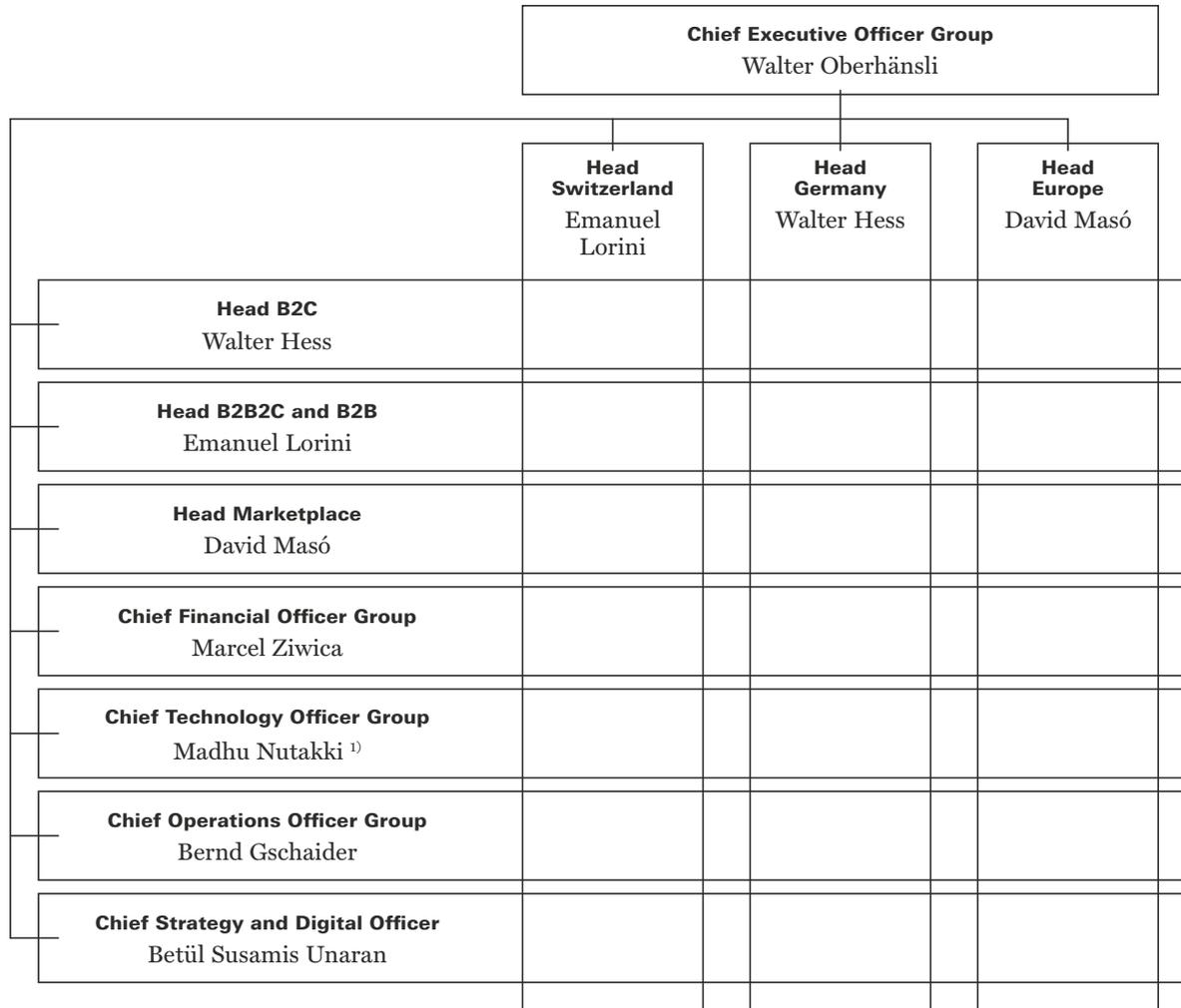
### 1.1 Group Structure

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:

<b>Beneficial owner(s)/Person(s) entitled to exercise voting rights <sup>1)</sup></b>	<b>Direct shareholder</b>	<b>Percentage</b>
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](http://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**


---

	<b>Position</b>	<b>First elected</b>	<b>Term expires</b>
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**


---

	<b>represented proportionally</b>
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)



1 –



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.

<b>NUMBER OF BOARD MEETINGS</b>	<b>16</b>
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 <sup>1)</sup>	12 (von 13)
Tobias Hartmann <sup>2)</sup>	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.

<b>NUMBER OF MEETINGS OF THE AUDIT COMMITTEE</b>	<b>4</b>
Average length (in hours)	1:56
Attendance	100%
Prof. Dr. Volker E. Amelung	4
Prof. Stefan Feuerstein	4
Dr. Christian Mielsch	4
<b>NUMBER OF MEETINGS OF THE COMPENSATION AND NOMINATION COMMITTEE</b>	<b>5</b>
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 Gschaider**

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

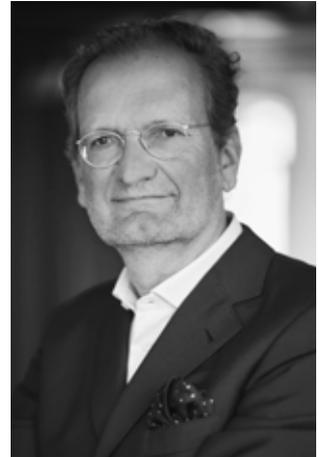
Senior Advisor of Native Design Ltd., London (UK) and San Francisco (USA)

### – **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](http://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.

# Compensation Report

## Dear Shareholders

On behalf of the Compensation and Nomination Committee and the entire Board of Directors it is my pleasure to submit to you the Compensation Report 2021.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of Zur Rose Group AG (“Zur Rose”) for the members of the Board of Directors and the Executive Board. It contains detailed information on compensation paid for the 2021 (the year under review). Furthermore we explain the current compensation policy and the decisions taken. This report complies with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) of 1 January 2014 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange on 18 June 2021.

