



CONVOCAATION OF THE 23RD ANNUAL SHAREHOLDERS' MEETING OF POLYPHOR LTD ON THURSDAY, JUNE 4, 2020

Dear Shareholder

We hereby convene the 23rd Annual Shareholders' Meeting of Polyphor.

Due to the current restrictions resulting from the Covid-19 pandemic, physical attendance to the meeting will most likely not be possible. Assuming restrictions on meetings continue to apply, only voting in written form is permitted. We therefore foresee the following procedure:

Information Call: May 18, 2020, 14:00 CET

please use the following dial in:

CH: +41 44 580 65 22
DE: +49 69 201 744 220
US: +1 87 7423 0830
UK: +44 2030092470
PIN: 84749523#

The link for the webcast without audio (for those who called through the dial-in):

<https://webcasts.eqs.com/polyphor20200518/no-audio>

The link for the webcast for those who don't want to dial-in:

<https://webcasts.eqs.com/polyphor20200518>

Return of reply forms:

We ask all shareholders to return the signed reply form with the enclosed (pre-paid) envelope to Nimbus AG (address indicated on the top of the reply form) **prior to June 2, 2020**.

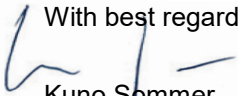
The annual report 2019 is available for download on our website: <https://www.polyphor.com/investor-relations/reporting/>. If you wish to receive a hard or electronic copy, please contact Ursina Ballmer at Polyphor Ltd. Tel. + 41 61 567 16 00, Fax +41 61 567 16 01, e-mail ir@polyphor.com.

The meeting will be held at the offices of the Company at Hegenheimermattweg 125, 4123 Allschwil at 2.00 p.m.. Should the Swiss Federal Council's regulations on COVID-19 change in a way allowing the meeting to be held with the physical attendance of shareholders, we would publicly inform in this regard at least four days prior to the Annual Shareholders' Meeting.

With this convocation, you receive the following documents:

1. This convocation with the agenda
2. Reply form

With best regards,



Kuno Sommer
Chairman



Gökhan Batur
Chief Executive Officer

AGENDA OF THE MEETING

1. Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2019 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2019

The Board of Directors proposes approval of the management report and the consolidated accounts (IFRS) for the year 2019 and the annual accounts (statutory) of Polyphor Ltd for the year 2019.

2. Allocation of the Balance Sheet Result

The Board of Directors proposes to carry forward the net loss of the year 2019 amounting to CHF 63'670'737 under Swiss statutory accounts.

3. Discharge of the Board of Directors and Executive Management

The Board of Directors proposes that the members of the Board of Directors and Executive Management be granted discharge for the year 2019.

4. Renewal of Authorized Share Capital

The Board of Directors proposes to renew the authorized share capital to comprise 5'531'603 registered shares with a nominal value of CHF 2 each and to amend article 3a paragraph 1 of the articles of association to read as follows:

Art. 3a Authorized Share Capital	Art. 3a Genehmigtes Kapital
<p><i>The Board of Directors is authorized to increase the share capital, at any time until May 27, 2022, by a maximum amount of CHF 11'063'206.00 by issuing a maximum of 5'531'603 registered shares with a par value of CHF 2.00 each, to be fully paid up. An increase of the share capital (i) by means of an underwriting (ii) by a subsidiary in view of and related to any of the below mentioned transactions allowing an exclusion of the preemptive rights and (iii) in partial amounts shall be permissible.</i></p>	<p><i>Der Verwaltungsrat ist ermächtigt, jederzeit bis zum 27. Mai 2022, das Aktienkapital im Maximalbetrag von CHF 11'063'206.00 durch Ausgabe von höchstens 5'531'603 vollständig zu liberierende Namenaktien mit einem Nennwert von je CHF 2.00 zu erhöhen. Erhöhungen des Aktienkapitals (i) auf dem Wege der Festübernahme, (ii) durch eine Tochtergesellschaft im Hinblick und im Zusammenhang mit einer nachfolgend genannten Transaktion, bei welcher der Bezugsrechtsausschluss zulässig ist sowie (iii) in Teilbeträgen sind gestattet.</i></p>

5. Creation of Conditional Share Capital for Bonds and Similar Debt Instruments

The Board of Directors proposes to create a conditional share capital for bonds and similar debt instruments comprising 2'212'641 registered shares with a nominal value of CHF 2 each and to adopt a new article 3b to the articles of association to read as follows:

