# Remuneration report

# REMUNERATION POLICY

## 1 INTRODUCTION

The Valora Holding AG Remuneration Report has been prepared in accordance with the disclosure requirements set out in the Ordinance against Excessive Compensation (hereinafter "the Ordinance") and with the SIX Guidelines on Corporate Governance. Changes to remuneration policy approved at the 2014 General Meeting of shareholders have been successfully implemented and are explained in more detail in this report.

As required by the modified Articles of Incorporation which came into effect on May 7, 2014, the 2014 Remuneration Report will be submitted to the Ordinary General Meeting for approval in a consultative vote. The 2013 Remuneration Report was approved at the Ordinary General Meeting held on May 7, 2014. Starting in 2015, and in each year thereafter, the Ordinary General Meeting will have a binding vote on the maximum amount of fixed remuneration paid to the members of the Board of Directors for their term of office until the next Ordinary General Meeting and on the maximum amount of fixed and variable remuneration paid to the members of Group Executive Management for the following financial year.

Details of the General Meeting's vote on remuneration and the Remuneration Report are set out in Article 27 of the Articles of Incorporation and can be accessed via this link:
http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

## 2 COMPENSATION GOVERNANCE

The Nomination and Compensation Committee (hereinafter "the NCC") is a permanent Committee of the Board of Directors (hereinafter "the Board") of Valora Holding AG. It deals with those matters relating to the financial remuneration of members of the Board, the CEO and Group Executive Management and to personnel planning at the Board and Group Executive Management level which have been assigned to it by law, the Articles of Incorporation and current regulations. The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Ordinary General Meeting for a one-year term of office, ending at the next Ordinary General Meeting. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chairman. In 2014, the NCC comprised Franz Julen (Chairman), Markus Fiechter and Ernst Peter Ditsch.

In accordance with the requirements placed on it by the law and the Articles of Incorporation, the NCC primarily carries out the following duties to prepare the decision-making process by the Board of Directors and the decisions it ultimately makes:

a) To support the Board in determining and assessing the remuneration strategy and guidelines.
b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
c) To support the Board in the preparation of recommendations to the General Meeting of shareholders regarding the remuneration of the Board and of Group Executive Management.
d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable short-term and long-term remuneration to Group Executive Management have been met.
g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
h) To assess share, share-option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.

i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting of shareholders.
j) To submit an appraisal of the remuneration report to the Board and to submit recommendations regarding the report to the Board.
k) To prepare proposals for new candidate Board members for submission to the Board.
l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and other Group level executives (CFO, members of Group Executive Management).
m) To remain informed of and monitor succession planning for the top two tiers of management.
n) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
o) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
p) To carry out other tasks and projects as instructed by the Board of Directors

The duties carried out by the NCC regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

The NCC meets as often as business requires, but at least three times each year. Meetings are called by the NCC Chairman or at the request of an NCC member. In special cases, they may also be called by Board resolution. In 2014, the NCC held six meetings and conducted one conference call. NCC meetings are generally attended, in an advisory capacity and without voting rights, by the CEO and the CFO and by the Board Secretary, who also takes minutes of the meetings. The CEO and CFO are not present when their own performance is being assessed and their remuneration is being discussed. During the meetings, each Board member refrains from voting on decisions on his own remuneration.

Minutes of the meetings are taken. At Board meetings, the NCC Chairman reports on the activities of the NCC and informs the Board of the NCC's views and recommendations on substantive matters requiring a Board decision. Every Board member receives a copy of the minutes of NCC meetings.

The overall remuneration paid to each individual member of the Board of Directors and of Group Executive Management is set each year by the entire Board of Directors.

## 3 REMUNERATION PRINCIPLES

Valora pays overall remuneration which is commensurate with performance. The remuneration system is designed in a way which ensures that the interests of management coincide with the interests of the Valora Group and its shareholders.

The amount of the fixed remuneration determined by the Board for members of Group Executive Management is based on the market value of the position concerned, its responsibilities and the effective scope of the activities it requires. The remuneration system is not linked to external benchmarks, nor is it based on a uniform job-evaluation process. The overall remuneration paid to members of Group Executive Management comprises a fixed salary, a variable Short Term Bonus and a share-based Long Term Plan. Like other Valora employees, members of Group Executive Management are covered by the Valora pension fund.

Board members receive a fixed fee. The Board members chairing the two Board committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. No pension-fund contributions are paid for members of the Board.

