

REPORT ON CORPORATE GOVERNANCE AND REMUNERATION

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. 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 shareholders' 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 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 and remuneration section of this annual report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

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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 34 significant unlisted companies, all of which are fully consolidated. The Group's operational structure is set out on page 30.

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 on the main section of SIX Swiss Exchange and on the BX Berne eXchange (Swiss securities number 208897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 1.0% of the total of 3435599 issued shares. At December 31, 2013, the market capitalisation of Valora Holding AG amounted to CHF 846 million. The company's market capitalisation over the last 5 years is shown on page 148.

1.1.2 CONSOLIDATED COMPANIES. The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 111 to 112, which list the name, domicile, listing, total share capital 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:

Shareholders	Receipt of report	Holdings
Credit Suisse Funds AG	13.11.2012	> 3 %
Ditsch Ernst Peter	09.11.2012	> 15 %
Ethenea Independent Investors S.A.	11.02.2014	> 5 %
Lombard Odier Asset Management (Switzerland) SA	01.04.2010	> 3 %
Norges Bank (the Central Bank of Norway)	04.04.2013	> 3 %
UBS Fund Management (Switzerland) AG	29.06.2013	> 3 %

Detailed information regarding changes in shareholdings are set out in the separate section below. The shareholders are listed in alphabetical order. The following significant shareholders have disclosed shareholdings to Valora Holding AG in accordance with article 20 of the Swiss Federal Stock Exchange Act (in German, "Börsengesetz" or "BEHG"):

Credit Suisse Funds AG: On November 13, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that, as a result of Valora Holding AG's share-capital increase, the 143 763 registered shares it held on November 9, 2012 were equivalent to 4.1845% of the company's issued share capital.

On September 24, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of September 19, 2012 had increased to 140 269 registered shares (equivalent to 5.0096% of the company's issued share capital).

On August 14, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of August 8, 2012 had been reduced to 137 757 registered shares (equivalent to 4.9199% of the company's issued share capital).

On May 2, 2012, Credit Suisse Funds AG, Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of April 25, 2012 had increased to 140 888 registered shares (equivalent to 5.0317% of the company's issued share capital).

On January 31, 2012, Credit Suisse Funds AG (formerly Credit Suisse Asset Management Funds AG), Kalandergasse 4, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 25, 2012 had been reduced to 139 029 registered shares (equivalent to 4.965% of the company's issued share capital).

Ditsch Ernst Peter: On November 9, 2012, Ernst Peter Ditsch, 55131 Mainz, Germany reported that, as a result of Valora Holding AG's capital increase, the 635 599 registered shares he held on November 9 2012 were equivalent to 18.50% of the company's issued share capital.

On September 27, 2012, Ernst Peter Ditsch, 55131 Mainz, Germany reported that in part payment for his sale to Valora Holding AG of his two companies Brezelkönig GmbH & Co. KG and its limited-liability partner Zweite Brezelkönig Verwaltungs GmbH, both with registered offices in Mainz, his holdings of registered shares of Valora Holding AG as of September 24, 2012 amounted to 635 599 registered shares (equivalent to 22.70% of the company's issued share capital).

Ethenea Independent Investors S.A.: On February 11, 2014, Ethenea Independent S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of February 5, 2014 had increased to 172 200 registered shares (equivalent to 5.01% of the company's issued share capital).

On August 14, 2013, Ethenea Independent S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of August 5, 2013 amounted to 106 431 registered shares (equivalent to 3.09% of the company's issued share capital).

Lombard Odier Asset Management (Switzerland) SA (formerly Lombard Odier Darier Hentsch Fund Managers SA): No reports were received from this shareholder during 2012 and 2013.

On April 1, 2010, Lombard Odier Darier Hentsch Fund Managers SA (LODHFM), Avenue des Morgines 2, 1213 Petit-Lancy, Switzerland reported that as of March 31, 2010, the registered shares of Valora Holding AG held by investment funds under its control were as follows: LODH Swiss Cap (ex-SMI) (40220 shares / 1.44% of the company's issued share capital), IF IST2 Actions Suisses Valeurs Complémentaires (42462 shares / 1.52%), IS Valiant Swiss Equities SPI Index + (750 shares / 0.03%), IF IST2 Actions Suisses SPI Plus (683 shares / 0.02%) and IF IST2 European Small Mid Cap (1135 shares / 0.04%). In aggregate, these holdings amounted to 85250 registered shares of Valora Holding AG, which is equivalent to 3.04% of the company's issued share capital.

