Remuneration Report

INTRODUCTORY REMARKS BY THE CHAIRMAN OF THE NOMINATION AND COMPENSATION COMMITTEE

Dear Shareholders

On behalf of the Board of Directors and the Nomination and Compensation Committee (NCC), I am glad to present the Remuneration Report for 2017 and explain its key details.

As part of the election of the members of the Nomination and Compensation Committee at the 2017 Annual General Meeting, Michael Kliger was nominated as a new member of the Committee and of the Board of Directors. In addition, the Board of Directors appointed the signatory as chairman of the Nomination and Compensation Committee for the term of office beginning with the 2017 Annual General Meeting.

After the NCC implemented a comprehensive set of changes to the remuneration system for Group Executive Management at the end of 2015, no major changes were carried out in the reporting year. The objectives of the current remuneration system are simplicity, transparency, a performance-based component and close alignment with the interests of shareholders. Accordingly, a key attribute of this remuneration system is that the portion of total remuneration paid in the form of blocked shares is as high as possible. Conversely, the portion represented by fixed salary after taxes has been kept within manageable parameters. This constellation provides an incentive for Group Executive Management to focus on increasing the Valora Group's value over the long term. The level of remuneration is essentially determined by the achievements of Group Executive Management, the financial performance of the company and the external market value of each function.

The structure of the remuneration paid to members of the Board of Directors has remained unchanged since the 2015 AGM. In accordance with best practice, the fees paid to Board members are fixed. 20% of directors' fees are paid in the form of blocked shares, so that Board members' remuneration is also linked to the performance of the company's share price.

In the reporting year, the NCC reviewed the remuneration programmes for Group Executive Management in order to ensure that they were aligned with the corporate strategy, the long-term interests of shareholders and the sustained interests of the company. In this context, the NCC has fleshed out the basic features of a new remuneration system for members of Group Executive Management from financial year 2019 that is considerably more performance-oriented and therefore ensures that short and long-term variable remuneration are even more strongly aligned with performance and the company's success. The aim of consistently structuring the new system based on variable remuneration elements is to reward extraordinary performance and to further promote a high-performance culture within the company.

Target remuneration will not be increased as a result of the new remuneration system. The remuneration of Group Executive Management will continue to comprise three elements: an annual fixed salary, a performance-based Short Term Bonus (STB) and a Long Term Incentive Plan (LTI).

The fixed salary of all participants will be reduced by approximately 30%. Its proportion of total remuneration will be a maximum of 40% for the CEO and a maximum of 50% for all other members of Group Executive Management and it is structured as a cash payment.

The Short Term Bonus (STB) will be increased by a factor of 2.5 to 3.5 and corresponds to a maximum of 40% of total remuneration for all members of Group Executive Management. The STB will be paid out upon achievement of quantitative targets. Remuneration depends entirely on at least two predefined profit targets (e.g. EBIT, ROCE). The profit target is only granted if the key figures meet a threshold of 80% of the defined profit target. Effective target achievement can lie between 0% and a maximum of 150%. At least 20% of the STB is paid out in the form of blocked shares. This proportion can be increased to up to 100% at the participant's request.

The Long Term Incentive Plan (LTI) envisages assigning Group Executive Management a target EBIT value each year which is fixed for three years based on three-year medium-term planning. The target value will be reviewed and confirmed by the Board of Directors annually and can be adjusted accordingly, in particular in the event of extraordinary circumstances such as the purchase or sale of company assets or changes in the number of members of Group Executive Management. The target value accounts for around 25 % of the CEO's total remuneration and 20 – 25 % of that of the members of Group Executive Management. Payment takes the form of shares with a blocking period of three years.

Accordingly, the remuneration of members of Group Executive Management is up to two-thirds performance-related and will only be paid upon achievement of predefined profit targets. As a result of the three-year blocking period for shares awarded under the STB and LTI, the amount of variable remuneration corresponds strongly with the performance of the share price. The Board of Directors is confident that this will offer members of Group Executive Management performance-based remuneration that is in line with the market while also protecting the interests of shareholders and the company.

Moreover, the NCC has determined the remuneration of members of the Board of Directors and Group Executive Management and has prepared both the Remuneration Report and the "Say-on-Pay" vote for the Annual General Meeting. You can find further information about our activities, the remuneration system and the remuneration rules on the following pages.

