

# Corporate Governance

## REPORT ON CORPORATE GOVERNANCE

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards for all stakeholders. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. This transparency should protect shareholder interests and create value for all other stakeholders.

The principles and rules relating to Valora's corporate governance are most notably promulgated in the company's articles of incorporation, its bylaws and the regulations governing the Board committees, all of which are subject to regular review and updated where appropriate. Furthermore, the Board of Directors has approved the Valora Code of Conduct. The scope of this Code, which sets out the types of conduct Valora expects from its employees, goes beyond the simple adherence to applicable laws and directives.

The corporate governance report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

1	Group structure and shareholders	p. 20
2	Capital structure	p. 22
3	Board of Directors	p. 24
4	Group Executive Management	p. 32
5	Remuneration, shareholdings and loans	p. 33
6	Shareholders' participation rights	p. 34
7	Changes of control and defence measures	p. 35
8	Auditors	p. 36
9	Information policy	p. 37

### 1 GROUP STRUCTURE AND SHAREHOLDERS

#### 1.1 GROUP STRUCTURE

Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 28 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 11.

##### 1.1.1 LISTED COMPANIES

The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Muttenz. The company is listed in the main segment of SIX Swiss Exchange (Swiss securities number 208897, Telekurs VLAN, Reuters VLAN.S, Bloomberg VLAN.SW, ISIN number CH0002088976). The company itself holds 1.5% of the total of 3 990 000 issued shares. At 31 December 2017, the market capitalisation of Valora Holding AG amounted to CHF 1 277 million. The company's market capitalisation over the last five years is shown on page 154.

##### 1.1.2 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 133 to 134, which list the name, domicile, total share capital, listing and percentage of share capital held by Valora Holding AG.

#### 1.2 SIGNIFICANT SHAREHOLDERS

The following shareholders or groups of shareholders have reported holdings of Valora Holding AG shares in excess of the reporting thresholds defined by law:

Significant shareholders	Receipt of report	Holding
Ditsch Ernst Peter <sup>1</sup>	29.11.2017	15.93 %
Norges Bank (the Central Bank of Norway), Oslo, Norway	04.01.2018	4.62 %
JP Morgan Chase & Co., New York, USA	05.12.2017	3.08 %

<sup>1</sup> On 29 November 2017, Valora Holding AG reported that, following the end of the lock-up period to which the relevant shares are subject, it held preferential purchasing rights on the shares of Ernst Peter Ditsch covering 15.93% or 635,599 of own registered shares.

Furthermore it was reported on 29 November 2017 that, the Company, the six members of the Board of Directors and the three members of the Executive Committee are deemed to be acting in concert by virtue of separate parallel lock-up undertakings towards the Managers. The lock-up undertakings will expire 6 months after the First Day of Trading after the capital increase (on 21 May 2018).

The shareholdings were disclosed in accordance with Article 20 of the Swiss Federal Stock Exchange Act (in German "Börsengesetz" or "BEHG"). Further details are available on the web page of SIX Exchange:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

### 1.3 CROSS SHAREHOLDINGS

There are no reportable cross shareholdings between Valora Holding AG or its subsidiaries and other companies.

## 2 CAPITAL STRUCTURE

### 2.1 CAPITAL STRUCTURE AT 31 DECEMBER 2017

The ordinary share capital of Valora Holding AG as of 31 December 2017 amounted to CHF 3 990 000, comprising 3 990 000 single-class registered shares with a nominal value of CHF 1.00 each, each entitled to dividends and votes. All ordinary registered shares of Valora Holding AG are fully paid up and listed in the main segment of the SIX Swiss Exchange.