Norges Bank (the Central Bank of Norway): On April 4, 2013, Norges Bank (the Central Bank of Norway), Bankplassen 2, P. O. Box 1179 Sentrum, 0107 Oslo, Norway reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of March 27, 2013 amounted to 120471 registered shares, which is equivalent to 3.51% of the company's issued share capital.

Pictet Funds S.A.: On August 23, 2012, Pictet Funds S.A., Route des Acacias 60, 1211 Geneva, Switzerland reported that as a result of share disposals the registered shares of Valora Holding AG held by investment funds under its control on August 22, 2012 were as follows: Pictet (CH) Swiss Mid Small Cap (2.24%), Pictet (CH) Enhanced Swiss Equities (0.21%), Pictet Institutional Swiss Equities Tracker (0.18%), Pictet (CH) Swiss Market Tracker (0.14%), Ethos – Equities CH Indexed Corporate Governance (0.10%), Pictet-Ethos (CH) Swiss Sustainable Equities (0.03%), Raiffeisen Index Fonds (0.02%), Pictet (CH) Swiss Equities (0.02%), Subvenimus Institutional Fund (0.01%). In aggregate, these holdings amounted to 82205 registered shares of Valora Holding AG, which is equivalent to 2.94% of the company's issued share capital.

On May 18, 2012, Pictet Funds S.A., Route des Acacias 60, 1211 Geneva, Switzerland reported that as a result of share disposals the registered shares of Valora Holding AG held by investment funds under its control on May 15, 2012 were as follows: Pictet (CH) Swiss Mid Small Cap (2.63%), Pictet Institutional – Swiss Equities Segment (0.6%), Pictet (CH) Solutions – Swiss Equities (0.51%), Ethos – Equities CH Mid & Small (0.25%), Pictet (CH) Enhanced – Swiss Equities 130 / 30 (0.20%), Pictet Institutional – Swiss Equities Tracker (0.18%), Pictet (CH) – Swiss Market Tracker (0.16%), Pictet (CH) Swiss Equities (0.15%), Ethos – Equities CH Indexed Corporate Governance (0.10%), Pictet-Ethos (CH) – Swiss Sustainable Equities (0.03%), Raiffeisen Index Fonds SPI (0.02%), Subvenimus Institutional Fund (0.01%). In aggregate, these holdings amounted to 135539 registered shares of Valora Holding AG, which is equivalent to 4.84% of the company's issued share capital.

UBS Fund Management (Switzerland) AG: On June 29, 2013, UBS Fund Management (Switzerland) AG, P.O. Box, 4002 Basel, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of June 24, 2013 had been reduced to 170937 registered shares, which is equivalent to 4.98% of the company's issued share capital.

Valora Holding AG: On April 25, 2013, Valora Holding AG reported that, following the expiration of the lock-up period affecting the shares concerned, it holds preferential purchasing rights covering 635599 of its own shares (equivalent to 18.50% of the company's issued share capital) in accordance with the announcement made on September 27, 2012, details of which are set out below. As of April 25, 2013, Valora Holding AG held a further 51011 of its own registered shares as treasury stock (equivalent to 1.48% of the company's issued share capital). In aggregate, these holdings were therefore equivalent to 19.98% of the company's issued share capital (1.48% in shares of treasury stock and 18.50% in the form of preferential purchasing rights).

On September 27, 2012, Valora Holding AG, Hofackerstrasse 40, 4132 Muttens, Switzerland reported that, under the terms of a contractual provision applicable in the event of the shares held by Ernst Peter Ditsch being offered for sale after the end of the lock-up period to which they are

subject, it holds preferential purchasing rights covering 635 599 of its own registered shares (equivalent to 22.70% of the company's issued share capital). As September 27, 2012, Valora Holding AG held a further 53 130 of its own registered shares as treasury stock (equivalent to 1.90% of the company's issued share capital). In aggregate, these holdings were equivalent to 24.60% of the company's issued share capital (1.90% in shares of treasury stock and 22.70% in the form of preferential purchasing rights).