We will continue to review our remuneration system in the future, adapting it where necessary to ensure that the sustainable performance, loyalty and commitment of the Board, Group Executive Management and staff are appropriately incentivised. As in previous years, shareholders can express their views on the remuneration system by participating in the consultative vote on the 2017 Remuneration Report at the forthcoming Ordinary General Meeting. At that meeting, your approval will also be sought for the proposed maximum overall remuneration for the Board of Directors during the period from the 2018 Ordinary General Meeting to the 2019 Ordinary General Meeting and for Group Executive Management for 2019.

Yours sincerely

Markus Fiechter
Chairman of the Nomination and Compensation Committee

REMUNERATION POLICY

1 INTRODUCTION

The Valora Holding AG remuneration report has been prepared in accordance with the Ordinance against Excessive Compensation (OaEC) and the SIX Directive on Corporate Governance (DCG).

As required by Valora's Articles of Incorporation, the Remuneration Report is submitted to the Ordinary General Meeting of Shareholders for approval by a consultative vote. Each year since 2015, the Ordinary General Meeting of Shareholders has held binding votes on the maximum remuneration paid to members of the Board of Directors during the period until the next Ordinary General Meeting and on the maximum remuneration, comprising both fixed and variable components, payable to members of Group Executive Management for the following 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:
https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf

2 COMPENSATION GOVERNANCE

2.1 RESPONSIBILITIES

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 2017, the NCC comprised Markus Fiechter (Chairman), Ernst Peter Ditsch and Michael Kliger.

The NCC primarily assists in preparing the decision-making process by the Board of Directors and the decisions it ultimately makes. In accordance with the requirements imposed on them by law and the Articles of Incorporation, the NCC and the Board carry out the following duties concerning remuneration issues:

	Proposal	Recommendation	Approval
Determining and assessing the remuneration strategy and guidelines		NCC	Board
Determining and assessing the qualitative and quantitative criteria applied to remuneration		NCC	Board
Maximum remuneration for Group Executive Management	NCC	Board	AGM
Remuneration of the CEO and the other members of Group Executive Management		NCC	Board
Assessing the extent to which the quantitative performance criteria for determining the variable remuneration of Group Executive Management have been met			NCC
Performance appraisals of the CEO and the other members of Group Executive Management		NCC	Board
Maximum remuneration for the Board of Directors	NCC	Board	AGM
Remuneration of the Board Chairman and the other Board members		NCC	Board
Remuneration Report		NCC	Board
Remuneration recommendations of the Board of Directors and Group Executive Management to the General Meeting		NCC	Board

The NCC meets as often as business requires, but at least three times each year. Meetings are convened by the NCC Chairman or at the request of an NCC member. In special cases, they may also be convened by Board resolution. The NCC held four meetings in 2017. 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.

Subject to the binding authority vested in the General Meeting of Shareholders, the aggregate remuneration awarded to each individual member of the Board of Directors and of Group Executive Management is determined each year by the entire Board of Directors.

2.2 BENCHMARKS AND EXTERNAL ADVISORS

Valora regularly reviews the total remuneration paid to the members of Group Executive Management. To this end we compare data from executive studies as well as benchmarks published by companies of a similar size and structure, a comparable mix of business activities, business model and geographical structure or by companies of a comparable business complexity and similar size with regard to market capitalisation, sales revenue, number of employees, etc. If needed, external advisors are mandated to help us review the mix of fixed and variable components and cash-based and share-based components as well as the levels of remuneration.
In 2017, the remuneration packages of the members of Group Executive Management were reviewed on the basis of an executive study carried out in cooperation with the external partner Mercer. The study shows that the total target remuneration is competitive and that Group Executive Management receives remuneration that is in line with the market median if business performance meets the targets that were set. The findings from the study were used to plan the total remuneration package of Group Executive Management for 2019, and the variable component as described on page 50 will be increased considerably to the debit of the fixed component, in particular by adding a stronger performance component to the LTI.

The Board of Directors is confident that these changes will mean that the planned remuneration system for 2019 (see in addition section 6) is even better aligned to the following principles:

- Pay for performance: The lion's share of the total remuneration (from 2019 around 60%) of the members of Group Executive Management depends on performance and is therefore variable. The target remuneration can only be earned if the profit targets defined by the Board of Directors are achieved. Such performance-based remuneration that is dependent on business success creates a sustainable performance culture and effectively links individual performance to the creation of sustainable company value for the shareholders of Valora.
- Clear alignment of the interests of management and those of the company and its shareholders: A significant part of the remuneration consists of blocked shares. After three years at most, every member of Group Executive Management is expected to hold shares for at least the amount of one fixed annual salary. In this way, only a sustainable increase in the company's value and thus the share price will lead to an increase in management's remuneration. This serves the interests of the company and its shareholders.
- Setting effective incentives by ensuring a balance between the fixed and variable/ performance-based remuneration components

- Competitiveness on market: Valora endeavours to attract talented managers on the market and to motivate them and retain their long-term commitment to the company. Valora's remuneration system is competitive and is also regularly reviewed against benchmarks and adjusted to market conditions.