External revenue rose 15.5 per cent to CHF 2,034.0 million, meaning the Zur Rose Group met forecasts in the second year of the pandemic. Growth continued in all market segments: Switzerland, Germany and Europe. The number of active customers rose by more than 18 per cent year on year in 2021 to 12.4 million. To support the growth strategy, the Zur Rose Group is investing heavily in electronic prescriptions and high-margin future areas: the healthcare ecosystem, telemedicine and PaaS (Platform as a Service). As the European umbrella brand for the ecosystem and with a view to the mandatory launch of e-prescriptions originally set for the start of 2022, in February 2021 DocMorris started a large-scale marketing campaign in Germany on the theme “Das neue Gesund”. The OTC market stagnated because of the pandemic, so growth costs were higher, which had an impact on the margin and the marketing ratio. One-off expenses also affected the result, mainly in connection with acquisitions and restructurings. EBITDA adjusted for one-off effects came to minus CHF 128.9 million, putting it in line with expectations.

Over the course of the year the Compensation and Nomination Committee carried out its regular tasks in compensation matters, including the annual review of the compensation programmes, setting the performance targets for the Executive Board at the start of the year and assessing their performance at the year-end. In addition, it set the compensation of the members of the Board of Directors and the Executive Board, drafted the Compensation Report and prepared the “say on pay” votes at the General Meeting of Shareholders.

In particular, a review of the compensation of the Board of Directors was carried out in 2021 to determine how competitive it is in terms of structure and overall amount. The analysis revealed that the compensation structure was in line with standard market practice; the level of compensation, by contrast, was below the market median. Nevertheless, the level of compensation was not adjusted in 2021. The compensation structure and programmes of the Executive Board were also left unchanged in 2021.

At the General Meeting of Shareholders in 2022 we will submit the maximum total amount of fixed compensation for the Board of Directors and the fixed compensation for the Executive Board for 2023, plus the total amount of variable compensation for the Executive Board for 2021, to you for approval. In addition, you will have the opportunity to express your views on this Compensation Report in an advisory vote. When you read the report you will see that the compensation to the Board of Directors for 2021 was within the limits approved at the General Meeting of Shareholders in 2020. Owing to the two new additional members, the compensation to the Executive Board exceeded the amount approved under the Articles of Association currently in force.

At the General Meeting of Shareholders held on 29 April 2021 the Compensation Report 2020 received 80 per cent approval. Zur Rose took this result as an occasion to enter into an active dialogue with share-

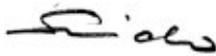
holders. The purpose was to understand and deal with the suggestions concerning the compensation policy and plans. In future we will continue to review whether our compensation programmes still fulfil their purpose in the constantly changing corporate environment. We maintain an open dialogue with our shareholders on how the compensation system may develop from here. Environmental, social and governance issues, known as ESG for short, are becoming increasingly important. As a way of underlining responsibility in these areas, we will include ESG targets in the compensation of the Executive Board from 2022 onwards.

This report contains all relevant information on the compensation of the Board of Directors and the Executive Board in 2021. Our compensation system makes it possible to reward performance in a way that is balanced and appropriate while at the same time upholding the interests of shareholders.

The Compensation Report describes the principles of compensation, the governance framework and the compensation systems of Zur Rose Group AG (“Zur Rose”) for the members of the Board of Directors and the Executive Board. It also contains detailed information on compensation paid for the 2021 (the year under review). This report complies with the requirements of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) of 1 January 2014 and with Section 5 of the Annex to the Directive on Information relating to Corporate Governance (DCG) issued by SIX Swiss Exchange on 20 June 2019.

The Compensation and Nomination Committee enjoys receiving your ongoing comments and feedback on our management compensation programmes and hopes this report will provide you with a great deal of information. We look forward to your support and feedback at the General Meeting of Shareholders in April 2022.

Yours



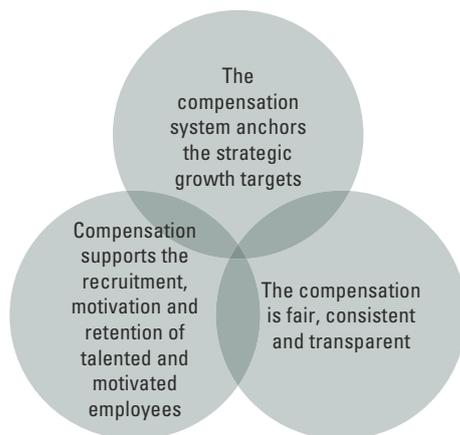
Dr. Thomas Schneider  
Chair of the Compensation and Nomination Committee

## 1 Principles

### 1.1 Principles of the compensation of the Executive Board

The value and success of Zur Rose largely depend on the quality and commitment of its employees. Its compensation policy supports the goal of recruiting, motivating and retaining qualified individuals for the Group. The performance-related and share-based components are also designed to align the way of thinking and acting with shareholders' long-term interests.

The compensation system is based on the following principles:



### 1.2 Principles of the compensation of the Board of Directors

The members of the Board of Directors are expected to act independently in exercising their supervisory activities. Therefore they receive for their work only fixed compensation (a retainer) for each term of office, which is granted partly in cash and partly in blocked shares in the Company.

## 2 Governance

### 2.1 Role of shareholders and compensation provisions in the Articles of Association

Under the Swiss "say on pay" provisions, shareholders of companies listed in Switzerland have a significant influence on the compensation of the Board of Directors and the Executive Board. First, the shareholders annually approve the maximum total amounts of compensation for the members of the Board of Directors and the Executive Board. In addition, the principles governing compensation are defined in the Articles of Association, which are also subject to the approval of shareholders. The Articles of Association can be viewed online at <https://zurrosegroup.com/websites/zurrosegroup/English/2080/corporate-governance.html>. These include the rules for voting on compensation by the General Meeting of Shareholders (Art. 25), the principles of compensation and rules concerning the principles of performance-related compensation (Art. 27), the supplementary amount (Art. 26) and the granting of loans and credits (Art. 30). The key provisions of the Articles of Association are summarised below:

*Approval of compensation (Art. 25):* The General Meeting of Shareholders approves the proposals of the Board of Directors in relation to the aggregate amounts of the maximum fixed compensation of the Board of Directors for the following financial year, the variable compensation of the Board of Directors for the preceding financial year, the maximum fixed compensation of the Executive Board for the following financial year, and the variable compensation of the Executive Board for the preceding financial year.