Article 27 (4) of the Articles of Incorporation states that where new members of Group Executive Management are appointed subsequently to the General Meeting granting approval of the remuneration for members of Group Executive Management, the additional amount available for each new member of Group Executive Management shall be 120% of the highest remuneration paid to a member of Group Executive Management in the financial year preceding the last Ordinary General Meeting. The approval of the General Meeting for this additional remuneration is not required. The rules in the Articles of Incorporation governing these additional amounts can be accessed via this link:

http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

Details of the specific remuneration paid to members of the Board and Group Executive Management are disclosed in sections 9.2 and 7.4.

## 4 EMPLOYMENT CONTRACTS

Valora's Board mandates and Group Executive Management employment contracts comply with the requirements of the Ordinance. The contracts with the members of the Board of Directors, on which the remuneration paid to the members concerned is based, and the employment contracts with the members of Group Executive Management can be established for either fixed or indefinite terms. The maximum duration of the fixed-term contracts is one year. While fixed-term contracts can be renewed, in the case of a Board member this requires the member to have been re-elected by the General Meeting. The maximum notice period applicable to indefinite contracts is one year. The employment contracts with the members of Group Executive Management have a notice period of 12 months, during which non-compete stipulations apply. No severance pay is granted. The provisions governing these arrangements are set out in Article 19 of the Articles of Incorporation, which can be accessed via this link:

http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

Thomas Eisele has two employment contracts. One is with Valora Management AG and relates to his duties as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. A second contract relates to the "operational management of the Brezelbäckerei Ditsch GmbH, Mainz" (BBD) and has been directly concluded between Thomas Eisele and BBD. Thomas Eisele remains fully insured by the Valora pension fund under Swiss occupational-pensions legislation. His insured salary comprises the remuneration he receives from his employment contract with BBD and his employment contract with Valora Management AG.

## 5 CHANGES IN 2014

The Board has decided not to continue the current Long Term Plan applicable to members of the Board and Group Executive Management. For Board members, the LTP was terminated at the 2014 General Meeting and replaced by a new remuneration model. The shares held by Board members under the LTP were repurchased by Valora.

The new remuneration-model regulations for the Board, which came into effect on May 8, 2014, include a share-based element. Further details are set out in section 9 on page 69.

In the case of Group Executive Management, the Board has decided to phase out the current LTP by October 31, 2015. Any awards still outstanding under the plan will be terminated ahead of schedule for all participants on October 31, 2015.

Further details of the expiring LTP are set out in section 7.2 on page 66.

## 6 PLANNED CHANGES FOR 2015 / 2016

A re-examination of the entire Group Executive Management remuneration structure is planned for 2015 with a view to developing a new overall remuneration concept for 2016. Further details of the new remuneration structure which will come into effect from 2016 onwards are set out in section 8 on page 68.

# REMUNERATION STRUCTURE

## 7 GROUP EXECUTIVE MANAGEMENT REMUNERATION STRUCTURE IN 2014

The remuneration paid to members of Group Executive Management comprises a fixed salary, a variable Short Term Bonus and a share-based Long Term Plan (LTP).

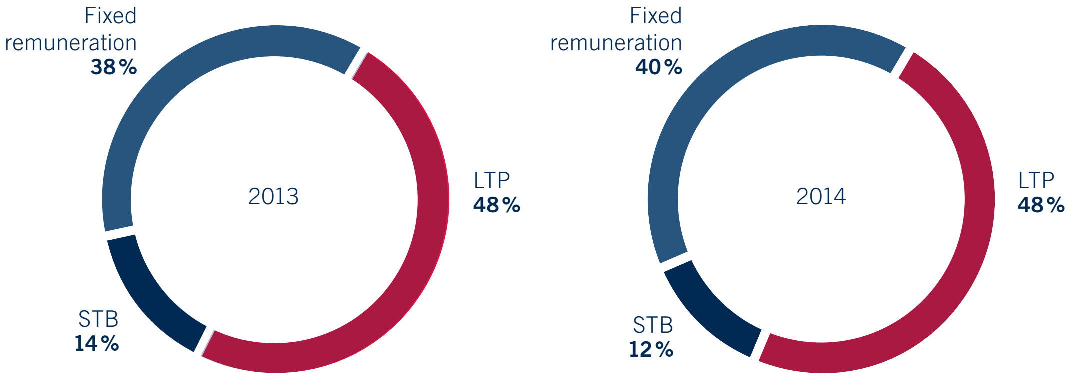
The fixed base remuneration comprises a fixed salary, a car allowance or company car (which can also be used privately) and the employer's social-security and pension-fund contributions required by law. The individual fixed salary is based on the area of responsibility of each member of the Group Executive Management. Like other Valora employees, members of Group Executive Management participate in the Valora pension fund plan.

