

## Oriflame Holding AG Invitation to the 2019 Annual General Shareholders' Meeting

It is our pleasure to invite all shareholders of Oriflame Holding AG, Schaffhausen (the **Company**), to the annual general shareholders' meeting (the **AGM**) which will take place on 9 May 2019 at 11:00 CEST at the Company's headquarters at Bleicheplatz 3, 8200 Schaffhausen, Switzerland. The doors will open at 10:45 CEST.

### A. Agenda and Proposals

#### 1. Approval of the Annual Report, the Statutory Financial Statements and the Consolidated Financial Statements 2018

The board of directors of the Company (the **Board of Directors**) proposes to approve the annual report, the statutory financial statements and the consolidated financial statements 2018.

#### 2. Consultative Vote on the Compensation Report 2018

The Board of Directors proposes to approve, on a consultative basis, the compensation report for the business year 2018 (pages 88 to 96 of the annual report).

Explanation: In line with Swiss best practice, the Board of Directors is seeking shareholders' approval on the compensation report 2018 on a consultative basis. The compensation report includes inter alia the general principles of remuneration that the Company adheres to.

#### 3. Appropriation of Available Earnings 2018

	EUR	CHF
Accumulated loss brought forward	(82,443,780)	(89,998,236)
Profit for the period	47,401,189	54,753,114
Currency conversion reserves	-	21,792,551
To be carried forward	<u>(35,042,591)</u>	<u>(13,452,571)</u>

The Board of Directors proposes to the AGM to carry forward the accumulated loss.

#### 4. Dividend Distribution out of Capital Contribution Reserve

The Board of Directors proposes that (i) CHF 127,000,000 of the Company's "capital contribution reserve" (the **Capital Contribution Reserve**) be released and allocated to "other reserve from capital contribution" (the **Dividend Reserve**), (ii) a dividend in the amount of EUR 1.60 per outstanding share of the Company be distributed out of, and limited at a maximum to the amount of, such Dividend Reserve and paid in four instalments as follows: EUR 0.40 to the shareholders of record on 13 May 2019, EUR 0.40 to the shareholders of record on 15 August 2019, EUR 0.40 to the shareholders of record on 15 November 2019 and EUR 0.40 to the shareholders of record on 15 February 2020, and (iii) any amount of the Dividend Reserve remaining after payment of the final instalment be automatically reallocated to the Capital Contribution Reserve. Dividend payments shall be made with respect to the outstanding share capital of the Company on the record date for the applicable instalment, which amount will exclude any shares held by the Company or any of its direct or indirect subsidiaries.

	Capital Contribution Reserve		Dividend Reserve*	
	EUR	CHF	EUR	CHF
Balance as of 31 December 2018	387,625,366	378,120,724	37,009,389	44,239,668
Proposed release of Capital Contribution Reserve to other reserve from capital contribution (the Dividend Reserve)	(112,698,554)	(127,000,000)	112,698,554	127,000,000
Balance to be carried forward	<u>274,926,812</u>	<u>251,120,724</u>	<u>149,707,943</u>	<u>171,293,668</u>

\*The Dividend Reserve as per 31 December 2018 of EUR 37,009,389 (CHF 44,239,668) represent the remaining surplus following the booking of the dividend instalments relating to the 2018 annual general shareholders' meeting dividend resolution. This Dividend Reserve surplus has, in accordance with the 2018 annual general shareholders' meeting dividend resolution, been allocated back to the Capital Contribution Reserve following the last dividend instalment made with dividend record date 15 February 2019. As per the date of the AGM, the Dividend Reserve thus amounts to EUR 0 (CHF 0), and the Capital Contribution Reserve to EUR 424,634,755 (CHF 422,414,392).

Explanation:

- (a) The Board of Directors is seeking shareholder approval of a distribution of a dividend out of the Capital Contribution Reserve in an aggregate amount of EUR 1.60 per outstanding share of the Company, to be paid in four instalments as set out above. The payment is expected to occur within seven business days following each dividend record date.