### 2.2 CONDITIONAL AND AUTHORISED CAPITAL

At their Ordinary General Meeting held on 14 April 2016, Valora Holding AG shareholders approved the creation of a maximum of CHF 250 000 of share capital through the issue of a maximum of 250 000 registered shares with a nominal value of CHF 1.00 by 14 April 2018 at the latest. The Board of Directors is authorised to determine the amount of share capital to be issued, the form of payment required for subscription, the date of issue, the conditions governing the exercise of subscription rights and the commencement of dividend entitlement. The Board is also authorised to restrict or prohibit the trading of subscription rights. The details and conditions are set out in Article 3b of the company's Articles of Incorporation. No shares were issued prior to 31 December 2017.

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares with a nominal value of CHF 1.00 each, was approved by the Annual General Meeting of 11 May 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued at 31 December 2017. The conditional capital of CHF 84 000 remains unchanged.

### 2.3 CHANGES IN SHARE CAPITAL

At the Extraordinary General Meeting held on 8 November 2017, Valora Holding AG shareholders approved a capital increase of CHF 554 401 through the issue of 554 401 registered shares with a nominal value of CHF 1.00. The capital increase was carried out by means of a subscription rights issue at market price.

### 2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND RIGHT CERTIFICATES

All 3 990 000 single-class registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora Holding AG has not issued any participation certificates or dividend right certificates.

## 2.5 CONVERTIBLE BONDS AND OPTIONS

On December 31, 2017 Valora Holding AG had issued neither convertible bonds nor options.

## 2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

### 3 BOARD OF DIRECTORS

#### 3.1 MEMBERS OF THE BOARD OF DIRECTORS

At 31 December 2017, the Board of Directors of Valora Holding AG comprised the following six members:



*Franz Julen, 1958, Swiss citizen*

Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.  
Previous activities: Deputy Managing Director of Marc Biver Development, a sports marketing company, Chairman of the Management Committee of Völkl International AG, COO and CEO of INTERSPORT International Corporation.  
Current activities: member of the Advisory Board of the Aldi Süd corporate group (2016) and member of the Board of Directors of Zermatt Bergbahnen AG (2016).



*Markus Fiechter, 1956, Swiss citizen, Vice-Chairman*

Master's degrees in chemical engineering from the Swiss Federal Institute of Technology and in Economics from the University of St. Gallen.  
Previous activities: SBU manager at Mettler Toledo AG, manager at Boston Consulting Group, CEO of the Minibar Group, CEO of Jacobs Holding AG, member of the Board of Directors of Barry Callebaut AG, member of the Board of Directors of W. Schmid AG.  
Current activity: member of the Board of Directors of Minibar AG (2005).



*Bernhard Heusler, 1963, Swiss citizen*

Attorney-at-law, doctorate and master's degree in law from the University of Basel and postgraduate studies at the University of California, Davis.  
Previous activities: partner at Wenger Plattner, attorneys-at-law in Basel, Berne, Zurich, temporary associate at Davis Polk & Wardwell, New York, legal adviser at Walder Wyss Attorneys-at-law, Basel. Chairman and Board Delegate of the FC Basel 1893 AG football club.  
Current activities: business and sports consultant and joint proprietor at Heusler, Werthmüller, Heitz AG, Basel (2017).



*Ernst Peter Ditsch, 1956, German citizen*

Qualified German insurance agent.

Previous activities: owner and Managing Director of Brezelbäckerei Ditsch GmbH and Brezelkönig GmbH & Co. KG, member of the Supervisory Board of Mainzer Volksbank eG.

Current activities: partner and Managing Director of DV Verwaltungs GmbH.

---



*Cornelia Ritz Bossicard, 1972, Swiss citizen*

Swiss Certified Accountant, Certified Public Accountant (CPA), Master of Science in Business Administration, HEC Lausanne.

Previous activities: Audit Director at PricewaterhouseCoopers AG, Zurich and Lausanne, and at PricewaterhouseCoopers LLP, San Jose (USA).

Current activities: member of the Board of Directors of Ferguson Finance (Switzerland) AG, managing partner and member of the Board of Directors of 2bridge AG.