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 the Board of Directors and the management coincide with the interests of the Group and its shareholders.

Members of the Board of Directors receive a fixed director's fee. The chairpersons and members of the Board Committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. 80% of the director's fee is paid out in cash and 20% in the form of blocked Valora Holding AG shares. No pension fund contributions are made on behalf of members of the Board of Directors. The Board members may join the Valora Pension Fund but must pay their own contributions.

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. These market values have been determined on the basis of publicly available information.

The overall remuneration paid to members of Group Executive Management comprises a fixed salary, a variable Short Term Bonus and a share-based management award.

Like other Valora employees, members of Group Executive Management are covered by the Valora Pension Fund.

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:
https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf

Details of the specific remuneration paid to members of the Board and Group Executive Management are disclosed in sections 5.3 and 7.2.

4 BOARD MANDATES AND EMPLOYMENT CONTRACTS OF GROUP EXECUTIVE MANAGEMENT

Board mandates and Group Executive Management employment contracts comply with the provisions of the OaEC and can be for a fixed or indefinite term. The maximum duration of a fixed-term contract is one year. Fixed-term contracts can be renewed. Continuation of a Board mandate requires re-election by the Ordinary General Meeting of Shareholders. The employment contracts for Group Executive Management stipulate a 12-month notice period and a non-competition provision which applies throughout the notice period. No severance pay is awarded. The provisions governing these arrangements are set out in Article 19 of the Articles of Incorporation, which can be accessed via this link:
https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf

REMUNERATION STRUCTURE

5 GROUP EXECUTIVE MANAGEMENT REMUNERATION STRUCTURE IN 2017

The remuneration paid to members of Group Executive Management in 2016 comprised a fixed salary, a variable Short Term Bonus and a share-based management award (the Share Participation Program – SPP).

The fixed 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 Group Executive Management. Like other employees, members of Group Executive Management participate in the pension plan of Valora Pension Fund.

The variable remuneration comprises a Short Term Bonus (STB) based on performance criteria defined by the Board of Directors. The STB is paid either in cash or blocked shares.
Under the Share Participation Program (SPP) a portion of overall remuneration is paid in the form of Valora Holding AG registered shares. These shares are subject to a three-year lock-up period commencing on the date they are awarded and are fully included in the recipient's taxable income in the award year. SPP participants enjoy dividend and voting rights on the shares during the blocking period and are fully exposed to the price risk.

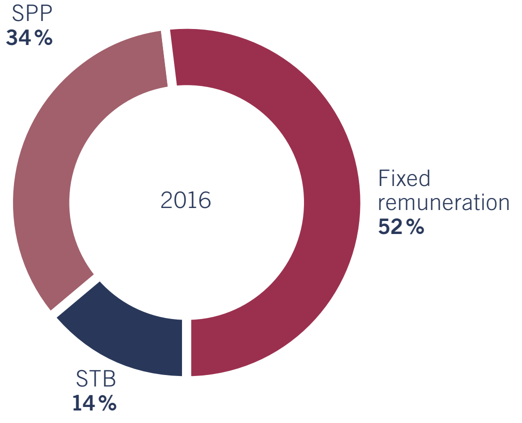
The table below shows the percentages of the overall remuneration paid to Group Executive Management attributable to its individual component elements assuming 100 % achievement of the defined objectives:

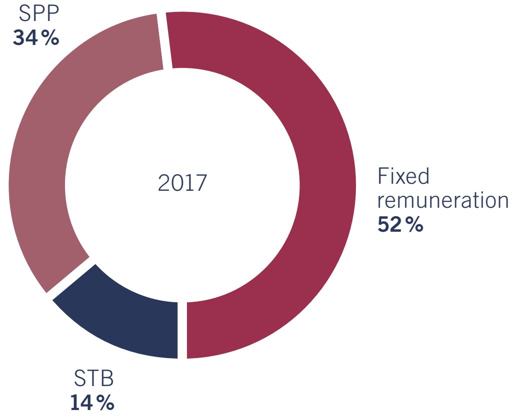
Component	Plan	Percentage		Purpose	Form of payment
		CEO	Other GEM		
Fixed remuneration	Annual salary	55 %	60 – 65 %	To attract and retain highly qualified staff	Monthly cash payment
Variable remuneration	STB	10 %	10 – 15 %	Participation in the short-term performance of the company	One-time choice between cash or shares
Management award	SPP	35 %	20 – 30 %	Alignment with shareholder interests, promotion of sustainable company performance and staff development	Share award (with three-year blocking period)
Retirement provision	Pension fund			To provide for the risks of old age, survivorship and invalidity	Contributions as per pension fund regulations, statutory social security contributions
Additional benefits	Company car, expense allowance			Reimbursement of expenses	Defined in company-car regulations and expense guidelines

The provisions governing these arrangements are set out in Article 25 of the Articles of Incorporation, which can be accessed via this link:
https://www.valora.com/media/investors/documents/de/documents/statuten_valora_en.pdf

The composition of the overall remuneration paid to Group Executive Management (incl. the CEO) as a whole in 2017 is set out below. Under this system, 100 % achievement of all performance targets results in variable remuneration equivalent to 19 % of the fixed salary for the CEO and an average 20 % for the other members of Group Executive Management.

EFFECTIVE GROUP EXECUTIVE MANAGEMENT REMUNERATION





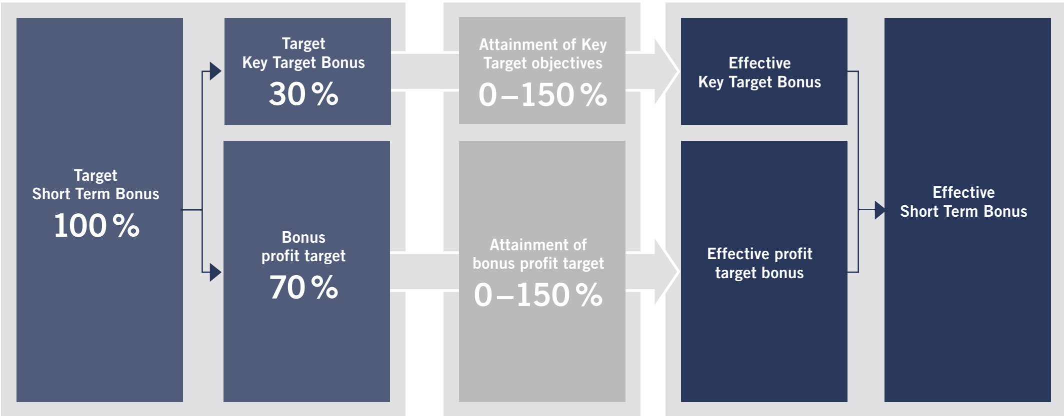
5.1 SHORT TERM BONUS (STB)

The revised regulations governing the Short Term Bonus (STB) came into effect on 1 January 2016. The 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. 70% of the STB is determined on the basis of a profit target defined annually in advance (in terms of EBIT, EBITDA or some similar metric) while the remaining 30% is dependent on the achievement of individual performance objectives (key targets).

Each year, the profit target is defined in the annual budget, with the actual performance of the relevant metric being reported monthly. The profit target for each year is approved by the Board. Actual performance against this target for a completed bonus measurement year is calculated by Corporate Group Controlling and submitted to the NCC for approval. For this purpose, actual attainment of the profit target can range between a minimum of 0% and a maximum of 150%. At least 85% of the profit target must be achieved to qualify for a bonus; if the profit target is exceeded by more than 15%, 150% of the bonus is payable. For the CEO and the CFO, actual performance of the applicable profit metric is based on the performance of the Valora Group. For the other members of Group Executive Management, the applicable profit metric of the unit for which they are responsible is taken into account. For 2017, the defined profit target was EBIT (earnings before interest and taxes). Actual EBIT performance was equivalent to 124.5% (126% in 2016) of the target for the CEO and 87.8% (100% in 2016), 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.

The NCC measures the attainment of key targets based on the extent to which operational objectives defined during the budget process are reached and on a general performance assessment. Actual attainment of key targets can range from a minimum of 0% to a maximum of 150%. In 2017, actual individual key target performance was 144.5% (125% in 2016) for the CEO and 146.5% (111% in 2016), on average, for the other members of Group Executive Management.