The variable remuneration comprises a Short Term Bonus (STB). The Articles of Incorporation state that variable remuneration shall not exceed 200 % of fixed base remuneration at the time it is granted and that it shall be determined in accordance with performance criteria set by the Board. The current Long Term Plan (LTP) will be phased out on October 31, 2015. The provisions governing these arrangements are set out in Article 25 of the Articles of Incorporation, which can be accessed via this link:

http://www.valora.com/media/group/documents/en/documents/2014/20140507_statuten_valora_en.pdf

The composition of the overall remuneration paid to the Group Executive Management (incl. CEO) as a whole in 2014 is set out below. Under this system, a 100 % achievement of all performance targets results in variable remuneration equal to 37 % of fixed remuneration for the CEO and an average variable remuneration equal to 31 % of fixed remuneration for the other members of Group Executive Management:

### GROUP EXECUTIVE MANAGEMENT REMUNERATION




No fees were paid to external advisors for developing the remuneration system.

### 7.1 SHORT TERM BONUS (STB)

The Short Term Bonus (STB) provides members of Group Executive Management with a remuneration component which reflects Valora's short-term performance and the achievement of their own individual performance goals.

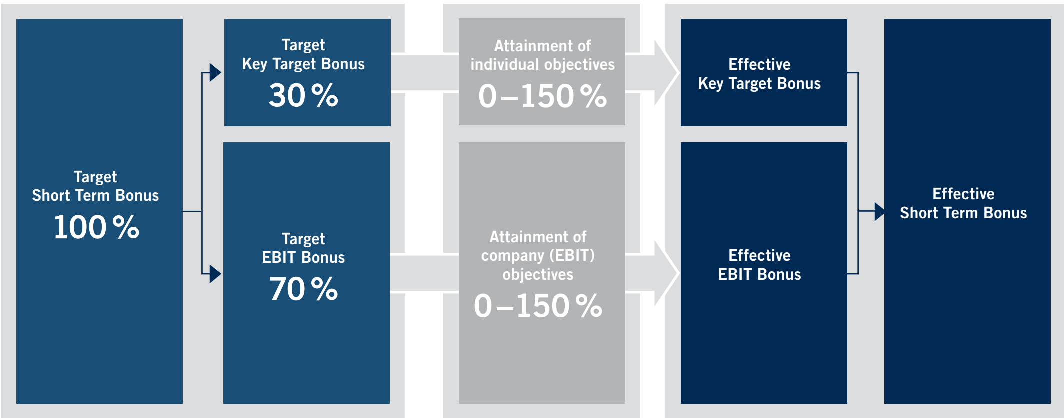
In determining the STB, Valora's financial performance (as measured by its earnings before interest and taxes, or EBIT) has a weighting of 70%, while the achievement of individual performance objectives has a weighting of 30%.

EBIT is used to measure the Group's financial performance. The target EBIT is fixed in each year's budget, with actual EBIT performance being reported monthly. Actual EBIT performance is calculated by dividing actual EBIT by target EBIT. The target EBIT is determined and approved by the Board. Actual EBIT performance for a completed bonus-measurement year is calculated by Corporate Group Controlling and submitted to the NCC for approval. For this purpose, actual EBIT performance can range between a minimum of 0% and a maximum of 150% For the CEO and CFO, actual EBIT performance is based on the EBIT of the Valora Group. For the other members of Group Executive Management, the EBIT of the unit for which they are responsible is taken into account subject to the 0–150% range defined above. In special cases, the NCC has the option of deviating from this procedure and instituting a special solution, such as determining a target bonus which is independent of the EBIT of the unit concerned and its defined 0–150% range. When EBIT targets are 100% met, they will account for 70% of the overall target STB bonus. In 2014, actual EBIT performance was equivalent to 50% of the EBIT target for the CEO and 60%, on average, for the other members of Group Executive Management. The extent to which individual members of Group Executive Management reached their EBIT targets varied due to the differing EBIT performance of the various units concerned.

Each year, the measurement of individual performance is based on up to three personal objectives (key targets), which are defined in accordance with the SMART principle[1)] and which should be achieved during the bonus-measurement year concerned. Each year, and for each member of Group Executive Management, the Nomination and Compensation Committee determines the definition and weighting of the objectives and the extent to which they have been achieved. These personal objectives are defined in terms of clearly measurable key performance indicators. Each objective has its own individual weighting and the extent to which it is deemed to have been achieved can range from 0% to 150%. When an individual's personal objectives have been 100% met, they will account for 30% of the overall target STB bonus. In 2014, the extent to which these individual personal objectives were met was 100% in the case of the CEO and 115%, on average, for the other members of Group Executive Management.