---



*Michael Kliger, 1967, German citizen,*

MBA from Northwestern University (Kellogg School of Management) and degree in business administration, TU Berlin

Previous activities: Head of Europe Business of the e-commerce service provider GSI Commerce, Europe and APAC Vice-President at eBay Enterprise, Chief Operating Officer at Real Holding AG, partner at McKinsey and Accenture.

Current activities: President and CEO of mytheresa.com (2015).

No members of the Board of Directors have any operational management duties within the Valora Group.

#### *Board Changes*

Bernhard Heusler will not stand for re-election at the 2018 Ordinary General Meeting, thus relinquishing his position as Board member.

### 3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Some Board members engage in other business activities with major companies.

#### 3.2.1 SUPERVISORY BOARD ACTIVITIES

- Bernhard Heusler: Chairman of the Foundation for Sick Children in Basle.
- Markus Fiechter: member of the Board of Directors of Minibar AG, member of the Board of Directors of the Swiss Federal Foundation for Promotion of the National Economy through Scientific Research, Zurich.
- Franz Julen: member of the Advisory Board of the Aldi Süd corporate group and member of the Board of Directors of Zermatt Bergbahnen AG, Zermatt.
- Cornelia Ritz Bossicard: member of the Supervisory Board of the Swiss-American Society, Zurich, member of the Boards of Directors of Ferguson Finance (Switzerland) AG, Zug and 2bridge AG, Uster.

#### 3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

- Cornelia Ritz Bossicard: Managing Partner of 2bridge AG, Uster.
- Michael Kliger: President and CEO of mytheresa.com, Munich.

### 3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of the Board of Directors may not simultaneously hold more than ten mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than four such mandates may be exercised for listed legal entities.

### 3.4 ELECTION AND TERM OF OFFICE

The Board of Directors comprises at least three members. The Chairman and the other Board members are each elected individually by the General Meeting for a term of office of one year until the next Ordinary General Meeting. Re-election is permissible.

Subject to the requirements placed upon it by law and the Articles of Incorporation, the Board of Directors is self-constituting. The Board elects from among its number a Vice-Chairman and appoints a Secretary who need not be a Board member. Should the office of Chairman become vacant, the Board shall appoint one of its members for the remaining duration of the Chairman's term of office as Interim Chairman.

The year of the first election of each board member is listed in the table below.

Board member:	Year of first election
Franz Julen	2007
Markus Fiechter	2008
Bernhard Heusler	2008
Ernst Peter Ditsch	2013
Cornelia Ritz Bossicard	2014
Michael Kliger	2017



### 3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

The Board of Directors assumes the responsibilities required of it by law (Article 716a of the Swiss Code of Obligations). It has supreme managerial responsibility for the company and the supervision of its business administration activities. It is charged with the outward representation of the company and attends to all matters which the law, the company's Articles of Incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, members of the Board or third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the Articles of Incorporation. The Board issues the company's bylaws and regulates the contractual relationships relating to them.

There is no explicit allocation of responsibilities among Board members with the exception of the committees. Board members are, however, selected in such a way as to ensure that the Board as a whole has specific expertise in the fields of finance, retail, franchising, trade, IT, law, production and digitisation.

Minutes are kept of Board meetings.

The composition of the Board committees is as follows:

- Audit Committee: Cornelia Cornelia Ritz Bossicard (Chairwoman), Franz Julen, Bernhard Heusler.
- Nomination and Compensation Committee: Markus Fiechter (Chairman), Ernst Peter Ditsch, Michael Kliger.

The Board of Directors held ten meetings in 2017 and conducted eight conference calls. Of the ten meetings, three lasted an entire day and seven half a day. Both the Audit Committee and the Nomination and Compensation Committee convened for four half-day meetings. The Board of Directors and its committees may invite other persons, in particular members of management and representatives of the internal and external auditors, to attend their meetings. The CEO and CFO attended all meetings of the Board of Directors and its committees. The external auditors attended all Audit Committee meetings.