- (b) Unlike a dividend out of available earnings, a distribution out of the Capital Contribution Reserve in the form of a dividend is not subject to Swiss federal withholding tax.
- (c) The dividend payments will be made with respect to the outstanding shares of the Company on the record date for each applicable instalment, however excluding any shares held by the Company or any of its direct or indirect subsidiaries.
- (d) The Board of Directors is proposing that CHF 127,000,000 of the existing additional paid-in capital (which under Swiss law is referred to as “capital contribution reserve”) be made available for purposes of the EUR 1.60 dividend per share by way of a release and allocation to the account “other reserve from capital contribution” (Dividend Reserve). Such allocation is required to be in CHF. Based on the number of shares outstanding as of 31 March 2019, the amount of the proposed aggregate dividend will amount to a maximum of EUR 90,614,461. Accordingly, the Dividend Reserve of CHF 127,000,000 (EUR 112,698,554 based on the currency conversion rate as of 31 December 2018) exceeds the aggregate dividend amount by about 25 per cent.
- (e) The Board of Directors is proposing this excess amount in order to create a buffer to minimize any risk that any EUR-CHF exchange rate changes would reduce the EUR amount of the Dividend Reserve available for distribution.
- (f) In the unlikely event that, notwithstanding the allocation of this excess amount to the Dividend Reserve, the Dividend Reserve would for any reason be exceeded upon the occurrence of the payment date for a dividend instalment, the Company would be required under the terms of the proposed shareholder resolution to adjust the relevant instalment downward on a pro rata basis so that the aggregate payments do not exceed the Dividend Reserve. In any event, the dividend payment will not exceed a total of EUR 1.60 per share. If the aggregate dividend payment is lower than the allocation to the Dividend Reserve, the relevant difference will be allocated back to the Capital Contribution Reserve.

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## 5. Discharge of the Board of Directors and Members of the Executive Management

The Board of Directors proposes to grant discharge to the members of the Board of Directors and the Company’s corporate committee (the **Executive Management**) for the business year 2018.

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## **6. Elections**

### **6.1. Re-Elections of Existing Board Members**

The Board of Directors proposes to re-elect all current members of the Board of Directors, each for a term of one year ending after completion of the next annual general shareholders' meeting:

- Mona Abbasi
- Magnus Brännström
- Anders Dahlvig
- Anna af Jochnick
- Alexander af Jochnick
- Robert af Jochnick
- Anna Malmhake
- Gunilla Rudebjer
- Christian Salamon
- Karen Tobiasen

Explanation: All re-elections are held individually. The curricula vitae of the current members of the Board of Directors are available in the 2018 annual report and also on the Company's website under <http://investors.oriflame.com> / General Meetings.

### **6.2. Re-Election of the Chairman**

The Board of Directors proposes to re-elect Alexander af Jochnick as chairman of the Board of Directors for a term of one year ending after completion of the next annual general shareholders' meeting.

### **6.3. Re-Election of Members of the Remuneration Committee**

The Board of Directors proposes to re-elect Alexander af Jochnick and Karen Tobiasen as members to the remuneration committee for a term of one year until the next annual general shareholders' meeting.

Explanation: Both re-elections are held individually.

### **6.4. Election of the Independent Proxy**

The Board of Directors proposes to elect the law firm Bratschi AG, Zurich, Switzerland, as independent proxy for a term of one year ending after completion of the next annual general shareholders' meeting.

### **6.5. Re-Election of the Statutory Auditors**

The Board of Directors proposes to re-elect KPMG AG (CHE-106.084.881), Zurich, as the statutory auditors for the business year 2019.

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## **7. Vote on the Compensation of the Members of the Board of Directors and the Executive Management**

### **7.1. Compensation for the Members of the Board of Directors (Non-Executive Members)**

The Board of Directors proposes to approve the maximum aggregate amount of EUR 495,000 as compensation for the (non-executive) members of the Board of Directors for the period until the end of the 2020 annual general shareholders' meeting.