1) SMART – Short, Measurable, Attainable, Realistic, Tangible

In determining the effective Short Term Bonus, achievement of the EBIT target has a weighting of 70 % and achievement of Key Targets has a weighting of 30 %, as shown in the diagram below:




| KEY TARGETS | |
|---|---|
| Attainment rate per Key Target | Effective attainment of objectives |
| < 50 % | 0 % |
| 50 – 99 % | 50 % |
| 100 – 149 % | 100 % |
| >150 % | 150 % |

+

| EBIT | |
|---|---|
| Attainment rate | Effective attainment of objectives |
| < 85 % | 0 % |
| 85 – 90 % | 50 % |
| 90 – 95 % | 75 % |
| > 95 – 150 % | Linear, max. 150 % |

Depending on the extent to which defined objectives are achieved, the effective STB can vary between a minimum of 0 % and a maximum of 55 % of fixed salary. Based on 100 % effective achievement of all performance objectives, the Short Term Bonus would, on average, be equal to 31 % of the fixed salary paid to members of Group Executive Management. In 2014, the Short Term Bonus paid to the CEO was 24 % of fixed salary and 19 % for the remaining members of Group Executive Management.

The effective Short Term Bonus is paid in April of the year following the bonus-measurement year, once the Group results, division results and the results of the country units are available and the NCC has approved the bonus payments.

New members of Group Executive Management who take up their posts during a bonus-measurement year can receive a pro-rata Short Term Bonus payment provided that they have an indefinite employment contract which has not been terminated and have achieved appropriate performance. In 2014, an arrangement of this kind was made for Michael Mueller. Details are shown in the remuneration tables on page 67.

### 7.2 LONG TERM PLAN (LTP)

In the case of Group Executive Management, the Board has decided to phase out the current LTP for all participants on October 31, 2015.

The LTP enables its participants to purchase a specific number of shares, which the NCC determines for each participant individually according to the structure described below. Under the plan, each participant can purchase two tranches of shares at two separate dates. Each of these dates marks the beginning of a lock-up period and each lock-up period has its own specific end date. As a rule, the duration of the lock-up periods will be between 24 and 45 months. The number of shares allocated represents a fixed proportion of overall remuneration. For members of Group Executive Management, this proportion varies between 45% and 55%.

The purchase price for the shares is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of each lock-up period. Each participant personally finances the purchase of the shares through a bank loan. The participants pledge their shares to the bank as collateral. On the last day of each lock-up period, Valora offers to buy back the shares in the tranche concerned from the participants at the SIX closing price of the shares on that day. On the last day of each lock-up period, participants wishing to avail themselves of this offer must inform Valora of the number of shares they wish to sell. Once the lock-up period is over, participants then have free access to any shares not sold back to Valora in this way.

If the selling price (market price) at the end of the lock-up period is lower than the purchase price fixed at the beginning of the lock-up period, Valora undertakes to reimburse the resulting difference to each participant, including any tax effects which may have arisen for the individual participant. This guarantee expires no later than the date on which the second lock-up period ends. The financing costs for Valora are limited to the interest expense incurred.

Should a plan participant's employment be terminated by Valora before the end of the first or second lock-up period, the plan participant is required to sell a pro-rata portion of the shares concerned back to Valora at the original purchase price. The plan participant must also repay the bank loan in full. If the plan participant terminates his employment contract with Valora himself, all shares allocated to him which are subject to a lock-up period must be sold back to Valora at the original purchase price and no pro-rata provision applies. When this structure was originally defined (for the 2011 LTP), the NCC assumed that the average annual increase in the price of Valora shares over the period of that plan would be 11%. The projected annual increases in share price applicable to participants who joined the LTP at a later date was revised upwards, to reflect the lower price at which the shares allocated to them had been purchased.

In the event of a change of control of Valora Holding AG, the plan participants are entitled, but not required, to sell all the shares allocated to them in the first and second tranches (irrespective of whether the applicable lock-up periods have expired). Valora guarantees to pay the plan participants at least the original purchase price and to pay any costs associated with the early cancellation of the loan agreement and any share transfers.

Based on these expected average annual share-price increases, the LTP represents 48% of overall remuneration, while the Short Term Bonus represents 12% and base salary 40%.