*Supplementary amount for changes to the Executive Board (Art. 26):* If the maximum aggregate amount of compensation already approved by the General Meeting of Shareholders is not sufficient to cover new members of the Executive Board as well, the Company may pay a supplementary amount, which may not in total exceed 50 per cent of the last aggregate compensation amount approved.

*Principles of compensation of the members of the Board of Directors and the Executive Board (Art. 27):* The compensation of the non-executive members of the Board of Directors consists of fixed and variable compensation elements as well as further compensation elements and benefits. The compensation of the executive members of the Board of Directors and the members of the Executive Board consists of fixed and variable compensation elements as well as further compensation elements and benefits. Total compensation takes into account the position and level of responsibility of the recipient. Fixed compensation comprises the base salary or director's fees, as applicable, and may comprise other compensation elements and benefits. Variable compensation takes into account the achievement of specific performance targets and may be awarded in cash or in equity-based instruments. The Board of Directors determines performance targets and other conditions such as grant, vesting, exercise, restriction and forfeiture conditions and periods.

*Loans and credits (Art. 30):* Loans and credits to members of the Board of Directors and the Executive Board may be granted on market conditions. The total amount of such outstanding loans and credits may not exceed the total annual compensation of that member.

In addition, the Compensation Report is submitted to the shareholders for an advisory vote to allow them to express their opinion on the compensation policy and the compensation programmes.

## 2.2 Compensation Committee

The Articles of Association specify that the Compensation and Nomination Committee consists of three members of the Board of Directors, each elected individually every year by the General Meeting of Shareholders. 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 the Executive Board. It also makes recommendations regarding the appointment of members of the Board of Directors and Executive Board for the attention of the Board of Directors.

<b>LEVELS OF RESPONSIBILITY</b>					
<b>Decision on:</b>	<b>CEO</b>	<b>CoB</b>	<b>CNC</b>	<b>Board of Directors</b>	<b>General Meeting of Shareholders</b>
Compensation policy, including structuring of variable compensation			Recommends	Approves	
Performance criteria for the compensation of the members of the Executive Board	Recommends		Proposes	Approves	
Maximum total compensation of the Board of Directors and Executive Board			Recommends	Proposes	Approves (binding vote)
Individual compensation Chairman			Proposes	Approves	
Performance assessment and individual compensation CEO		Recommends	Proposes	Approves	
Individual compensation of the members of the Board of Directors			Proposes	Approves	
Performance assessment and individual compensation of the members of the Executive Board (excluding the CEO)	Recommends		Proposes	Approves	
Compensation Report			Recommends	Approves	Advisory vote

CEO = Chief Executive Officer, CoB = Chairman of the Board, CNC = Compensation and Nomination Committee

Since the 2021 General Meeting of Shareholders, the Compensation and Nomination Committee has comprised Dr. Thomas Schneider as chair plus Prof. Stefan Feuerstein and Florian Seubert as members. The members of the Compensation and Nomination Committee serve for a term of one year ending at the end of the next Annual General Meeting of Shareholders (term of office). They are eligible for re-election.

As a rule, the meetings of the Compensation and Nomination Committee are held before the meetings of the Board of Directors, so that the proposals can be formulated and approved by the full Board. In addition, the chairman of the Compensation and Nomination Committee reports to the Board of Directors on the Committee's activities after each meeting. The minutes of the Committee meetings are provided to the members of the Board of Directors. Members of the Executive Board may attend the meetings in an advisory capacity upon invitation, but are not present during the discussion and determination of their own compensation. The Compensation and Nomination Committee meets at least twice a year. In 2021 it held five meetings and considered, amongst other things, the recurring agenda items mentioned above. The meetings lasted 1.5 hours on average and all members took part in all meetings.

The Compensation and Nomination Committee may engage the services of an external consultant in compensation matters from time to time. In 2020, hkp Deutschland GmbH were appointed to carry out a benchmarking exercise for the compensation of the Executive Board. This firm holds other appointments from the Zur Rose Group. In addition, in 2021 Agnès Blust Consulting AG were appointed to carry out a benchmarking exercise for the compensation of the Board of Directors. This firm holds no other appointments from the Zur Rose Group. The Compensation and Nomination Committee may also consult internal experts on compensation issues, such as the Chief Executive Officer, the Chief Financial Officer and the Group Head of Human Resources.

## **2.3 Determination procedure and disclosure of compensation**

### **Benchmarking of the Executive Board**

Every two to three years the Compensation and Nomination Committee benchmarks the compensation of Executive Board against the compensation paid by comparable listed companies and European e-commerce companies. Companies with comparable market capitalisation and revenue are taken into account. An in-depth review of the compensation of the Executive Board was carried out in 2021, to determine how competitive it is in terms of structure and overall amount. The peer group consists of AO World, APG SGA, Arbonia, Ascom, Bobst Group, Bossard, Burckhardt, Burkhalter, Comet, Conzetta, Daetwyler, Delticom, Hawesko, Huber+Suhner, Inficon, Interroll, Kardex, Komax, Kudelski, Metall Zug, Rieter, Schweiter, Siegfried, SRP, u-blox and Zooplus, and is balanced in terms of market capitalisation, income and headcount. The compensation of the CEO of DocMorris was also compared with a sector-specific group of e-commerce companies and direct competitors.

The Compensation and Nomination Committee used the peer group data as a basis to analyse the compensation of the CEO and the Executive Board and to set the target compensation of the individual members of the Executive Board for the year under review.

### **Performance management process**

The actual compensation of the individual members of the Executive Board is based on their personal performance and the Company's success. Personal performance is assessed as part of the annual performance management process. In determining personal performance, the achievement of individual goals and the fulfilment of tasks within the framework of the corporate values and the expected management skills are taken into account. The individual performance assessment and the Company's success form the basis for determining the variable compensation.