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

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT DECEMBER 31, 2013. The ordinary share capital of Valora Holding AG as of December 31, 2013 amounted to CHF 3 435 599, comprising 3 435 599 single-class registered shares of CHF 1.00 nominal value each, each entitled to dividends and votes. All Valora Holding AG ordinary registered shares are fully paid up and listed on the main section of the SIX Swiss Exchange and BX Berne eXchange. Valora Holding AG has conditional capital of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each.

2.2 CONDITIONAL AND AUTHORISED CAPITAL. Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 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 December 31, 2013. The conditional capital of CHF 84 000 remains unchanged.

At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 15, 2013, by up to CHF 840 000 through the issue of up to 840 000 fully paid up new shares of CHF 1.00 nominal value each. On November 6, 2012, in connection with its acquisition of the Ditsch/Brezelkönig group of companies, Valora increased its share capital by issuing 635 599 new registered shares with a nominal value of CHF 1.00 each.

At their Ordinary General Meeting held on April 18, 2013, the shareholders of Valora Holding AG approved the creation of additional authorised capital of up to CHF 250 000 consisting of up to 250 000 registered shares with a nominal value of CHF 1.00 each, which may be issued at any time until April 18, 2015. The Board of Directors has full discretion 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 of Directors is authorised to restrict or prohibit trading in the subscription rights to these shares. The detailed regulations governing these shares are set out in Article 3b of the company's Articles of Incorporation.

2.3 CHANGES IN CAPITAL STRUCTURE. At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders authorised the Board of Directors to reduce the company's issued share capital by repurchasing up to 280 000 registered shares. The Board of Directors is empowered to determine the modalities of the repurchase programme at its sole discretion. In connection with the completion of its acquisition of the Ditsch/Brezelkönig group of companies, Valora increased its share capital by CHF 635 599 on November 6, 2012 – from CHF 2 800 000 to CHF 3 435 599 – by issuing 635 599 new registered shares with a nominal value of CHF 1 each. Existing shareholders were granted no subscription rights to these new shares, which have been transferred to Ernst Peter Ditsch in consideration of his transfer to Valora of all the outstanding

shares of Brezelkönig GmbH & Co. KG and of Zweite Brezelkönig Verwaltungs GmbH, both of which have their registered offices in Mainz, Germany. The new shares represent a portion of the agreed purchase price for this acquisition paid by Valora.

Changes in the reserves and overall shareholders' equity of Valora Holding AG are shown in the balance sheet (page 117) and in the notes to the financial statements of Valora Holding AG (page 118).

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHT CERTIFICATES. All 3 435 599 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. At December 31, 2013, Valora Holding AG had no convertible bonds or options outstanding.

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 BOARD OF DIRECTORS. At December 31, 2013, the Board of Directors of Valora Holding AG comprised the following six members:



***Rolando Benedick**, 1946, Swiss citizen, Chairman and CEO (since May 2012)*

Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Jacobs Holding AG, Member of the Board of Barry Callebaut AG.
Current activities: Board Chairman of Manor Sud (since 1999), Vice-Chairman of the Board of Directors of MCH Group AG (since 2004) and member of the Board of Directors of Galfa Group Paris (since 2009), member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land.



***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: Manager, Mettler Toledo AG, Manager, Boston Consulting Group, CEO, Minibar Group, CEO, Jacobs Holding AG, Member of the Boards of Directors of Barry Callebaut AG.
Current activities: Member of the Boards of Directors of Minibar AG (since 2005) and W. Schmid AG (since 2012).



***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: temporary associate at Davis Polk & Wardwell, New York, associate at Wenger Plattner, Attorneys-at-law in Basel, Bern and Zurich. Current activities: Partner at Wenger, Plattner, Attorneys-at-law (leaving with effect from July 31, 2014), Chairman (since 2012) and Board Delegate (since 2009) of the FC Basel 1893 AG football club.



Franz Julen, 1958, Swiss citizen

Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.

Previous activities: Deputy Managing Director, Marc Biver Development Sportmarketing, Chairman of the Management Committee, Vökl International AG, COO, INTERSPORT International Corporation.