### 7.3 LONG TERM PLAN FOR DIVISION DITSCH/BREZELKÖNIG DIVISION

Given his Group Executive Management responsibilities as head of the Ditsch/Brezelkönig division, Thomas Eisele participates in a Long Term Incentive Plan linked to indicators of the sustainable performance of that division. His remuneration under this plan is determined by the division's business performance as measured by the increase in EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) over the period 2012-2016. If the defined objectives are 100% met, the maximum average payment under the plan is equal to 82.5% of base salary. While the plan is scheduled to run for 4 years, it includes a provision under which any award achieved after the first two years can be paid out at that time. Thomas Eisele has chosen this option (payment after 2 years), which means that a maximum of half the possible remuneration under the plan can be generated. In addition to this basic payment, the plan also provides for a one-off payment to be made after two years, based on the division's EBITDA performance between 2012 and 2014. For every 1% increase in EBITDA achieved over this two-year period from 2012 to 2014, an additional payment of CHF 2000 will be made, subject to a cap on the increase in EBITDA of 100%.

### 7.4 REMUNERATION IN 2014

*Table 1*
*Group Executive Management 2014*

| In CHF thousand | Fixed base salary | Short Term Bonus (STB) [1] | Long Term Plan (LTP) [2] | Other fixed remuneration [3] | Total 2014 |
|---|---|---|---|---|---|
| Michael Mueller [4]<br>CEO and highest-paid member of Group Executive Management (since March 2014) | 750.0 | 178.8 | 72.3 | 170.0 | 1 171.1 |
| **Total Group Executive Management remuneration** | **2 577.3** | **960.0** | **766.7** | **768.1** | **5 072.1** |

[1] These figures represent the effective costs for the bonuses granted in respect of 2014, which will be paid in April 2015.
[2] The total number of shares covered by the LTP is 68212. The costs of the LTP comprise interest costs for financing the share plan and the difference between the market price paid for purchasing the shares on the allocation date and the average closing price of the shares over the last twenty trading days preceding commencement of the LTP.
[3] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
[4] For 2014, Michael Mueller received the following pro-rata STB award:
- For 2 months of 2014 (January, February) STB based on his previous employment contract (as CFO)
- For 10 months of 2014 (March – December) STB based on his new employment contract (as CEO)
  In addition, Michael Mueller was granted the right, in addition to the 12000 shares he had already been granted as CFO, to purchase a further 12000 shares of Valora Holding AG under the terms of the 2011 LTP at the average price over the twenty trading days preceding the date of this new grant. The grant date for the additional shares was determined to be October 16, 2013. The lock-up period for the additional shares will run from October 16, 2013 till October 31, 2015. A pro-rata waiting period till February 28, 2014 applies.

The increase of some CHF 900 thousand in the overall remuneration paid to Group Executive Management in 2014 compared to 2013 is largely due to the fact that bonus was awarded to the outgoing CEO in respect of 2013 and that Thomas Eisele, the head of the Ditsch/Brezelkönig division, was appointed as a new member of Group Executive Management.

*Table 2*
*Group Executive Management 2013*

| In CHF thousand | Fixed base salary | Short Term Bonus (STB) | Long Term Plan (LTP) [1] | Other fixed remuneration [2] | Total 2013 |
|---|---|---|---|---|---|
| Rolando Benedick [3]<br>CEO and highest-paid member of Group Executive Management (since May 2012) | 850.0 | 300.0 | 66.8 | 57.9 | 1 274.7 |
| **Total remuneration to current members of Group Executive Management** | **2 395.0** | **658.7** | **199.5** | **474.6** | **3 727.8** |
| Total remuneration to former members of Group Executive Management | 268.2 | 80.0 | 13.4 | 79.8 | 441.4 |
| **Total remuneration to Group Executive Management** | **2 663.2** | **738.7** | **212.9** | **554.4** | **4 169.2** |

[1] The total number of shares covered by the LTP is 57 965. The costs of the LTP comprise interest costs for financing the share plan and the difference between the market price paid for purchasing the shares on the allocation date and the average closing price of the shares over the last twenty trading days preceding commencement of the LTP.
[2] Other fixed remuneration comprises payments the employer is required to make by law, a contractually agreed car allowance or company car and other individual contractually agreed benefits.
[3] The remuneration as CEO also includes remuneration as Chairman of the Board of Directors.

## 8 REMUNERATION STRUCTURE FOR GROUP EXECUTIVE MANAGEMENT FROM 2016

In 2015, a new remuneration structure will be developed for Group Executive Management.

This new structure will apply to remuneration from 2016 onwards. As before, overall remuneration will have three components, a fixed salary, a Short Term Bonus (STB) and a Share Participation Programme (SPP). The description of this intended new remuneration structure below provides an initial insight into its planned operation.

Depending on the job function of the individual member of Group Executive Management concerned, the fixed cash remuneration will vary between 55% and 65% of overall remuneration.