Explanation: The above proposal is based on board fees remaining at the same level as in 2018 and apportioned as follows: EUR 80,000 to the chairman of the Board; EUR 40,000 to each non-executive Director of the Board; EUR 15,000 to the chairman of the audit committee, and EUR 10,000 to each committee member of the audit, nomination & governance and remuneration committees. The proposed fees are considered to be motivated in order to attract and retain the competence relevant for the Company, and are considered to be in line with Swedish, and below Swiss, benchmarks relevant for the Company's industry, size and complexity. The actual compensation paid to each (non-executive) member of the Board of Directors during a business year is disclosed in the respective compensation report governing such business year and is made available (together with the accompanying audit report) to the shareholders in accordance with applicable Swiss law.

## **7.2. Compensation of the Members of the Executive Management**

### **7.2.1. Approval of the Maximum Aggregate Amount of Fixed Compensation**

The Board of Directors proposes to approve the maximum aggregate amount of EUR 4,850,000 as fixed compensation for the members of the Executive Management (incl. any executive member of the Board of Directors) for the period from 1 July 2019 until 30 June 2020.

Explanation: Compared to the fixed compensation mandate approved by the 2018 annual general meeting, the above proposal includes a fixed remuneration increase for the Executive Management members totalling approximately 5 per cent (2 per cent for the Chief Executive Officer). The amount furthermore includes contractual extra-ordinary pension payments to Executive Management members based on reaching certain thresholds of age/time served in the Company. The amount furthermore includes regular pensions and other fixed benefits including related social security costs, as well as a buffer to cover potential forex exchange movements for remuneration set in currencies other than our reporting currency.

### **7.2.2. Approval of the Maximum Aggregate Amount of Variable Compensation**

The Board of Directors proposes to approve the maximum aggregate amount of EUR 6,941,103 (such amount representing up to 200,784 registered shares in the Company with a nominal value of CHF 1.50 each, comprising the maximum amount of achievement shares that can be awarded under the Company's 2018 share incentive program offer) as variable compensation for the Executive Management (incl. any executive member of the Board of Directors) for the business year 2018.

Explanation:

- (a) The actual variable compensation paid to the members of the Executive Management (incl. any executive member of the Board of Directors) during a business year is disclosed in the respective compensation report governing such business year and will be made available (together with the accompanying audit report) to the shareholders in accordance with applicable Swiss law.
- (b) The variable compensation of members of the Executive Management (incl. any executive member of the Board of Directors) for the business year 2018 consists of (i) EUR 0 under the Group Management Bonus scheme and (ii) the value of investment share grants awarded in 2018 under the Company's share incentive program. The aggregate value of such grants (EUR 6,941,103) is calculated based on the fair value at grant date of EUR 34.57 per investment share and assuming maximum award of 8 achievement shares per investment share. The actual number of achievement shares to be awarded at vesting will range between 0 to 8 achievement shares per investment share depending on the operating profit development during the investment period. The actual value of the share entitlement at pay-out on

the vesting dates (during years 2021-2023) may furthermore differ due to share price fluctuations. In addition to the cost of the achievement shares so awarded, costs in the form of social security charges will arise. However, as the social security charges will depend on the value of the achievement shares at the time of issuance and furthermore on where the participants are resident at the time of allotment of the Achievement Shares, they cannot be determined at this stage.

- (c) For further details on the Company's Board and Executive Management Remuneration, please refer to the compensation report (pages 88 to 96 of the annual report), also available under <http://investors.oriflame.com/> / General Meetings.

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## 8. Authorized Capital (Extension of Availability)

The Board of Directors proposes to amend art. 3<sup>bis</sup> of the Company's articles of association (Authorized Share Capital) as follows:

### Art. 3<sup>bis</sup>

#### Genehmigtes Aktienkapital

<sup>1</sup> Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 9. Mai 2020 das Aktienkapital im Maximalbetrag von 8'355'000 durch Ausgabe von höchstens 5'570'000 voll zu liberierenden Namenaktien mit einem Nennwert von je CHF 1.50 zu erhöhen. Erhöhungen in Teilbeträgen sind gestattet.