### **Benchmarking of the Board of Directors**

Every two to three years the compensation of the Board of Directors is compared with standard practice at other Swiss companies. An in-depth review of the compensation of the Board of Directors was carried

out in 2021 to determine how competitive it is in terms of structure and overall amount. To gain a full overview of market practice, a peer group was created of 23 Swiss companies of similar size in terms of market capitalisation, income and headcount. The analysis revealed that the compensation structure was in line with standard market practice; the level of compensation, by contrast, was slightly below the market median. The level of compensation was not adjusted in 2021.

**Peer group**

Also	Belimo	Bossard	Bucher Industries	Bystronic
Dätwyler	Dormakaba	Emmi	Forbo	Galenica
Inficon	Interroll	Landis+Gyr	LEM	Medacta
OC Oerlikon	Schweiter Technologies	SFS Group	Siegfried	Stadler Rail
Sulzer	Tecan	Ypsomed		

Following the review of the compensation of the Board of Directors, the Compensation and Nomination Committee also reviewed compensation at subsidiary BlueCare.

### 3 Compensation of the members of the Board of Directors

#### 3.1 Compensation structure

The compensation system for the Board of Directors is primarily intended to ensure it acts independently in overseeing the Executive Board. Board members therefore receive a fixed base fee for their services for each term of office, which is not discretionary. The basic compensation (retainer) is paid 70 per cent in cash and 30 per cent in registered shares of the Company with a three-year vesting period. In addition to the basic compensation they receive cash compensation for sitting on various committees. The size of the fee reflects the function (chair, vice-chair or member) and memberships and functions in the Board's committees. Depending on the role, the following compensation is paid:

In CHF 1,000 (gross p.a.)	Total compensation	of which in cash	of which in shares
Chair	300	210	90
Vice Chair	130	91	39
Director	100	70	30

The following compensation is paid solely in cash for serving on committees:

In CHF 1,000 (gross p.a.)	Cash compensation
Committee chairman	20
Committee member	10

The Chairman of the Board of Directors does not receive a fee for serving on the committees. The Executive Director and CEO is remunerated for his services as part of his ordinary compensation as a member of the Executive Board and does not receive any additional compensation for serving on the Board of Directors.

The cash payment is made after the Annual General Meeting of Shareholders and the shares are transferred shortly afterwards. Shares are released in the event of liquidation or a change of control. In all other instances the shares remain blocked. The Company may reimburse members of the Board of Directors for expenses in the form of reimbursement of actual expenses incurred and / or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation. The members of the Board of Directors do not participate in the Zur Rose pension plan.

No additional outlays were incurred for individual members of the Board during the year under review.

### 3.2 Compensation paid to the Board of Directors in 2021

This section was audited by the auditors in accordance with Article 17 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

For 2021, the members of the Board of Directors received fixed basic compensation of CHF 805,000 (2020: CHF 845,000), compensation of CHF 83,000 for serving on committees (2020: CHF 74,000) and social security contributions of CHF 49,000 (2020: CHF 51,000). Of the total compensation of CHF 937,000 (2020: CHF 970,000), CHF 224,000 (2020: CHF 264,000) was awarded in the form of shares with a vesting period of three years. The fixed compensation for members of the Board of Directors who had been members for the last two years was unchanged from the previous year. The table below shows the compensation paid to members of the Board of Directors in 2021.

Name, function <sup>1)</sup>	Fixed gross compensation in cash		Fixed gross compensation in shares		Committee fee in cash		Social security contributions		Total <sup>2) 3)</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
1,000 CHF										
Prof. Stefan Feuerstein (Chairman)	210	210	81	95	–	–	17	22	308	327
Dr. Thomas Schneider (Vice Chairman)	91	91	35	41	20	20	8	11	154	163
Prof. Dr. Volker Amelung (Director) <sup>4)</sup>	70	70	27	32	34	34	10	10	141	146
Prof. Dr. Andréa Belliger (Director) <sup>4)</sup>	47	–	18	–	9	–	5	–	79	–
Tobias Hartmann (Director)	23	70	9	32	–	–	–	–	32	102
Dr. Christian Mielsch (Director)	70	70	27	32	10	10	–	–	107	112
Florian Seubert (Director)	70	70	27	32	10	10	8	8	115	120
<b>Non-Executive Directors</b>	<b>581</b>	<b>581</b>	<b>224</b>	<b>264</b>	<b>83</b>	<b>74</b>	<b>49</b>	<b>51</b>	<b>937</b>	<b>970</b>
Walter Oberhänsli (Executive Director and CEO)	–	–	–	–	–	–	–	–	–	–
<b>Board of Directors</b>	<b>581</b>	<b>581</b>	<b>224</b>	<b>264</b>	<b>83</b>	<b>74</b>	<b>49</b>	<b>51</b>	<b>937</b>	<b>970</b>

1) As at 31 December 2021 and 31 December 2020, seven members of the Board of Directors were in office. Tobias Hartmann stepped down at the Annual General Meeting of Shareholders on 29 April 2021. At the same time, Andréa Belliger was elected to the Board. The previous year's members were re-elected to the Board at the Annual General Meeting of Shareholders on 23 April 2020.

2) The relevant fair value on the day of allocation of CHF 304.00 (2020: CHF 158.40) per share is the closing price that day on the Swiss stock exchange; this may differ slightly from the contractually determined amount of the fee in shares because the number of shares allocated under the share-based fee is set using the volume-weighted average daily closing price for the 20 days prior to the allocation of the shares.

3) For disclosure in the Compensation Report, the accrual principle was applied to all compensation elements. Grants are reported in the Compensation Report for the year for which they are awarded.

4) The committee fees for Prof. Dr. Volker Amelung and Prof. Dr. Andréa Belliger include a director's fee for a subsidiary amounting to CHF 14,000 and CHF 9,333 respectively (pro rated).

At the Annual General Meeting held on 23 April 2020, the shareholders approved a maximum total amount of the fixed compensation for the Board of Directors for 2021 worth CHF 1,000,000. The compensation for 2021 granted to the Board of Directors and disclosed in the table above is within the maximum authorised total amount.

#### Compensation to former members of the Board of Directors and loans

No compensation was paid to former members of the Board of Directors during the reporting year. No compensation was paid to parties closely associated with members of the Board of Directors. No loans

were granted to members of the Board of Directors during the financial year. At the end of the reporting year, there were no loans to members of the Board of Directors, former members of the Board of Directors or related parties.