#### 3.5.1 AUDIT COMMITTEE DUTIES

- To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
- To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
- To assess other financial information which is published or submitted to third parties.
- To monitor and discuss possible financial risks.
- To assess risk management principles and activities with regard to financial risk.
- To formulate and, where appropriate, modify the strategy and concept for ICS (internal control system) processes within the company and to assess their functional viability.
- To assess and finalise the internal audit function's audit plan, advisory activities and budget.
- To assess the performance and independence of the internal audit function.
- To appoint and dismiss the internal auditors.
- To assess the audit plan, performance and independence of the external auditors and the fees paid to them.
- To propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
- To assess audit findings in the internal and external auditors' reports and to monitor the implementation of measures recommended therein.
- To assess the collaboration between the internal and external auditors.
- To commission additional and follow-up audits with regard to specific issues or problems as needed.

- o) To assess financing and treasury policy.
- p) To assess the legal department's annual report on major, potential, pending and resolved legal issues, the financial consequences of which are significant, and to assess the Group's compliance with required standards.
- q) To assess tax planning, tax management and tax audits and their outcomes.
- r) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
- s) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), h), k), l), m), o), p), q) and r) s) above, the Audit Committee exercises a preparatory function. For the duties specified in g), i), j) and n), it exercises a decision-making function.

### 3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

In accordance with the requirements placed on it by the law and the Articles of Incorporation, the Nomination and Compensation Committee 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 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 paid 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.
- (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 Board member candidates for submission to the Board.
- (l) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and all 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 Nomination and Compensation Committee regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

### 3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors meets as frequently as business demands but at least four times per year. Board meetings are convened by the Chairman or, in his absence, by the Vice-Chairman or another Board member. The Chairman is also required to call a Board meeting within 30 days of receiving a written request to do so from any of the Board's members. The Board is quorate if a majority of its members are present. No quorum is required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to the Board can also be passed by video or telephone conference or in writing by circular letter, provided that a majority of Board members vote in favour of the proposal, all members had the opportunity of casting their votes and no member requested that a meeting be held to discuss the proposal. All Board resolutions must be recorded in a set of minutes which the Chairman and Secretary must sign. Each Board member is entitled to information and access to documents within the overall provisions of the law.

The Board of Directors has ultimate responsibility for the management of the Group, in particular determining the key attributes of the company's activities, maintaining an appropriate balance between entrepreneurial objectives and financial resources, and promulgating such directives as this requires. The Board is also responsible for approving corporate strategy and specifying organisational structure, as well as defining the strategy and concept governing the internal control system and for risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's HR and salary policies. It is responsible for the appointment, dismissal and supervision of those persons charged with the management of the company, the Group and the individual divisions – in particular the CEO, CFO and divisional heads – and for defining their deputising arrangements and signatory powers. The Board also establishes the guidelines for financial and investment policy and approves medium-term planning, annual budgets and investment schedules.

The Board of Directors delegates the entire management of ongoing operations and representation of the company to Group Executive Management under the leadership of the CEO to the extent that the law or the company's Articles of Incorporation or bylaws do not stipulate otherwise. Group Executive Management has the authority to decide on matters relating to the business entrusted to it. Decisions on matters which are beyond the scope of regular business operations or which exceed the thresholds specified in the company's terms of reference (ToR) require approval by the Board of Directors.

In essence, this applies to:

- the commencement of new business activities or the cessation of existing ones.
- the execution of significant contracts relating to areas outside the scope of the Valora Group's normal business activities and the execution of consultancy contracts the costs of which (either aggregate or annual) exceed CHF 2 million.

- the issuance of marketable debt securities or the contracting of long-term borrowing in amounts in excess of CHF 30 million.
- the granting of loans to third parties in excess of CHF 10 million.
- carrying out investments covered by the investment plan for amounts of more than CHF 5 million or carrying out non-budgeted investments for amounts of more than CHF 2 million.
- the granting of sureties or guarantees for amounts in excess of CHF 10 million.
- the acquisition or disposal of equity participations.
- the purchase or sale of real estate properties for amounts in excess of CHF 5 million.
- the initiation or termination of legal disputes, including the agreement to court-ordered or out-of-court settlements for amounts in excess of CHF 2 million.