The Short Term Bonus (STB) will amount to 10–15% of overall remuneration. As before, this bonus will be based on a combination of qualitative and quantitative (i.e. key-metric-related) objectives, the planned key metric being EBIT (Earnings before Interest and Taxes). Within the range stated above, each year, the Board has full discretion to determine the target bonus allocated to each member of Group Executive Management. The maximum amount of the STB will be 150% of this target and the bonus will be paid either in cash or blocked shares. If payment is made in blocked shares, a lock-up period of three years shall apply, during which the participant shall enjoy voting and dividend rights. The number of shares awarded will be based on the average price of Valora registered shares during a period preceding allocation. A discount will be applied to this average price to reflect the lock-up period.

The Share Participation Programme (SPP) will amount to 20–35% of overall remuneration. SPP awards will take the form of blocked shares, with a lock-up period of three years. During the lock-up period, the plan participant shall enjoy voting and dividend rights. Within the range stated above, each member of Group Executive Management will receive an SPP award representing a specific amount in Swiss francs or local currency. The number of shares awarded will be based on the average price of Valora registered shares during a period preceding allocation. A discount will be applied to this average price to reflect the lock-up period. While the shares granted under the SPP will be subject to a lock-up period, their ultimate release will not depend on any performance criteria. Pro-rata and exit rules (e.g. for good leavers and bad leavers) are planned for participants leaving Valora.

Further information will be available in the 2015 remuneration report.

## 9 REMUNERATION STRUCTURE FOR THE BOARD OF DIRECTORS IN 2014

Members of the Board of Directors receive a fixed fee based on their Board function (Chairman, Vice-Chairman, Board member). Since the remuneration was modified with effect from May 8, 2014, 20% of this fee is paid in shares. The Board members chairing the two Board committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. Apart from the social-security contributions required by law, no other welfare benefits are paid. This practice complies with the new remuneration model whose regulations came into effect on May 8, 2014.

Fees are paid each quarter, with the fees paid in the quarter following the General Meeting being largely in the form of shares, since the entire 20% share portion is paid in that quarter. No variable, performance-based remuneration is paid to Board members. Furthermore, since the 2014 General Meeting of shareholders, Board members no longer participate in the Long Term Plan.

### 9.1 REGULATIONS GOVERNING THE PORTION OF FEES PAID IN SHARES

Under the new remuneration regulations for the Board of Directors, 20% of the overall remuneration paid to individual Board members is in the form of blocked registered shares. Where appropriate, the Board may decide to increase or decrease the proportion of overall remuneration Board members receive as blocked shares. The shares are subject to a general lock-up period of three years. The date on which the lock-up period begins is not affected by any transfer of shares which may subsequently occur at the General Meeting which marks the beginning of the term of office for which the remuneration is awarded. During the lock-up period, the shares remain in a Valora custody account. During this time, Board members are not permitted to sell, pledge or otherwise transfer their shares. Once the lock-up period has ended, Board members have free access to their shares.

The proportion of the fees paid in the form of shares is calculated on the basis of the volume-weighted average price (VWAP) of Valora shares during a period of twenty trading days beginning on the trading day following the Ordinary General Meeting. This figure is then reduced by 20%.

The number of shares paid to each Board member is then determined by dividing 20% of the Board member's overall remuneration for the relevant term of office by the figure described in the paragraph above.

$$\text{Number of shares} = \frac{\text{Overall remuneration (CHF)}}{5} \Big/ \frac{\text{VWAP (CHF) x 4}}{5}$$

Based on the requirements of the law, the Articles of Incorporation and Valora Holding AG's organisational regulations, the Board then decides how and on what terms the required shares will be acquired.

Should a Valora Holding AG Board member resign or not stand for re-election, or fail to be re-elected despite standing, the duration of any lock-up periods with more than one year left to run will be reduced to one year. This remaining one-year period will begin on the last day of the Board member's last term of office. If a Board member leaves the Board as a result of death, invalidity or comparable circumstances, any lock-up periods then in force will come to an end immediately.

In the event of a change of control, of Valora shares being delisted or of a similar occurrence, any lock-up periods then in force will come to an end immediately.

In 2014, an allocation amounting to 20% of overall remuneration was granted to all Board members in the quarter following the General Meeting.