Current activities: CEO, INTERSPORT International Corporation (since 2000).



Conrad Löffel, 1946, Swiss citizen

Federally qualified Swiss chartered accountant.

Previous activities: CFO, Intercontainer, CFO, Kuoni, CFO, Danzas and partner and Board director of Ernst & Young AG, Basel.

Current activities: Member of the Board of Directors of Adimmo AG (since 2006) and Member of the Board of Directors of Swiss Federal Railways (since 2008).



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.

Current activities: partner and Managing Director of DV Verwaltungs GmbH, member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law.

With the exception of Rolando Benedick, who held the position of CEO from May 2012 until February 2014, no members of the Board of Directors have any operational management duties within the Valora Group. The following Board members maintain business relationships with the Valora Group: Bernhard Heusler will be a partner at Wenger, Plattner, Attorneys-at-law with offices in Basel, Bern and Zurich, until July 31, 2014. In 2013, one member of Wenger Plattner staff worked on an IT case which remained pending. This person had been engaged on this case since its commencement. Most of the CHF 196 thousand fee paid by Valora relates to this matter. Bernhard Heusler was not involved in providing Valora with any legal advice. Ernst Peter Ditsch has concluded a consultancy agreement with Valora for a period commencing on November 1, 2012 and ending no later than October 31, 2014. His annual remuneration under this agreement amounts to EUR 400 thousand. Expenses incurred by Markus Fiechter in connection with Valora Trade's new strategic direction were reimbursed separately. This mandate expired in 2013.

Board changes. Having served on the Board for six years, Conrad Löffel has decided not to stand for re-election. The Board will recommend that Mrs. Cornelia Ritz Bossicard be elected as his successor on the Board of Directors.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS. Some Board members engage in other business activities with major companies.

3.2.1 SUPERVISORY BOARD ACTIVITIES.

- Rolando Benedick: Board Chairman of Manor Sud, Vice-Chairman of the Board of Directors of MCH Group AG and member of the Board of Directors of Galfa Group, Paris, member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land
- Markus Fiechter: member of the Boards of Directors of Minibar AG and W. Schmid AG. Member of the Supervisory Board of the Swiss Federal Foundation for the Furtherance of the Swiss Economy through Scientific Research (in German, "Eidgenössische Stiftung zur Förderung schweizerischer Volkswirtschaft durch wissenschaftliche Forschung"), Zurich

- Franz Julen: Vice-Chairman of the Supervisory Board of the Union of Groups of Independent Retailers of Europe (UGAL), a non-profit international organisation
- Conrad Löffel: member of the Boards of Directors of Adimmo AG and Swiss Federal Railways
- Ernst Peter Ditsch: member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES.

- Bernhard Heusler: Partner with Wenger Plattner, Attorneys-at-law, Basel, until July 31, 2014, Chairman and Board Delegate of the FC Basel 1893 AG football club
- Franz Julen: CEO of INTERSPORT International Corporation, Bern

3.3 ELECTIONS AND TERMS OF OFFICE. The Board of Directors comprises at least three members who are elected by the General Meeting of Shareholders for a term of one year – one year being the period from one Ordinary General Meeting to the next. Each Board member is elected individually. Outgoing Board members may be re-elected. Members retire permanently from the Board on the date of the Ordinary General Meeting following their 70th birthday. Any exceptions to these rules must be recommended by the Board of Directors to the General Meeting and approved by the latter.

The Board of Directors is self-constituting. The Board names a Chairman and a Deputy Chairman and a Secretary. The Secretary need not be a Board member. With the exception of Franz Julen, who was first elected in 2007, and Ernst Peter Ditsch, who was first elected in 2013, all other Board members were first elected in 2008.

3.4 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES. The Board of Directors discharges the duties required of it by law (article 716a of the Swiss Code of Obligations). The Board has supreme managerial responsibility for the company and the supervision of its conduct of business. 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, to members of the Board or to 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 other than that arising from Board committee memberships. Board members are, however, selected as to ensure that the Board as a whole has specific expertise in the fields of finance, retail, franchising, trade, IT and law.

Minutes are kept of Board meetings.

The composition of the Board committees is as follows:

- Audit Committee: Conrad Löffel (Chairman), Rolando Benedick, Bernhard Heusler.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter, Ernst Peter Ditsch.