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:



BONUS PROFIT TARGET	
Attainment of bonus profit target	Effective attainment of objectives
<85%	0%
85–115%	50% to 150% in linear increments[1]
>115%	150%

+

KEY TARGET	
Attainment rate per Key Target	Effective attainment of objectives
<50%	0%
70–74%	50%
75–99%	75%
100–124%	100%
125–149%	125%
>150%	150%

[1] For every additional percentage point by which the target is reached, the effective target achievement rate increases by 3 ⅓ percentage points.

Depending on the extent to which defined objectives are achieved, the effective STB can vary between a minimum of 0% and a maximum of 33% of fixed salary. Based on 100% effective achievement of all performance objectives, the Short Term Bonus would, on average, be equal to 19% of the fixed salary paid to members of Group Executive Management. In 2017, the Short Term Bonus paid to the CEO was 30% (28% in 2016) of fixed salary and 24% (25% in 2016) on average for the remaining members of Group Executive Management.

The STB for the CEO and CFO is entirely paid in blocked shares, while the other members of Group Executive Management receive their STB in cash. Shares are allocated on 31 March of the year following the bonus measurement year (i.e. the year to which the bonus relates) and placed in a custody portfolio which is maintained in the Valora share register in the name and for the account of the plan participant concerned. The number of shares allocated is determined in accordance with the same regulations as those set out in section 5.2 for the share participation program (SPP). The share price used for determining the number of shares allocated is that applying on 31 March of the bonus measurement year, thus ensuring that the STB also allows the management to participate in the performance of the share price during the bonus measurement year. Should an STB participant leave Valora during a given year, the Short Term Bonus is paid fully in cash rather than in shares. Cash payment of the effective Short Term Bonus takes place in April of the year following the bonus measurement year, once the financial results for the Group and the relevant units are available and the Board of Directors 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 a permanent employment contract which has not been terminated and have achieved the appropriate objectives.

5.2 SHARE PARTICIPATION PROGRAM (SPP)

With effect from 1 November 2015, Valora established a management award scheme in the form of a share participation program (SPP). Within the overall remuneration paid to members of Group Executive Management, the SPP aims to provide incentives for them to further the sustainable, long-term success of Valora Holding AG through participation in the appreciation of its market value. It also has the objective of aligning the interests of Valora's top management with those of its shareholders. Under the SPP, shares are granted as a component of compensation in accordance with the relevant employment contract. Participants are accordingly not required to make any payment, in cash or in kind, for the shares thus allocated to them. Participants receive shares of Valora Holding AG with all the rights of a normal shareholder, with the exception of the restrictions connected with the blocking period. The price risk associated with the shares during the blocking period is fully borne by the participants.

50% of the shares allocated to SPP participants as part of their remuneration in each calendar year are granted on 31 March of that year for the first half of the year, with the remaining 50% being granted on 30 September for the second half of the respective calendar year.

The Swiss franc value of the shares to be granted to the individual participants is specified in their employment contracts. The number of shares ultimately allocated is determined on the basis of the volume-weighted average trading price of Valora registered shares during a specified reference period (VWAP reference period) less a discount of 16.038% to compensate for the blocking period. The reference period comprises the ten consecutive trading days ending on 31 March of the financial year in which the allocations are made. Where necessary, the resulting number of shares is rounded up to the next whole share.

$$\text{Number of shares} = \frac{\text{Value in CHF}}{0.83962 \times \text{reference-period ØVWAP}}$$

Participants joining the SPP during a calendar year receive a pro rata allocation for that year based on the duration of their employment contract in that year.

Participants leaving Valora during a calendar year generally receive a pro rata share allocation corresponding to the duration of their employment during that year. This means that participants leaving Valora in a given year will either receive a pro rata allocation or have a pro rata portion of their allocated shares clawed back (in cases where too many shares have been allocated).

An exception to this rule applies in cases where a participant's employment is terminated for good cause by Valora under the terms of Article 337 of the Swiss Code of Obligations. In such cases, the shares granted during the year in which the participant left Valora – whether as a result of immediate or regular termination or as a consequence of his employment contract being rescinded – revert to Valora. The participant is thus required to return these shares to Valora without replacement. Any shares not yet granted during that year are withheld.