## 4 Compensation of the members of the Executive Board

### 4.1 Compensation Structure

The compensation system for the Executive Board is aligned with the corporate strategy and linked to the relevant key performance indicators for the variable compensation elements. This allows the compensation of the members of the Executive Board to be determined transparently and based on performance. The Board of Directors decides on targets.

Criteria such as position, responsibility, experience and market data are used to determine the compensation of the Executive Board. The individual compensation of the members of the Executive Board consists of a fixed and a performance-related salary component limited in amount, as well as pension and fringe benefits (company car).

The Company may reimburse members of the Executive Board for expenses in the form of reimbursement of actual expenses incurred and/or an expense allowance within the amounts allowed for tax purposes. This reimbursement of expenses does not count as compensation.

#### COMPENSATION STRUCTURE

Element	Purpose	Instrument	Performance criterion	Performance period	Determinants
Fixed basic annual salary	Recruitment, retention, motivation	Cash compensation	–	–	Position, qualification, market rates
Short-term variable compensation	Rewarding performance	In cash	Revenue, EBIT, individual targets	1 year	Financial result and qualitative performance
Long-term variable compensation	Rewarding sustainable value creation, Alignment with shareholders' interests	Shares (2/3 in performance share units and 1/3 in restricted stock units)	Revenue growth, relative Total Shareholder Return	3 years	Success of the Group, share price performance, competitive position
Pension and fringe benefits	Protection against risks, employee recruitment and retention	Pension plan, insurance plans, fringe benefits	–	–	Market rates and legal requirements

#### Fixed basic annual salary

Base salaries are determined in line with the scope and responsibilities of a given position and the qualifications required to perform the job, the market rate of compensation and the personal qualifications, experience and performance of each member of the Executive Board. Payment is made monthly in cash. To ensure market competitiveness the basic salaries of the Executive Board are reviewed regularly, taking into account the Company's income, the results of the peer group analysis, market performance, the economic environment and personal performance.

#### Short-term variable compensation

Short-term variable compensation is a performance bonus that recognises both the Group's financial performance and employees' personal performance in a given financial year. Through this variable compensation, employees participate in the Group's success and are rewarded for their personal perfor-

mance. The target value of short-term variable compensation is expressed as a percentage of annual base salary and is 46 per cent for the CEO and between 33 and 45 per cent for the other members of the Executive Board. The performance bonus can be a total of zero up to a maximum of 150 per cent of the target value.

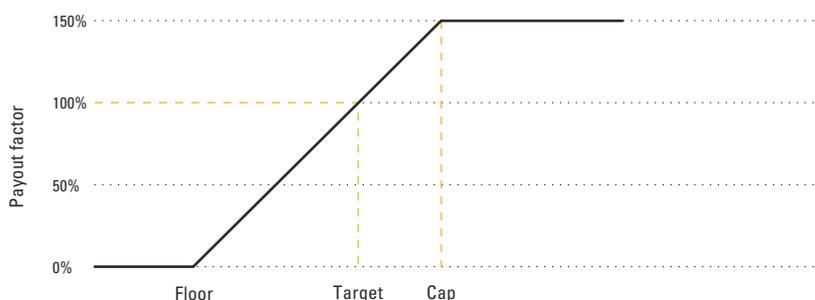
The targets established by the CEO are set by the Board of Directors at the beginning of each year at the request of the Compensation and Nomination Committee and assessed at the end of the financial year based on the actual results achieved. To measure the short-term variable components, the financial targets of the Group or segments may be between 40 and 60 per cent and individual targets between 40 and 60 per cent.

The financial metrics during the year under review continued to be revenue and earnings targets. These have been selected because they represent the main value drivers for the Company and reflect the expansion of the business and market share (in terms of revenue) and operational profitability. The basis for measuring the short-term variable components was 50 per cent revenue and income targets of the Group and 50 per cent individual targets.

For each target, an expected level of performance (target) and strategy is defined based on the budget. A minimum threshold of target achievement, below which no variable compensation is paid, and a maximum threshold of target achievement, above which the variable compensation is capped, are determined as well. The payout amount between minimum threshold, target and maximum threshold is interpolated linearly. It is at the discretion of the Board of Directors to adjust variable compensation upwards and downwards, if necessary, on the basis of individual, qualitative performance of the individual members of the Executive Board.

Overview of performance targets and their weighting for the CEO and the other members of the Executive Board

		<b>Targets</b>	<b>Weighting</b>
Short-term variable compensation	Financial targets	Revenue (Group)	30%
		EBIT (Group)	20%
	Individual targets	Inc. net working capital, segment targets, strategic initiatives	50%



Targets are not published, as disclosure would provide an insight into the Zur Rose’s forward-looking strategy and thus lead to a competitive disadvantage. The short-term variable compensation for the reporting year is paid in cash after approval by shareholders at the Annual General Meeting of Shareholders held the following year.

**Long-term variable compensation (performance-based share plan)**

The performance-based share plan is designed to enable selected executives of Zur Rose and its subsidiaries to participate in the Company's sustainable, long-term growth. In the performance-based share plan, the performance criteria are concentrated on the dedicated growth strategy, and entrepreneurial focus directed to the share price and the competition. In addition to revenue growth, relative Total Shareholder Return (TSR), i.e. the share price performance allowing for reinvested dividends over the three-year performance period is therefore measured, linking internal financial growth metrics with external financial data oriented to the capital markets and the competitive position. No changes were made to the performance-based share plan during the year under review.

The performance-based share plan

- (a) supplements the short-term variable compensation component, which is based on the annual achievement of targets, with a long-term compensation component;
- (b) helps align the interests of executives with those of shareholders;
- (c) anchors the strategic growth targets in compensation;
- (d) is intended to be an attractive incentive instrument compared with competitors and to have a strong retention impact.