<sup>2</sup> Der Verwaltungsrat ist ermächtigt, das Bezugsrecht der Aktionäre zu beschränken oder aufzuheben oder Dritten zuzuweisen, im Falle der Verwendung der Aktien:

- (a) für die Übernahme von Unternehmen, Unternehmensteilen oder Beteiligungen oder für neue Investitionsvorhaben oder für die Finanzierung oder Refinanzierung solcher Transaktionen;

- (b) für Zwecke der Beteiligung strategischer Partner oder zum Zwecke der Erweiterung des Aktionärskreises in bestimmten Investorenmärkten oder im Zusammenhang mit der Kotierung

### Art. 3<sup>bis</sup>

#### Authorized Share Capital

<sup>1</sup> The Board of Directors shall be authorized to increase the share capital in an amount not to exceed CHF 8'355'000 through the issuance of up to 5'570'000 fully paid-in registered shares with a nominal value of CHF 1.50 per share by not later than 9 May 2020. Increases in partial amounts shall be permitted.

<sup>2</sup> The Board of Directors is authorized to restrict or revoke the pre-emptive subscription rights of shareholders or allocate such rights to third parties, if the shares are to be used:

- (a) for the acquisition of enterprises, parts of enterprises, or participations, or for new investments, or for the financing or refinancing of such transactions;

- (b) for the purpose of the participation of a strategic partner or for the purpose of broadening the shareholder constituency in certain investor markets or in connection with a listing of the shares on

der Aktien an inländischen oder an ausländischen Börsen, inklusive im Zusammenhang mit der Gewährung einer Mehrzuteilungsoption an ein Bankenkonsortium;

domestic or foreign stock exchanges, including in connection with the grant of an over-allotment option to a consortium of banks;

(c) Bis zu einem Maximum von 400'000 Namenaktien für Beteiligungen von Mitarbeitern der Gesellschaft oder von Konzerngesellschaften;

(c) up to a maximum of 400'000 registered shares for the participation of employees of the Company or of group companies;

(d) für die rasche und flexible Beschaffung von Eigenkapital durch eine Aktienplatzierung, welche mit Bezugsrechten nur schwer möglich wäre.

(d) in order to quickly and flexibly raise equity capital by a share placement, which would be difficult to achieve with preferential subscription rights.

<sup>3</sup> Zeichnung und Erwerb der neuen Aktien sowie jede nachfolgende Übertragung der Aktien unterliegen den Bestimmungen gemäss Art. 5 der Statuten.

<sup>3</sup> The subscription and acquisition of the new shares, as well as each subsequent transfer of the shares, shall be subject to the provisions of art. 5 of the Articles of Association.

<sup>4</sup> Der Verwaltungsrat legt den Ausgabebetrag, die Art der Einlagen, den Zeitpunkt der Ausgabe der neuen Aktien, die Bedingungen der Bezugsrechtsausübung und den Beginn der Dividendenberechtigung fest. Dabei kann der Verwaltungsrat neue Aktien mittels Festübernahme durch eine Bank, ein Bankenkonsortium oder einen Dritten und anschliessendem Angebot an die bisherigen Aktionäre ausgeben. Nicht ausgeübte Bezugsrechte kann der Verwaltungsrat verfallen lassen, oder er kann diese bzw. Aktien, für welche Bezugsrechte eingeräumt, aber nicht ausgeübt werden, zu Marktkonditionen platzieren oder anderweitig im Interesse der Gesellschaft verwenden.

<sup>4</sup> The Board of Directors shall determine the issue price, the type of payment, the date of issue of new shares, the conditions for the exercise of the pre-emptive subscription rights, and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party and a subsequent offer of these shares to the current shareholders. The Board of Directors may permit pre-emptive subscription rights that have not been exercised to expire or it may place these rights and shares to which pre-emptive subscription rights have been granted but not exercised, at market conditions or use them for other purposes in the interest of the Company.