Shares allocated under the SPP are subject to a blocking period of three years from the date of allocation. During this time, participants are prohibited from selling, pledging or otherwise transferring the shares. Both before and during the blocking period, participants are also prohibited from hedging the price risk on the shares, be it by buying put options, writing call options or by other means. During the blocking period, the shares are held in a custody account maintained in the company share register in the name and for the account of the participant. Following the end of the blocking period, the shares become freely disposable to the participants and are no longer subject to any selling restrictions.

When a participant's employment with Valora ends, the NCC has full discretion to curtail or waive the blocking period. In such cases, participants are generally entitled to have the duration of any remaining blocking periods reduced to one year.

In the event of a change of control (including the announcement of a public purchase offer), a delisting of the shares or any similar such occurrence, any blocking periods still in force at that time are lifted immediately.

The Share Participation Program is administered by the NCC. All allocations and granting of shares under the SPP are carried out by the NCC. The value of the shares granted to Group Executive Management must be within the maximum remuneration ceiling approved by the Ordinary General Meeting of Shareholders.

5.3 REMUNERATION IN 2017

The maximum overall remuneration for members of Group Executive Management in 2017 approved by shareholders at the 2016 Ordinary General Meeting was CHF 6.6 million. The overall remuneration effectively paid to members of Group Executive Management in 2017 amounted to TCHF 5405 (previous year: TCHF 6722). The decrease in overall remuneration is essentially attributable to the discontinued remuneration of those members of Group Executive Management who departed in 2016.

Table 1
Group Executive Management 2017

in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Share Participation Program (SPP) [2]	Other fixed remuneration [3]	Total 2017
Michael Mueller CEO and highest-paid member	1 180.0	359.7	951.3	321.7	2 812.7
Other members [4]	1 209.3	286.3	625.7	471.4	2 592.7
Total Group Executive Management remuneration	**2 389.3**	**646.0**	**1 577.0**	**793.1**	**5 405.4**

[1] These figures relate to the effective cost of the bonuses granted in respect of 2017, which will be paid out in 2018. The STB bonuses for the CEO and CFO with an aggregate value of TCHF 536 will be converted into shares at the VWAP of CHF 339.04 applying on 31 March 2017 in accordance with the formula described above.

[2] The blocking period for the shares allocated in 2017 is three years. Their valuation complies with IFRS rules.

[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] Thomas Eisele has two employment contracts. The first, with Valora Management AG, relates to his function as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. The second employment contract relates to his function as Operating Managing Director of Brezelbäckerei Ditsch GmbH, Mainz (BBD) and has been concluded directly between BBD and Thomas Eisele. Thomas Eisele remains fully covered by the Valora Pension Fund, where his insured salary comprises his remuneration from his employment contracts with BBD and Valora Management AG.

Table 2
Group Executive Management 2016

in CHF thousand	Fixed basic salary	Short Term Bonus (STB) [1]	Share Partici-pation Program (SPP) [2]	Other fixed rem-uneration [3]	Total 2016
Michael Mueller CEO and highest-paid member	1 180.0	328.4	942.0	294.2	2 744.6
Other members [4]	1 189.2	281.4	619.6	524.7	2 614.9
Former members	544.9	148.3	306.5	362.9	1 362.6
Total Group Executive Management remuneration	**2 914.1**	**758.1**	**1 868.1**	**1 181.8**	**6 722.1**

[1] These figures relate to the effective cost of the bonuses granted in respect of 2016 and paid out in 2017. The STB bonuses for the CEO and CFO with an aggregate value of TCHF 408.6 are converted into shares at the VWAP of CHF 321.85 applying on 31 March 2016 in accordance with the formula described above.
[2] The blocking period for the shares allocated in 2016 is three years. Their valuation complies with IFRS rules.
[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] Thomas Eisele has two employment contracts. The first, with Valora Management AG, relates to his function as a member of Group Executive Management and as Managing Director of Brezelkönig AG, Emmen. The second employment contract relates to his function as Operating Managing Director of Brezelbäckerei Ditsch GmbH, Mainz (BBD) and has been concluded directly between BBD and Thomas Eisele. Thomas Eisele remains fully covered by the Valora Pension Fund, where his insured salary comprises his remuneration from his employment contracts with BBD and Valora Management AG.

The aggregate maximum remuneration payable to members of Group Executive Management in respect of 2018 was fixed at CHF 6.4 million by the Ordinary General Meeting of Shareholders held in 2017.