At the request of the Compensation and Nomination Committee, the Board of Directors determines the amount of individual grants for the financial year in Swiss francs depending on the role and the influence on long-term success and taking into account individual performance and strategic considerations. The amounts allocated in 2021 amount to 43 per cent of basic salary for the CEO and 33 to 54 per cent for the other members of the Executive Board. Under this plan, two-thirds of the shares to be transferred are allocated to participants in Performance Share Units (PSUs) and one-third in Restricted Stock Units. The entitlements are blocked for three years. The total amount in Swiss francs granted to members of the Executive Board for the grant year is approved by the shareholders at the General Meeting of Shareholders held the following year retrospectively for the grant year in accordance with the Articles of Association. In principle, if a participant joins during the year no entitlements are granted. However, the Board of Directors reserves the ability to make a reduced grant of entitlements, provided this remains within the limits of what is permitted by law and under the Articles of Association.

<b>Role</b>	<b>CEO</b>	<b>Other members of the Executive Board</b>
<b>Target</b>	43% of basic annual salary	Between 33% and 54% of basic annual salary
<b>Maximum opportunity</b>	166% of target	166% of target

**Conditions of transfer**

At the end of a performance period of three years (starting on 1 January of the reporting year and ending on 31 December three years later), after the General Meeting of Shareholders at which the annual financial statements for the last year of the performance period are approved, the performance share units are converted into shares. At that point, the number of shares to be transferred is calculated by multiplying the number of performance share units granted by the target achievement factor. The target achievement factor for the PSUs is based half on achieving the relative TSR and half on achieving the revenue objective. The target achievement factor is restricted to a lower limit of 0 and an upper limit of 2. The number of restricted stock units (RSUs) is not subject to a target achievement factor.

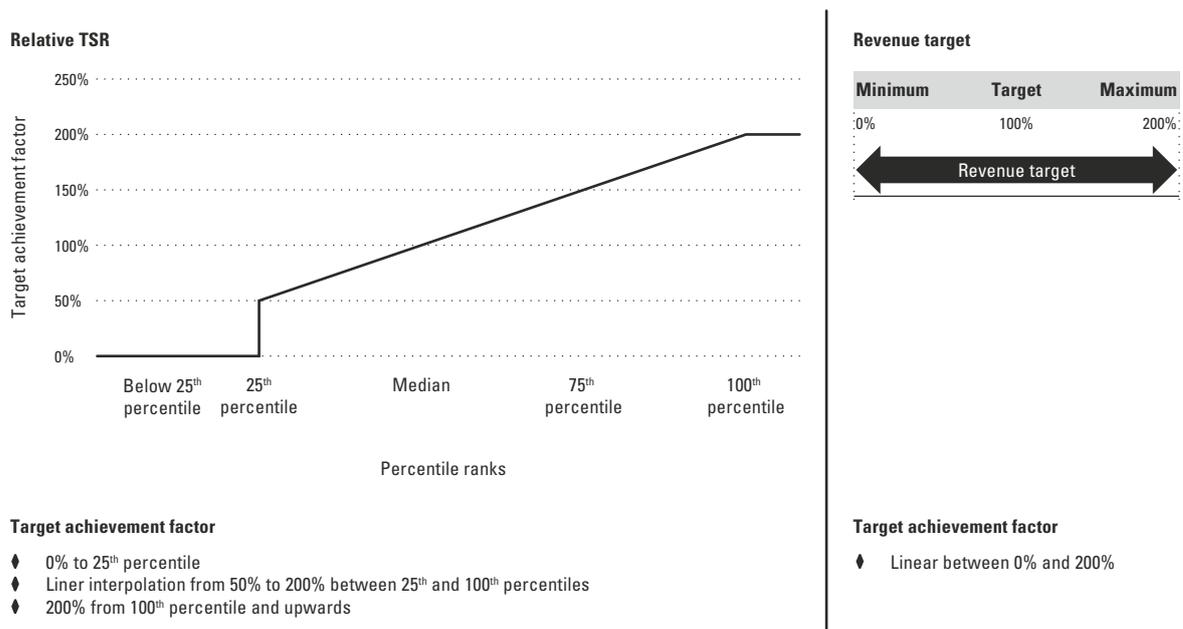
TSR refers to share price performance plus notionally reinvested gross dividends during the performance period. To calculate target achievement, the TSR performance of Zur Rose is compared to the TSR performance of the companies in the STOXX® Europe 600 Retail and an individual peer group. The individual peer group comprises AO World, ASOS, boohoo, Delivery Hero, Delticom, HolidayCheck, Home24, Just Eat, Ocado, Scout24, Shop Apotheke Europe, Spotify, trivago, Zalando and Zooplus. TSR performance is measured using one-month moving averages to smooth share price fluctuations around the reference date. The TSR performance of the companies in the STOXX® Europe 600 Retail and the

individual peer group thus calculated are ranked in each group. The relative positioning of Zur Rose is determined using the ranking achieved. If the positioning of Zur Rose is on the median (50<sup>th</sup> percentile), this is equivalent to a target achievement factor of 1.0. If the positioning of Zur Rose is on the 25<sup>th</sup> percentile, the target achievement factor is 0.5; below the 25<sup>th</sup> percentile it is zero. If Zur Rose is positioned on or above the 100<sup>th</sup> percentile, the target achievement factor is 2.0. Target achievement for rankings in between is calculated by linear interpolation. The total target achievement factor for relative TSR is then calculated applying a 50 per cent weighting to each target achievement factor from the comparison with the STOXX<sup>®</sup> Europe 600 Retail and with the individual peer group. The internal financial target is not disclosed. Disclosure of the target would provide an insight into the Zur Rose forward-looking strategy and thus lead to a competitive disadvantage for the Group. After transfer, the shares are not subject to a vesting period and the members of the Executive Board may freely dispose of them.

Instrument	<b>Performance-based entitlements (PSUs) Two-third of allocation</b>		<b>Unconditional entitlements (RSUs) One-third of allocation</b>
<b>Purpose</b>	Measures the relative three-year share price performance against an individual peer group (50%) and the STOXX <sup>®</sup> Europe 600 Retail (50%)	Measures the increase in revenue over three years compared to budget based on growth	Not subject to any target and hence amount remains unchanged
<b>Weighting</b>	50% of 2/3 of the allocation	50% of 2/3 of the allocation	1/3 of the allocation
<b>Performance condition</b>	Relative TSR	Revenue target	None
<b>Other condition</b>	Notice of termination of employment not given during the vesting period		

**Payment arrangements**

At the time of transfer, the performance of the relative TSR and the percentage revenue growth are measured and set in line with the two payment factors as follows:



In the event of a delisting, acquisition of the majority of the shares or winding up of Zur Rose, for whatever reason, the plan will be terminated early by the Board of Directors and all performance share units allocated converted and transferred, pro rata to the starting year.