Explanation: The proposed amendment to art. 3<sup>bis</sup> of the Company's articles of association (Authorized Share Capital) is an extension of the existing mandate and sought in order to maintain an adequate flexibility for the Board of Directors to resolve on capital increases of up to close to 10 per cent of the current share capital if deemed to be in the best interest of the Company. While Swiss law enables the



Company to seek such capital increase mandates for a 2-year period, the Board of Directors has resolved to seek such mandate for one year at a time.

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**B. Documentation**

The 2018 annual report, consisting of the full business review, the corporate governance report, the internal control report, the consolidated financial statements, the statutory financial statements, and the respective reports of the statutory auditors as well as the compensation report, are available for inspection by the shareholders at Oriflame Holding AG's headquarters (Bleicheplatz 3, 8200 Schaffhausen, Switzerland) as well as on our website under <http://investors.oriflame.com> / General Meetings. Printed copies will be distributed to shareholders of record upon request.

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**C. Participation and Voting Rights**

Shareholders registered with voting rights in the share register as of the close of business on 29 April 2019, will be authorized to participate and to vote at the AGM. From 29 April 2019 up to and including 9 May 2019, no entries will be made in the share register which would create a right to vote at the AGM. Shareholders who sell part or all of their shares before the AGM are no longer entitled to vote to that extent. Such shareholders are required to exchange their admission card and voting material to reflect the change in their shareholding.

Shareholders who wish to participate or be represented at the AGM may either download the registration form via our website <http://investors.oriflame.com> / General Meetings or request a physical copy by e-mail to [oriflame@netvote.ch](mailto:oriflame@netvote.ch). The registration form should be completed and returned by e-mail to [oriflame@netvote.ch](mailto:oriflame@netvote.ch) or by mail to the following address: Oriflame Holding AG, c/o Segetis AG, Platz 4, 6039 Root D4, Switzerland as soon as possible and ideally no later than 29 April 2019. Upon receipt of their registration form shareholders will be provided with an admission card and voting material (including proxy form) for the AGM.

Shareholders (i) whose shares are registered in accordance with the articles of association of the Company in a securities register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479) or otherwise in accordance with Swedish law and (ii) who hold such shares through a nominee must, in order to be entitled to attend and vote (in person, representation by proxy or by the Independent Proxy) at the AGM, temporarily register the shares in their own name. For the shares to be re-registered in time, such shareholders should instruct the nominee that manages the shares well in advance of 29 April 2019 for temporary re-registration, so called voting registration. After such shares have been registered in the shareholder's own name, the shareholder shall follow the instructions as set out above in this section C.

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## **D. Representation**

Shareholders who do not intend to participate personally at the AGM may participate and vote at the meeting through the representation of:

- the independent proxy, or
- a third person who need not be a shareholder;

Mr. Florian S. Jörg, attorney-at-law, c/o Bratschi AG, Zurich, Switzerland, has been elected at the annual general shareholders' meeting held on 4 May 2018 as the independent proxy for the AGM.

Shareholders opting to be represented by the independent proxy shall submit the original of the completed and signed power of attorney (incorporated in the voting material) with voting instructions to Oriflame Holding AG, c/o Segetis AG, Platz 4, 6039 Root D4, Switzerland, in advance of the AGM and ideally by no later than 3 May 2019. Shareholders may also vote by issuing electronic proxy and voting instructions to the independent proxy by voting through the online proxy voting platform <https://www.netvote.ch/oriflame> until 8 May 2019, 12:00 CEST.

To the extent that a shareholder opts to be represented by the independent proxy but does not give the independent proxy specific voting instructions, the independent proxy will vote as proposed by the Board of Directors.

If shareholders opt to be represented by a third person, their completed and signed original power of attorney (incorporated in the voting material) as well as their admission card and voting material should be sent directly to the address of their designated representative.

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## **E. Shares and votes**

As of the date hereof, the share capital of the Company amounts to CHF 84,951,057, divided into 56,634,038 fully paid-in registered shares with a nominal value of CHF 1.50 each and thus a total of 56,634,038 votes. As of the same date, the Company directly or indirectly holds 11,640 treasury shares with suspended voting rights.

**Oriflame Holding AG**

In April 2019, for the Board of  
Directors

Alexander af Jochnick  
Chairman