6 GROUP EXECUTIVE MANAGEMENT REMUNERATION STRUCTURE FOR 2019

A new remuneration system for Group Executive Management is being developed in 2018. It will apply to remuneration from 2019. The following outline of the new remuneration structure provides an initial insight into the model.

The remuneration of Group Executive Management will consist of a fixed component, a performance-based Short Term Bonus (STB) and a Long Term Incentive Plan (LTI). The remuneration will be awarded at the discretion of the Board of Directors, taking into account the function, responsibility and experience of the member of Group Executive Management as well as the remuneration paid at comparable companies for which such information is publicly available.

The fixed salary will comprise a cash payment and depending on the function account for between 40 % (CEO) and a maximum of 50 % (members of Group Executive Management) of the total remuneration of each member.

The Short Term Bonus (STB) will correspond to a maximum of 40 % of the total remuneration of each member and will be paid out upon achievement of quantitative targets. Remuneration depends entirely on at least two predefined profit targets (e.g. EBIT, ROCE). The profit target is only granted if the key figures meet a threshold of 80 % of the defined profit target. Effective target achievement can lie between 0 % and a maximum of 150 %. At least 20 % of the STB is paid out in the form of blocked shares. This proportion can be increased to a maximum of 100 % at the participant's request.

The Long Term Incentive Plan (LTI) envisages assigning Group Executive Management a target EBIT value each year which is fixed for three years based on three-year medium-term planning, subject to extraordinary circumstances such as the purchase or sale of company assets or changes in the number of members of Group Executive Management. The target value accounts for around 25 % of the CEO's total remuneration and 20 – 25 % of that of the members of Group Executive Management. Payment takes the form of shares with a blocking period of three years. The settlement price of the shares is based on the average price of Valora registered shares with a discount to take account of the blocking period. Participants have voting and dividend rights during the blocking period.

7 REMUNERATION STRUCTURE FOR THE BOARD OF DIRECTORS IN 2017

The members of the Board of Directors receive a director’s fee which is graduated according to their Board function (Chairman, Vice-Chairman, Board member). 80% of this fee is paid in cash, with the remainder being paid in shares. The chairpersons and members of the Board Committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. Apart from the statutory social security contributions, no other pension-related payments are made for Board members.

For the period from the 2017 Ordinary General Meeting to the 2018 Ordinary General Meeting the annual remuneration paid to Board members remains unchanged:

Annual remuneration	in CHF	Form of payment
Chairman	500 000	80% in cash and 20% in blocked shares
Vice-Chairman	200 000	
Board member	140 000	
Chairman of NCC / Audit Committee	30 000	
Member of NCC / Audit Committee	15 000	

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 this quarter.

7.1 REGULATIONS GOVERNING THE PORTION OF FEES PAID IN SHARES

Under the regulations for the Board of Directors, 20% of the total remuneration paid to individual members of the Board of Directors is generally paid out in blocked registered shares. In justified cases, the Board of Directors may decide to pay a higher or lower percentage of the total remuneration in shares. The shares are generally subject to a blocking period of three years. Regardless of any subsequent transfer of shares, the blocking period commences on the date of the Ordinary General Meeting which marks the beginning of the term of office for which the remuneration is awarded. The shares remain in a Valora custody account during the blocking period. Board members are prohibited from selling, pledging or otherwise transferring the shares. After the end of the blocking period, members may dispose of the shares as they wish.

The proportion of fees paid in the form of shares is calculated on the basis of the volume-weighted average price (VWAP) of Valora registered shares during a period of 20 trading days beginning on the trading day following the Ordinary General Meeting. A discount of 20% is then applied to compensate for the blocking period.

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 the organisational regulations of Valora Holding AG, the Board then decides how and on what terms the required shares will be acquired.

If a member of the Board of Directors of Valora Holding AG resigns, does not stand for re-election or is not re-elected despite having stood for re-election, any pending blocking periods of more than one year's duration are generally reduced to one year. This remaining one-year period begins on the last day of the Board member's term of office. If a Board member leaves the Board as a result of death, invalidity or comparable circumstances, any blocking periods still in force are lifted immediately.

In the event of a change of control, a delisting of Valora registered shares or any similar such occurrence, any blocking periods still in force are lifted immediately.

In 2017, all members of the Board of Directors received 20% of their total remuneration in shares in the quarter following the Ordinary General Meeting.

7.2 REMUNERATION IN 2017

The maximum remuneration authorised for members of the Board of Directors for the period from the 2017 Ordinary General Meeting to the 2018 Ordinary General Meeting was CHF 1.6 million. The remuneration paid to the Board of Directors in 2017 amounted to TCHF 1444 (previous year: TCHF 1436).