### 3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events with substantial implications. In addition, the Management Information System provides the Board of Directors with the following information on a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board compared with the current and prior-year figures, information regarding major business events, information on the shareholder structure and the extent to which resolutions approved by the General Meeting or the Board of Directors have been implemented.

The Chairman of the Board of Directors is provided with copies of the minutes of all Group Executive Management meetings.

Each member of the Board of Directors can request information from the management about the course of business and operations and, with the authorisation of the Chairman of the Board, on specific business transactions. Each member may also request that company books and files be made available for said member's inspection.

#### 3.7.1 RISK MANAGEMENT

The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing Valora's key risks. The results are reviewed at a joint meeting held with the Board of Directors at which a plan for implementing appropriate measures is approved.

The risk assessment is initiated by the Head of Internal Audit and carried out in collaboration with Group Executive Management and the Chairman of the Board. The process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined and structured interviews are conducted with the individual members of Group Executive Management. Some 15 key Valora employees are also questioned by Internal Audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution assigned to specific members of Group Executive Management. The implementation status of measures defined in the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences for each of the key risks identified as well as the measures adopted to address them in a risk report which is submitted to the Board of Directors for approval.

### 3.7.2 INTERNAL AUDIT

Internal Audit supports the Board of Directors, the Audit Committee and Group Executive Management in carrying out their oversight and controlling duties. The internal audit function's activities encompass the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal Audit provides independent and objective audit and advisory services which are designed to generate added value and improve business processes. It supports the Valora Group in achieving its objectives by applying a systematic and targeted approach to evaluating the effectiveness and efficiency of risk management, internal controls, management and monitoring processes and helping to improve them.

Internal Audit is independent. It assumes no managerial responsibilities and makes no management decisions. It reports functionally to the Audit Committee and administratively to the Chief Financial Officer of the Valora Group.

Every year, Internal Audit draws up a risk-based annual plan which it submits to the Audit Committee as the basis for determining the key areas of audit examination. The annual audit plan is coordinated with the external auditors. It is adopted by the Audit Committee and communicated to Group Executive Management. In addition, the Chairman of the Board, the Audit Committee or its Chairman can instruct Internal Audit to carry out special assignments. Internal Audit reports its planned audit activities to the Audit Committee and also prepares an annual report documenting its activities during the year.

Internal Audit prepares a written report at the end of each audit and assignment. In addition to its own audit findings and recommendations, this also contains a statement from the management setting out the measures planned and the time required for their implementation. Implementation of these measures is then verified by Internal Audit in a timely fashion. The Chairman of the Board, the members of the Audit Committee, the CEO, the CFO and the external auditors each receive a copy of these reports.

Internal Audit carried out 7 audits in 2017.

## 4 GROUP EXECUTIVE MANAGEMENT

### 4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for managing the Group. He coordinates the activities of the individual divisions and chairs the Group Executive Management Committee. The other members of Group Executive Management report to the CEO. The division heads manage their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines in place.



*Michael Mueller, 1972, Swiss citizen*

Master's degree in law (lic. iur. HSG) from the Universities of St. Gallen and Lausanne.

Previous activities: CFO of Valora Holding AG, Managing Director of Rubus Capital Management Ltd., CEO, Board Delegate and Member of the Board of Directors of Jelmoli Holding AG, CEO of GVO Asset Management Ltd., merger and acquisitions advisor in investment banking at Goldman Sachs, management consultant at Bain & Company advising on strategic transformation and restructuring programmes. CEO of Valora since 1 March 2014.



*Tobias Knechtle, 1972, Swiss citizen,*

Master's degree in economics (lic. rer. pol.) from the University of Berne.