<p>Art. 3b Conditional Capital for Bonds and Similar Debt Instruments</p> <p><i>The share capital of the Company shall be increased by a maximum amount of CHF 4'425'282.00 through the issuance of a maximum of 2'212'641 registered shares, payable in full, each with a nominal value of CHF 2.00 through the exercise of conversion and/or option rights granted in connection with bonds or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.</i></p>	<p>Art. 3b Bedingtes Kapital für Anleiensobligationen oder ähnliche Instrumente</p> <p><i>Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF 4'425'282.00 durch Ausgabe von höchstens 2'212'641 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF 2.00 je Aktie erhöht durch die Ausübung von Wandlungs und/oder Optionsrechte, welche im Zusammenhang mit von der Gesellschaft oder ihren Tochtergesellschaften emittierten oder noch zu emittierenden Anleiensobligationen oder ähnlichen Instrumenten eingeräumt wurden oder werden, einschliesslich Wandelanleihen.</i></p>
<p><i>Shareholders' subscription rights are excluded. Shareholders' advance subscription rights with regard to the new bonds or similar instruments may be restricted or excluded by decision of the Board of Directors in order to finance or refinance the acquisition of companies, parts of companies or holdings, or new investments planned by the Company, or in order to issue convertible bonds or similar instruments on the international capital markets or through private placement. If advance subscription rights are excluded, then (1) the instruments are to be placed at market conditions, (2) the exercise period is not to exceed ten years from the date of issue of option rights and twenty years for conversion rights and (3) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued.</i></p>	<p><i>Das Bezugsrecht der Aktionäre ist für diese Aktien ausgeschlossen. Das Vorwegzeichnungsrecht der Aktionäre in Bezug auf neue Anleiensobligationen oder ähnliche Instrumente kann durch Beschluss des Verwaltungsrates zu folgenden Zwecken eingeschränkt oder ausgeschlossen werden: Finanzierung und Refinanzierung des Erwerbs von Unternehmen, Unternehmensteilen, Beteiligungen, oder von der Gesellschaft geplanten neuen Investitionen, oder für die Ausgabe von Anleiensobligationen oder ähnlichen Instrumenten auf internationalen Kapitalmärkten oder mittels Privatplatzierungen. Falls Vorwegzeichnungsrechte ausgeschlossen werden, müssen (1) die Instrumente zu Marktkonditionen platziert werden, (2) der Ausübungszeitraum darf zehn Jahre seit dem Ausgabedatum der Optionsrechte und 20 Jahre seit dem Ausgabedatum der Wandlungsrechte nicht überschreiten und (3) der Wandlungs- oder Ausübungspreis für die neuen Aktien muss mindestens gemäss den Marktbedingungen am Ausgabedatum der Instrumente festgelegt werden.</i></p>
<p><i>The purchase of registered shares through the exercise of conversion or option rights and any transfers of registered shares shall be subject to the restrictions specified in Article 4 of the Articles of Association.</i></p>	<p><i>Der Erwerb von Namenaktien durch Ausübung von Wandel- oder Optionsrechten sowie sämtliche weiteren Übertragungen von Namenaktien unterliegen den Übertragungsbeschränkungen gemäss Art. 4 der Statuten.</i></p>

6. Increase of Conditional Share Capital for Employee Benefit Plans

The Board of Directors proposes to increase the conditional share capital for employee benefit plans by 300'000 registered shares with a nominal value of CHF 2 each and to amend article 3c paragraph 1 of the articles of association to read as follows:

<p>Art. 3c Conditional Share Capital for Employee Benefit Plans</p> <p><i>The share capital of the Company shall be increased by an amount not exceeding CHF 1'699'216 through the issue of a maximum of 849'608 registered shares, payable in full, each with a nominal value of CHF 2.00, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, members of the Board of Directors, or other person providing services to the Company or a subsidiary.</i></p>	<p>Art. 3c Bedingtes Aktienkapital für Mitarbeiterbeteiligungspläne</p> <p><i>Das Aktienkapital kann durch die Ausgabe von höchstens 849'608 voll zu liberierenden Namenaktien im Nennwert von je CHF 2.00 um höchstens CHF 1'699'216 durch Ausübung von Optionsrechten erhöht werden, welche Mitarbeitenden der Gesellschaft oder ihrer Tochtergesellschaften, Personen in vergleichbaren Positionen, Beratern, Verwaltungsratsmitgliedern oder anderen Personen, welche Dienstleistungen zu Gunsten der Gesellschaft erbringen, gewährt wurden.</i></p>
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7. Election to the Board of Directors

The Board of Directors proposes to re-elect Kuno Sommer as chairman and member of the Board and Bernard Bollag, Silvio Inderbitzin and Andreas Wallnöfer as members of the Board, each for the term until the next Annual Shareholders' Meeting:

- 7.a** **Re-Election of Kuno Sommer as chairman and member of the Board**
- 7.b** **Re-Election of Bernard Bollag as member of the Board**
- 7.c** **Re-Election of Silvio Inderbitzin as member of the Board**
- 7.d** **Re-Election of Andreas Wallnöfer as member of the Board**

Jean-Pierre Obrecht has indicated not to stand for re-election.

8. Election of the auditors

The Board of Directors proposes to re-elect the current auditors, Ernst & Young AG, for the term until the next Annual Shareholders' Meeting.

9. Election of the Independent Proxy

The Board of Directors proposes to re-elect lic. iur. Marius Meier, Attorney at Law and Public Notary, Lautengartenstrasse 7, CH-4052 Basel, Switzerland, as independent proxy for the term until the next Annual Shareholders' Meeting.