## 9.2 REMUNERATION IN 2014

*Table 3*
*Board of Directors 2014*

| In CHF thousand | Fixed fee (cash) | Committee fee | Long Term Plan (LTP) [1] | Portion paid in blocked shares [2] | Consultancy fee | Other remuneration [3] | Total 2014 |
|---|---|---|---|---|---|---|---|
| Rolando Benedick [4]<br>Chairman | 276.5 | 11.3 | 445.6 | 113.6 | | 99.1 | 946.1 |
| Markus Fiechter<br>Vice-Chairman | 164.5 | 11.3 | 158.3 | 47.4 | | 31.9 | 413.4 |
| Bernhard Heusler<br>Board member | 101.5 | 11.3 | 108.8 | 34.3 | | 21.5 | 277.4 |
| Franz Julen<br>Chairman of Nomination and Compensation Committee | 101.0 | 22.5 | 118.7 | 37.7 | | 23.4 | 303.3 |
| Ernst Peter Ditsch [5]<br>Board member | | | | | 448.5 | | 448.5 |
| Cornelia Ritz Bossicard<br>Chairwoman of Audit Committee (since May 2014) | 71.0 | 22.5 | | 37.7 | | 18.6 | 149.8 |
| **Total remuneration paid to Board members in office on 31.12.2014** | **714.5** | **78.9** | **831.4** | **270.7** | **448.5** | **194.5** | **2 538.5** |
| Conrad Löffel<br>Chairman of Audit Committee (till April 2014) | 42.2 | | 46.6 | | | 9.7 | 98.5 |
| **Total remuneration paid to Board of Directors** | **756.7** | **78.9** | **878.0** | **270.7** | **448.5** | **204.2** | **2 637.0** |

[1] The LTP was terminated for the Board of Directors at the 2014 General Meeting. The remuneration shown here includes a one-off tax payment for the discontinuation of the LTP.
[2] Shares were granted under the new share-based plan. In 2014, Board members received 20 % of their overall remuneration in blocked shares. These shares are subject to a lock-up period of 3 years.
[3] These amounts include employer contributions required by law.
[4] Rolando Benedick relinquished the office of CEO to Michael Mueller with effect from 31.03.2014. The remuneration shown here relates to his activity as Chairman of the Board of Directors.
[5] Ernst Peter Ditsch entered into a consultancy contract with Valora from November 1, 2012 until no later than October 31, 2014 under which he received annual remuneration of EUR 400 thousand. Under a post-contractual non-compete agreement Ernst Peter Ditsch will receive a total payment of EUR 200 thousand, payable in monthly instalments for a period ending no later than October 31, 2015. He waived his Board Director's fee in 2014.

The CHF 1360 thousand increase in overall remuneration paid to the Board in 2014 compared to 2013 reflects the fact that the remuneration paid to Rolando Benedick as interim CEO was reported under Group Executive Management remuneration in 2013. In addition, the overall remuneration paid to the Board in 2014 includes a tax claw-back of CHF 686 thousand imposed on LTP participants following the termination of that programme for Board members.

*Table 4*
*Board of Directors 2013*

| in CHF thousand | Fixed fee (cash) | Committee fee | Long Term Plan (LTP) 1) | Consultancy ee | Other remuneration | Total 2013 |
|---|---|---|---|---|---|---|
| Rolando Benedick 2)<br>Board Chairman and CEO | | | | | | |
| Markus Fiechter 3)<br>Vice-Chairman | 160.0 | | 23.8 | 49.5 | 16.4 | 249.7 |
| Bernhard Heusler<br>Board member | 110.0 | | 16.3 | | 8.8 | 135.1 |
| Franz Julen<br>Chairman of Nomination and Compensation Committee | 110.0 | 10.0 | 17.8 | | 9.7 | 147.5 |
| Ernst Peter Ditsch 3)<br>Board member | | | | 496.3 | 5.1 | 501.4 |
| Conrad Löffel 4)<br>Chairman of Audit Committee | 110.0 | 10.0 | 112.8 | | 9.6 | 242.4 |
| **Total remuneration paid to Board of Directors** | **490.0** | **20.0** | **170.7** | **545.8** | **49.6** | **1 276.1** |

1) The total number of shares covered by the LTP is 26133. The costs of the LTP comprise interest costs for financing the share plan and the difference between the market price paid for purchasing the shares on the allocation date and the average closing price of the shares over the last twenty trading days preceding commencement of the LTP.

2) The overall remuneration paid to Rolando Benedick in 2013 is reported as remuneration to Group Executive Management.

3) Ernst Peter Ditsch entered into a consultancy contract with Valora from November 1, 2012 until no later than October 31, 2014 under which he received annual remuneration of EUR 400 thousand. Expenses in connection with the strategic reorientation of Valora Trade were paid to Markus Fiechter separately. This mandate expired in 2013.