In the event of termination of employment due to the disability or death of the participant, the performance share units allocated will be converted within one month of notification and transferred as shares, provided the allocation thereof has already been approved by the General Meeting of Shareholders. Performance share units that have not yet been approved by the General Meeting of Shareholders will not be converted and transferred as shares until the General Meeting of Shareholders has given its approval. The performance share units are adjusted on a pro rata temporis basis and multiplied by a target achievement factor of 1.0.

If employment is terminated by Zur Rose or a subsidiary without the participant having given any grounds for termination by their performance or conduct or because they have reached retirement age, the standard provisions regarding the conversion date and target achievement factor remain unchanged. However, the performance share units are adjusted on a pro rata temporis basis. The same applies in the event of termination of the participant's employment for cause.

If employment is terminated by Zur Rose or a subsidiary because the participant having given any grounds for termination by their performance or conduct or for cause or is terminated by the participant without cause, the performance share units are forfeit without compensation.

#### **Anti-hedging and anti-pledging provisions**

Entitlements granted under the plan are not tradable and may not be assigned, pledged or transferred except under a will or testamentary dispositions. Hedging against price risks is also forbidden.

#### **Pension benefits**

The purpose of pension benefits is to provide security for employees and their dependants in the event of retirement, sickness, inability to work and death. The members of the Executive Board participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans vary according to local competition and legal conditions; they at least meet the legal requirements of the countries concerned. Members of the Executive Board with a Swiss employment contract are members of the Zur Rose pension plans open to all employees in Switzerland. These comprise a basic pension from the ALSA PK collective foundation, which insures salaries up to CHF 129,060 per year, plus a supplementary pension (1e pension) from the PensFlex collective foundation, which insures basic salaries above this limit up to the legally permitted maximum. Members of the Executive Board with a foreign employment contract receive pension insurance commensurate with the market and their position.

#### **Fringe benefits**

Members of the Executive Board also receive expenses in line with the expenses regulations and a company car as a fringe benefit. Other benefits may be provided as part of international assignments (including tax compensation). The value is estimated at fair market value and included in the compensation tables. Any gifts or Board of Directors fees of subsidiaries are also included in this position.

#### **Employment contracts**

The members of the Executive Board are employed under permanent employment contracts; they all have individual notice periods up to a maximum of 12 months. The members of the Executive Board are not entitled to any contractual joining or severance payments or special change of control provisions, except for the early vesting of the long-term compensation plan as explained above. Under the Articles of Association of Zur Rose, employment contracts may contain competition and poaching bans up to a maximum of one year and specify compensation up to one year's salary.

#### 4.2 Compensation paid to members of the Executive Board in 2021

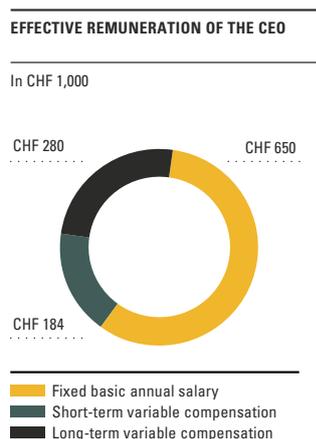
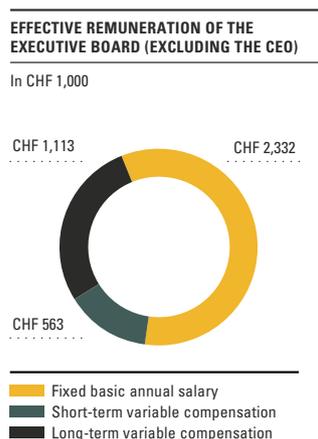
This section was audited by the auditors in accordance with Article 17 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO).

In 2021, the members of the Executive Board received total compensation of CHF 6,131,000 (2020: CHF 5,253,000). This amount includes fixed base salaries of CHF 2,982,000 (2020: CHF 2,435,000), short-term variable compensation of CHF 747,000 (2020: CHF 746,000), long-term compensation of CHF 1,393,000 (2020: CHF 1,386,000), fringe benefits of CHF 190,000 (2020: CHF 103,000) and pension benefits of CHF 819,000 (2020: CHF 583,000).

The table below shows the fixed and variable compensation and the total compensation allocated to the members of the Executive Board for 2021 and 2020.

Executive Board <sup>1)</sup>	Variable compensation												Total	
	Fixed compensation in cash		Short-term in cash		Long-term in shares <sup>2)</sup>				Fringe benefits <sup>3)</sup>		Pension benefits <sup>4)</sup>			
	2021	2020	2021	2020	PSU		RSU		2021	2020	2021	2020	2021	2020
In CHF 1,000 (gross)	2,982	2,435	747	746	829	647	564	739	190	103	819	583	6,131	5,253
Total compensation of the Executive Board	2,982	2,435	747	746	829	647	564	739	190	103	819	583	6,131	5,253
Of which: Walter Oberhänkli, CEO (highest total compensation)	650	600	184	201	187	160	93	80	34	35	191	188	1,339	1,264

- 1) On 31 December 2021, eight members of the Executive Board were in office. One new member joined during the year. On 31 December 2020, seven members of the Executive Board were in office, three of whom had joined during the year.
- 2) The nominal target value of the performance-based share plan allocated in 2021 for the 2021 to 2023 performance period and in 2020 for the 2020 to 2022 performance period. Including replacement payments in 2020 for a member of the Executive Board in the form of entitlements and additional entitlements for a member of the Executive Board depending on qualitative target achievement in 2021, due to expansion of the role within the Executive Board.
- 3) Including all other compensation and benefits, such as company cars, expenses in connection with assignments, and director's fees from subsidiaries.
- 4) Includes social security contributions where they result in a pension entitlement. Additional amounts that do not result in an increased pension entitlement are not included (additional amounts not included in the above amount in 2021: CHF 323,141, of which CHF 79,809 relate to the CEO; in 2020: CHF 264,676, of which CHF 73,443 relate to the CEO). The calculation method was changed during the year and the prior-year amount restated accordingly to allow comparability.