10. Election of the Members of the Compensation Committee

The Board of Directors proposes to elect Silvio Inderbitzin, Kuno Sommer and Andreas Wallnöfer as the members of the compensation committee, each for the term until the next Annual Shareholders' Meeting.

10.a Election of Silvio Inderbitzin

10.b Election of Kuno Sommer

10.c Election of Andreas Wallnöfer

11. Compensation for the Members of the Board of Directors and the Executive Management

The Board of Directors proposes to hold the following separate votes on the non-performance related and the variable compensation of the Board of Directors and the Executive Management:

11.a **Vote on Total Fixed (Non-Performance-Related) Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting**

The Board of Directors proposes that shareholders approve the total maximum amount of fixed (non-performance-related) compensation for the members of the Board of Directors for the period until the next Annual Shareholders' Meeting of CHF 300'000 including a maximum of CHF 50'000 for additional consultancy services by Board members and including the related social security costs.

11.b **Vote on Equity Based Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting**

The Board of Directors proposes that shareholders approve the grant of a maximum of 18'750 options for the members of the Board of Directors for the period until the next Annual Shareholders' Meeting, with a current maximum value of all options of CHF 106'688, a quarterly vesting ending at the next shareholders' meeting and a lock-up of three years plus the related social security costs (estimate based on current value: CHF 7'468).

11.c **Vote on Cash Compensation for Members of the Executive Management payable in 2021**

The Board of Directors proposes that shareholders approve the total maximum amount of cash compensation for the five members of the Executive Management payable 2021 of CHF 2'500'000 (including the related social security costs) of which a maximum of CHF 1'750'000 is for fixed (non-performance-related) compensation and a maximum of CHF 750'000 is variable (performance-related) compensation.

11.d **Vote on Equity Based Compensation for Members of the Executive Management for 2021**

The Board of Directors proposes that shareholders approve the grant of a maximum of 130'000 options for the five members of the Executive Management for the year 2021, with a current maximum value of all options of CHF 790'000 with quarterly vesting over four years plus the related social security costs (estimate based on current value: CHF 31'437).

Shareholder:

Polyphor AG
Aktienregister
c/o Nimbus AG
Ziegelbrückstrasse 82
8866 Ziegelbrücke
Switzerland

REPLY FORM

Annual Shareholders' Meeting of Polyphor Ltd, June 4, 2020

Instruction

I authorize the independent proxy lic. iur. Marius Meier, Attorney at Law and Notary Public, Lautengartenstrasse 7, CH-4052 Basel, Switzerland, or another person authorized by him to represent me at the Annual Shareholders' Meeting and to cast my votes in accordance with my instructions on the back of this form. In the absence of any specific instructions on the instruction form, I hereby authorize the independent proxy to cast my votes in support of the proposals by the Board of Directors.

Electronic proxy voting and instructions to the independent voting rights representative

You have the possibility to cast a proxy voting to the independent voting rights representative electronically (online). You can register yourself under <https://polyphor.shapp.ch> with your personal login details:

Login:

Password:

With my / our signature, I / we also confirm to be the shareholder according to the details on the back of this form and to be able to validly sign this form.

Date: _____

Signature: _____

Date: _____

Signature*: _____

* The second signature is mandatory if required by legal persons for a valid authorization.

Please return this Reply Form with enclosed envelope prior to June 2, 2020 to the address indicated on the top of this reply form, thank you. The enclosed envelope is pre-paid, so it is not necessary to add a postal stamp.

INSTRUCTIONS FOR THE INDEPENDENT PROXY

General Instruction	Yes	No	Abstention
This general instruction relates to all agenda items in the convocation. By checking Yes you support the proposal of the Board of Directors. If you wish to deviate from this for a specific agenda item, then please mark a different instruction in such agenda item below	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposals (according to agenda):	Yes	No	Abstention
1. Approval of the Management Report and the Consolidated Accounts (IFRS) for the year 2019 and the Annual Accounts (statutory) of Polyphor Ltd for the year 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Allocation of the Balance Sheet Result	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Discharge of the Board of Directors and Executive Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Renewal of Authorized Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Creation of Conditional Share Capital for Bonds and Similar Debt Instruments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Increase of Conditional Share Capital for Employee Benefit Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Election to the Board of Directors			
7.a Re-election of Kuno Sommer (chairman and member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.b Re-election of Bernard Bollag (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.c Re-election of Silvio Inderbitzin (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.d Re-election of Andreas Wallnöfer (member)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Election of the auditors: Re-election of Ernst & Young AG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Election of the Independent Proxy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Election of the Members of the Compensation Committee			
10.a Election of Silvio Inderbitzin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.b Election of Kuno Sommer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.c Election of Andreas Wallnöfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Compensation for the Members of the Board of Directors and the Executive Management			
11.a Vote on Total Fixed (Non-Performance-Related) Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.b Vote on Equity Based Compensation for Members of the Board of Directors until the next Annual Shareholders' Meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.c Vote on Cash Compensation for Members of the Executive Management payable in 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.d Vote on Equity Based Compensation for Members of the Executive Management for 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In the event of new agenda items or other proposals during the Annual Shareholders' Meeting the Independent Proxy shall vote as proposed by the Board	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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