4) Remuneration paid in respect of the 3733 options in the option programme amounted to CHF 113 thousand. The exercise prices of the options were CHF 301.75 for the first tranche and CHF 199.85 for the second tranche of the 2011 LTP, corresponding to the average share price over the twenty trading days preceding commencement of the two tranches. The market price of the shares at the time the options were granted was CHF 291.00 for the first tranche and CHF 219.20 for the second tranche. The fair value of the options determined using the Black-Scholes model was based on the following key parameters:

| Plan | 2nd LTP tranche | 1st LTP tranche |
|---|---|---|
| Number of options | 1883 | 1850 |
| Projected expiration date | 30.10.2015 | 30.10.2013 |
| Implied volatility | 35 % | 35 % |
| Risk-free rate of interest | 0.523 % | 0.523 % |
| Fair value per option | CHF 38.56 | CHF 2.09 |

## 10 LOANS AND CREDITS

No loans or credits to Board members or parties related to them were outstanding at December 31, 2014 or December 31, 2013.

Valora Holding AG grants no such loans or credits and its Articles of Incorporation do not therefore contain any provisions governing them.

## 11 SHAREHOLDINGS

At December 31, 2014 and 2013, individual members of the Board and Group Executive Management (including parties related to them) held the following numbers of shares of Valora Holding AG:

*Table 5*

| | 2014 Number of shares | 2014 Share of total voting rights in % | 2014 of which subject to a lock-up period | 2013 Number of shares | 2013 Share of total voting rights in % | 2013 of which subject to a lock-up period |
|---|---|---|---|---|---|---|
| *Board of Directors* | | | | | | |
| Rolando Benedick<br>Chairman | 16 325 | 0.48 | 537 (06.05.2017) | 29 772 | 0.87 | 7 063 (31.10.2015) |
| Markus Fiechter<br>Vice-Chairman | 3 724 | 0.11 | 224 (06.05.2017) | 9 578 | 0.28 | 2 511 (31.10.2015) |
| Bernhard Heusler<br>Board member | 162 | 0.00 | 162 (06.05.2017) | 3 422 | 0.10 | 1 726 (31.10.2015) |
| Franz Julen<br>Chairman of NCC | 628 | 0.02 | 178 (06.05.2017) | 4 183 | 0.12 | 1 883 (31.10.2015) |
| Ernst Peter Ditsch<br>Board member | 635 599 | 18.50 | none | 635 599 | 18.50 | none |
| Cornelia Ritz Bossicard<br>Chairwoman of Audit Committee<br>(since May 2014) | 178 | 0.00 | 178 (06.05.2017) | | | |
| **Total shares held by Board** | **656 616** | **19.11** | | **682 554** | **19.87** | |
| *Group Executive Management* | | | | | | |
| Michael Mueller [1)]<br>CEO | 24 000 | 0.70 | 18 000 (31.10.2015) | 24 000 | 0.70 | 18 000 (31.10.2015) |
| Tobias Knechtle<br>CFO (since March 1, 2014) | 8 000 | 0.23 | 8 000 (31.10.2015) | | | |
| Andreas Berger<br>Head, Valora Retail division | 12 145 | 0.35 | 6 072 (31.10.2015) | 12 145 | 0.35 | 6 072 (30.04.2015) |
| Thomas Eisele<br>Head Ditsch/Brezelkönig division<br>(since April 1, 2014) | 2 301 | 0.07 | 1 123 (31.10.2015) | | | |
| Alex Minder<br>Head, Valora Trade division | 11 618 | 0.34 | 4 795 (31.10.2015) | 11 618 | 0.34 | 709 (02.04.2014)<br>4 795 (31.10.2015) |
| Alexander Theobald<br>Head, Valora Services division<br>(till August 31, 2014) | | | | 12 315 | 0.36 | 8 657 (31.10.2015) |
| **Total shares held by Group Executive Management** | **58 064** | **1.69** | | 60 078 | 1.75 | |
| **Total shares held by Board and Group Executive Management** | **714 680** | **20.80** | | 742 632 | 21.62 | |

[1)] In addition Michael Mueller held a further 575 000 OTC call options (not written by Valora). The exercise price of these options was CHF 200, with 100 options exercising into 1 share. The options expired on December 19, 2014 and were also subject to an extraordinary lock-up period until April 30, 2014.

# REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT OF VALORA HOLDING AG, MUTTENZ

## REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

We have audited the remuneration report dated 23 March 2015 (tables 1–4 and section 10 on page 67 to 71), of Valora Holding AG for the year ended 31 December 2014.

*Responsibility of the Board of Directors.* 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 against Excessive Compensation in Stock Exchange Listed Companies (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 2014 of Valora Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

| | |
|---|---|
| Martin Gröli<br>Licensed audit expert<br>(Auditor in charge) | Daniel Maiwald<br>Licensed audit expert |

Basle, 23 March 2015