Table 3
Board of Directors 2017

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares 1)	Other remuneration 2)	Total 2017
Rolando Benedick Chairman (until March 2017)	125.0	3.8	–	15.3	144.1
Franz Julen Chairman (from March 2017)	307.0	18.8	129.0	60.8	515.6
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	154.0	26.3	57.8	32.9	271.0
Bernhard Heusler Member	109.0	15.0	38.8	5.0	167.8
Ernst Peter Ditsch Member	–	–	–	–	–
Cornelia Ritz Bossicard Chair of Audit Committee	106.0	30.0	42.6	25.1	203.7
Michael Kliger Member (from March 2017)	74.0	11.3	38.8	17.4	141.5
Total remuneration paid to Board of Directors	**875.0**	**105.2**	**307.0**	**156.5**	**1 443.7**

1) In 2017, Board members received 20% of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
2) These amounts include employer contributions required by law.
3) Ernst Peter Ditsch waived his Board Director's fee in 2017.

Table 4
Board of Directors 2016

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Other remuneration [2]	Total 2016
Rolando Benedick Chairman	397.0	15.0	128.8	62.4	603.2
Markus Fiechter Vice-Chairman	157.0	15.0	53.8	31.3	257.1
Bernhard Heusler Member	109.0	15.0	38.9	5.0	167.9
Franz Julen Chairman of Nomination and Compensation Committee	106.0	30.0	42.7	25.1	203.8
Ernst Peter Ditsch [3] Member	–	–	–	–	–
Cornelia Ritz Bossicard Chair of Audit Committee	106.0	30.0	42.7	25.1	203.8
Total remuneration paid to Board of Directors	**875.0**	**105.0**	**306.9**	**148.9**	**1 435.8**

[1] In 2016, Board members received 20 % of their overall remuneration in blocked shares, subject to a three-year blocking period. These have been valued at the VWAP applicable when the shares were allocated.
[2] These amounts include employer contributions required by law.
[3] Ernst Peter Ditsch waived his Board Director's fee in 2016.

8 LOANS AND CREDITS

As of 31 December 2017 and 2016, there were no outstanding loans or credits to members of the Board of Directors or Group Executive Management or to related parties.

Valora Holding AG does not grant any loans or credits and therefore does not have any regulations in its Articles of Incorporation on such matters.

9 SHAREHOLDINGS

As of 31 December 2017 and 2016, the individual members of the Board of Directors and Group Executive Management (including related parties) held the following number of shares of Valora Holding AG:

Table 5

	2017 Number of shares	**2017 Share of total voting rights in %**	**2017 of which subject to a blocking period**	2016 Number of shares	2016 Share of total voting rights in %	2016 of which subject to a blocking period
Board of Directors						
Rolando Benedick Chairman (until March 2017)	–	–	–	17 485	0.51	1 697
Franz Julen Chairman (from March 2017)	1 672	0.04	766	1 012	0.03	562
Markus Fiechter Vice-Chairman and Chairman of Nomination and Compensation Committee	3 102	0.08	656	2 800	0.08	709
Bernhard Heusler Member	651	0.02	465	512	0.01	512
Ernst Peter Ditsch Member	635 599	15.93	none	635 599	18.50	none
Cornelia Ritz Bossicard Chair of Audit Committee	825	0.02	510	562	0.02	562
Michael Kliger Member (since March 2017)	138	0.00	115	–	–	–
Total Board of Directors	**641 987**	**16.09**		**657 970**	**19.15**	
Group Executive Management						
Michael Mueller CEO	9 195	0.23	8 895	4 754	0.14	4 754
Tobias Knechtle CFO	4 049	0.10	3 819	1 993	0.06	1 993
Thomas Eisele Head Food Service	1 895	0.05	1 781	1 189	0.03	1 135
Total Group Executive Management	**15 139**	**0.38**		**7 936**	**0.23**	
Total shares held by Board and GEM	**657 126**	**16.47**		**665 906**	**19.38**	

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 of Valora Holding AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables 1 – 4 and section 8 on pages 49 to 53 of the remuneration report.

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

Auditor's responsibility. Our responsibility is to express an opinion on the 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 2017 of Valora Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

André Schaub Licensed audit expert (Auditor in charge)	Ina Braun Licensed audit expert

Basle, 26 February 2018