Previous activities: Senior Vice President, Finance, at Kudelski Group, Principal and Managing Director at Cinven Private Equity, various consultancy positions at The Boston Consulting Group, Corporate Internal Auditor at Nestlé Group. CFO of Valora since 1 March 2014.



*Thomas Eisele, 1974, Swiss citizen*

Master's degree in Economics (lic. rer. pol.) from the University of Basel.

Previous activities: Managing Director of Ditsch & Brezelkönig, Head of Business Development/M&A at Valora Group, Assistant Executive Chairman of Valora Holding AG, Assistant Executive Chairman of Manor Group, CFO/COO of itheca Group, management consultant at MCS. Head of the Food Services division since 1 April 2014

#### 4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS

No member of Group Executive Management currently engages in any other activities on the management or supervisory boards of any listed companies in Switzerland or abroad. With the exception of the duties listed below, no member of Group Executive Management engages in any ongoing management or consultancy activities for companies outside the Valora Group, nor does any such member hold any public or political office.

Tobias Knechtle is a member of the supervisory boards and investment committees of Valora Pension Fund and Valora Employer's Foundation, both with registered offices in Muttenz.

#### 4.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Remuneration, the Articles of Incorporation of Valora Holding AG state that members of Group Executive Management may not simultaneously hold more than four mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than one such mandate may be carried out for a listed legal entity. Mandates within the same corporate group and mandates closely linked to the same group (such as pension funds, joint ventures and significant participations) are considered as one mandate. All mandates require prior approval by the Board of Directors.

#### 4.4 MANAGEMENT CONTRACTS

There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

### 5 REMUNERATION, SHAREHOLDINGS AND LOANS

Full details of all remuneration, shareholdings and loans (content of remuneration and share programmes, process for determining remuneration under these programmes, general remuneration components and their weightings for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 39 to 55 and in the financial report in Note 34 "Transactions and balances outstanding with related parties" to the consolidated financial statements of the Valora Group (pages 129 and 130) and in Note 3.4 "Shareholdings" to the financial statements of Valora Holding AG (page 146).



## 6 SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 VOTING RIGHT AND REPRESENTATION RESTRICTIONS

Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals entered as shareholders with voting rights in the share register.

The Board of Directors may refuse acknowledgement and entry in the share register as a shareholder with voting rights to shareholders who fail to confirm expressly on request that they have acquired the shares in their own name and for their account. The Board of Directors may also delete – with retroactive effect to the date of original entry – the entry in the share register as a shareholder with voting rights of shareholders who, on subsequent inquiry, are found to have had the voting rights concerned registered by making a false declaration, and have them entered instead as shareholders without voting rights. Any such deletion must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which permit the fiduciary entry of registered shares with voting rights over and above the limits set out in this article for trustees who disclose the nature of their trusteeship (nominees, ADR banks). However, such trustees must be overseen by banking or financial market regulators or otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and must be able to provide the names, addresses and shareholdings of the beneficial owners of the shares concerned.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the share register or by the independent shareholders' representative. The Board of Directors will ensure that shareholders can also grant powers of attorney and issue instructions electronically to the independent shareholders' representative, who can determine the specific arrangements required for this.

Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

### 6.2 STATUTORY QUORUMS

Unless the law or the Articles of Incorporation stipulate otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the share votes cast, irrespective of the number of shareholders attending or the number of shares represented. Voting abstentions and invalid votes are considered as not submitted. In the event of a tied vote, the Chairman of the Board of Directors has the casting vote.

Under Article 13 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the shares represented:

- changing the purpose of the company;
- introducing shares with privileged voting rights;
- limiting or facilitating the transferability of registered shares;
- increases in authorised or conditional capital;
- capital increases from shareholders' equity, against contributions in kind or for acquisition purposes, and the granting of special benefits;
- limiting or suspending subscription rights;
- relocating the company's registered office;
- dissolving the company.



### 6.3 CONVOCAATION OF THE GENERAL MEETING

Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the Swiss Official Gazette of Commerce.

The holders of registered shares entered in the share register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request.