**Notes on the compensation table**

The total compensation of the Executive Board for 2021 was CHF 6,131,000. This is equivalent to a 17 per cent increase year-on-year, owing to the expansion of the Executive Board from seven to eight members.

**Payment of short-term variable compensation**

The measurement of short-term variable bonus payments is largely based on the development of revenue and EBIT at Group and regional level compared with the budget and on qualitative factors. Consequently, the percentage of target achievement of the bonus payment for 2021 ranges from 41 to 100 per cent (2020: 50 to 130 per cent) for the Executive Board and is 61 per cent (2020: 84 per cent) for the CEO.

The variable component of the fixed compensation for the year under review corresponds to 55 to 165 per cent for the Executive Board and 71 per cent for the CEO. The degree of target achievement of the short-term variable compensation for 2021 decreased year-on-year and amounted to 65 per cent in the year under review (previous year: 85 per cent). The effective short-term variable compensation for 2021 has been adjusted downwards accordingly.

STI variables	Minimum	Target (100%)	Maximum
<b>Group financial targets</b>			
Revenue		■	
EBIT	■		
<b>Individual targets</b>			
Net working capital, cash flow, strategic initiatives, etc.			
<b>Total</b>		<b>65%</b>	

**Conversion of long-term variable compensation**

In the allocation of the performance-based share plan in 2021 (performance period 2021 to 2023), the members of the Executive Board received an allocation value of CHF 1,243,000 in total. This is equivalent to 2,535 PSUs and 1,276 RSUs. The performance period for the PSUs ends on 31 December 2023, based on the trend in relative TSR and revenue between 2021 and 2023. The number of RSUs remains unchanged. Entitlements are only allocated if notice of termination of employment with Zur Rose has not been given on that date.

For the payment of the performance-based share plan in 2021 (performance period 2018 to 2020), a revenue target achievement factor of 2.0 was achieved. The EBIT target achievement factor was zero. A total of 6,313 shares were paid out to members of the Executive Board (including the CEO), worth CHF 1,919,152 at the time of transfer. This value was well above the allocation value as the share price had performed positively during the 2018 to 2020 performance period.

**Transfer of entitlements granted in previous years subject to performance conditions**

The final transfer amount of entitlements granted under the 2019 performance-based share plan (performance period 2019 to 2021) at the end of 2021 in shares to be transferred based on the TSR ranking of Zur Rose compared to the peer group was 156 per cent.

Year allocated	Year converted	Transfer amount in per cent <sup>1</sup>
2019	2021	156%
2020	2022	Outstanding <sup>2</sup>
2021	2023	Outstanding <sup>2</sup>

1) Transfer amount of the PSU granted. Members of the Executive Board who join after the corresponding performance-based share plans have been allocated are not entitled to take part in these allocations.

2) The performance period is not yet over. The percentage transfer amount of the PSUs granted is available after the performance period.

At the Annual General Meeting held on 23 April 2020, the shareholders approved a maximum total amount of fixed compensation for the Executive Board for 2021 of CHF 3.7 million. This amount consists of the fixed basic salary, the fringe benefits and the pension benefits. The total compensation of CHF 4.5 million paid to the Executive Board in 2021 exceeds the maximum total amount of CHF 3.7 million approved for 2021 by the shareholders at the Annual General Meeting of Shareholders in 2020. This is due to the fact that two new members were appointed to the Executive Board in 2021 and one member was promoted within it. Under the Articles of Association the Board of Directors may grant a supplementary amount of up to 50 per cent of the last total amounts of compensation approved for the Executive Board for members newly appointed to the Executive Board or promoted within the Executive Board.

This supplementary amount under the Articles of Association for new members is CHF 1.85 million. For the new members of the Executive Board Emanuel Lorini, who was appointed Head Switzerland with effect from 1 January 2021, and Madhu Nutakki, who was appointed Chief Technology Officer with effect from 1 August 2021, and for Walter Hess, who with effect from 1 December 2020 was promoted within the Executive Board to Head Germany, CHF 41,000 was first allocated until the approved maximum total amount of CHF 3.7 million was exhausted, and then a total of CHF 833,000 was allocated, of which CHF 395,000 went to Emanuel Lorini, CHF 314,000 to Madhu Nutakki, and CHF 124,000 to Walter Hess.

The variable compensation to the Executive Board for 2021 disclosed in the table above will be submitted to the 2022 Annual General Meeting of Shareholders for approval.

#### **Compensation to former members of the Executive Board and loans**

During the year under review compensation of CHF 857,000 including a locally required statutory severance payment was paid to a former member of the Executive Board. No compensation was paid to parties closely associated with the members of the Executive Board. No loans were granted to members of the Executive Board during the year. The total amount of loans outstanding on market terms to members of the Executive Board as at 31 December 2021 was CHF 566,725. The largest outstanding loan that has been granted is to Betül Susamis Unaran as Chief Strategy and Digital Officer and amounted to CHF 341,725 as at 31 December 2021. There were no loans to related parties to members of the Executive Board or former members of the Executive Board that were not on market terms.

#### **Share ownership**

Information on the shares held by members of the Board of Directors and the Executive Board can be found in the Financial Report on page 136.



Ernst & Young Ltd  
Maagplatz 1  
P.O. Box  
CH-8010 Zurich

Phone: +41 58 286 31 11  
Fax: +41 58 286 30 04  
www.ey.com/ch

To the General Meeting of  
Zur Rose Group AG, Steckborn

Zurich, 23 March 2022

## Report of the statutory auditor on the remuneration report

We have audited the accompanying remuneration report of Zur Rose Group AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on page 63 and page 69 of the remuneration report.



### Board of Directors’ responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### Auditor’s responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of Zur Rose Group AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Jolanda Dolente  
Licensed audit expert  
(Auditor in charge)

Michael Britt  
Licensed audit expert