No resolution may be passed on any matters that are not announced in the way described above, except for a motion to convene an Extraordinary General Meeting or to conduct a special audit.

The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

### 6.4 ADDITIONAL AGENDA ITEMS

Shareholders who together represent at least 3% of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting provided they submit details thereof to the company in writing at least 50 days in advance of said General Meeting.

### 6.5 ENTRY IN THE SHARE REGISTER

To attend the 2018 Annual General Meeting, shareholders must submit their requests for entry in the share register to the company no later than 4 p. m. on 4. April 2018.

## 7 CHANGES OF CONTROL AND DEFENCE MEASURES

### 7.1 DUTY TO MAKE AN OFFER

The company has no "opting out" or "opting up" clauses in its Articles of Incorporation.

### 7.2 CLAUSES ON CHANGE OF CONTROL

There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

## 8 AUDITORS

The consolidated and annual financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body satisfying the relevant legal requirements to act as statutory auditor for a period of one year with the rights and obligations prescribed by law.

### 8.1 DURATION OF THE MANDATE AND TERM OF OFFICE

The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were reappointed as auditors for a further year at the General Meetings from 2010 until 2017. The lead auditor, André Schaub, took on the mandate in 2016. Regulations on auditor rotation limit the terms which may be served by the same lead auditor to a maximum of seven years.

### 8.2 AUDIT FEE AND ADDITIONAL FEES

Type of Services (in CHF million)	2017	2016
Audit Services <sup>1</sup>	0.8	0.8
Audit related services <sup>2</sup>	0.5	0.0
<b>Total audit and audit related services</b>	<b>1.3</b>	<b>0.8</b>
Tax services	0.0	0.1
Other services <sup>3</sup>	0.4	0.3
<b>TOTAL</b>	<b>1.7</b>	<b>1.2</b>

<sup>1</sup> This amount includes the fees for the individual audits of Group companies carried out by Ernst & Young as well as their fees for auditing the Group financial statements.

<sup>2</sup> Audit-related services comprise the half year review of Valora Holding AG and of the Valora Group as well as the audit of the financial statements according to IFRS of the Backwerk Group all in relation with the offering of the additional registered shares. In addition, this position includes comfort letters.

<sup>3</sup> Other services include mainly transaction services.

### 8.3 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS

The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and is responsible for ensuring appropriate controls are carried out.

Internal auditing was carried out by an external audit company in the reporting year. The external auditors attended all Audit Committee meetings whereas the internal auditors attended three meetings. All members of the Board of Directors were invited to the Audit Committee meetings held during the financial year, at which the interim and full-year financial results were reviewed. The assessment of the external auditors takes account of a number of important criteria including deadline discipline, reporting quality, provision of additional information, availability of designated contacts and cost effectiveness. The external auditors submit to the Audit Committee both their report on the financial statements for the year just ended and their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and provide it with a separate report on each audit carried out.

## 9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain close contact with the financial community and the general public. Important news items concerning the company are reported on an ad-hoc basis. In addition, the Valora website provides comprehensive information on a range of topics as well as all matters subject to statutory disclosure.

Investor Relations is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log in via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by observing the relevant directives on ad-hoc publicity and on blackout periods ahead of the publication of interim and full-year results. Blackout dates commence on predefined dates prior to the official publication of results and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures of the annual report.

In July the company publishes an unaudited interim report for the first six months of the year on the Valora Group website.

The Investors section of the Valora website contains a variety of information including the corporate governance report, the Articles of Incorporation, a calendar of events, information on General Meetings and on the share and further key figures. Media releases, ad-hoc news and reports on potentially price-sensitive matters can be obtained in a timely manner free of charge by registering on the Valora e-mail distribution list:  
<http://www.valora.com/en/investors>

Ongoing sources of information:

- The [www.valora.com](http://www.valora.com) company website
- Group interim and annual reports
- Media releases

Media Relations: *Christina Wahlstrand*

Investor Relations: *Annette Martin*