The Board of Directors held 7 meetings in 2013 and conducted 5 conference calls. The meetings generally lasted all day. The Audit Committee held 3 half-day meetings and made 1 resolution by circular, while the Nomination and Compensation Committee held 6 half-day meetings and conducted 3 conference calls. The Board of Directors and its committees may invite other persons – in particular members of management and representatives of the internal and external audit functions – to attend their meetings. The CEO and CFO attended all meetings of the Board of Directors and its Committees. The heads of Valora's divisions presented their divisions' results at Board meetings. Representatives of the internal and external audit functions attended all Audit Committee meetings.

3.4.1 AUDIT COMMITTEE DUTIES.

- a) To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors.
- b) To assess other financial information which is published or submitted to third parties.
- c) To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
- d) To monitor and discuss possible financial risks.
- e) To assess risk management principles and activities with regard to financial risk.
- f) To assess the quality of ICS (internal control system) processes within the company.
- g) To assess the Group's risk situation and report on it to the Board of Directors.
- h) To assess and finalise the internal audit function's budget, organisation and multi-year planning.
- i) To assess and finalise the internal audit function's annual audit plan.
- j) To decide on the appointment and dismissal of the head of internal audit.
- k) To assess the audit scope, performance and independence of the external auditors and the fees paid to them, and 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.
- l) To assess audit findings in the internal and external auditors' reports.
- m) To commission additional and follow-up audits with regard to specific issues or problems as needed.
- n) To assess the implementation of measures recommended in audit reports.
- o) To assess the collaboration between internal and external auditors.
- p) To assess financing and treasury policy.
- q) To assess the legal department's annual report on major, potential, pending and resolved legal issues whose financial consequences are significant.
- r) To assess tax planning, tax management and tax audits and their outcomes.
- s) To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
- t) 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), g) k), l), n), o), p), q), r), s) and t) above, the Audit Committee exercises a preparatory function. For the duties specified in h), i), j) and m) the Audit Committee exercises a decision-making function.

3.4.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES.

- a) To prepare proposals on the remuneration of the Chairman of the Board and the other Board members and submit these to the Board.
- b) To determine the salaries and other terms and conditions of employment for the CEO and the other members of Group Executive Management.
- c) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
- d) To review share programmes for management and employees and share option and profit-sharing programmes for the Board and Group Executive Management and to make recommendations on these to the Board.
- e) To approve general salary increases.
- f) To approve share, share option and profit-sharing programmes for management and employees.
- g) To prepare proposals for new candidate Board members for submission to the Board.
- h) 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).
- i) To approve the conditions of employment of the CEO and the other members of Group Executive Management.

- j) To remain informed of and monitor succession planning for the top two tiers of management.
- k) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
- l) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
- m) To approve the principles governing the company's pension funds and to appoint the employer's representatives to serve on their supervisory boards.
- n) To resolve matters of principle relating to the company's dealings with trade unions.
- o) To carry out other tasks and projects as instructed by the Board of Directors.

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

3.5 DEFINITION OF AREAS OF RESPONSIBILITY. The Board of Directors meets as frequently as business demands, holding a minimum of four meetings each year. Board meetings are convened by the Chairman or, in his absence, by the Deputy 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 its 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 it may also be passed by majority written approval (by letter, telegram or fax or in other written form), provided all Board members have been invited to vote and no member has requested that the issue concerned be discussed verbally. All Board resolutions must be recorded in a set of minutes, which the Chairman and the Secretary must jointly sign. Every 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 risk assessment and risk management activities. The Board also bears ultimate responsibility for personnel matters and determines the fundamental principles of the company's staff and salary policies. It is responsible for the appointment, dismissal and supervision of those 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 the 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 all 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 Valora's normal business activities and the execution of consultancy contracts whose costs (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 whose amount exceeds 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.

3.6 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 whose implications are substantial.

In addition, the Management Information System provides the Board of Directors with the following on a regular basis: monthly sales figures and monthly divisional and Group reporting based on the budget approved by the Board versus current and prior year's actual figures, information regarding major business events, data 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. Any member of the Board of Directors may demand information from management about the course of business and operations and, with the approval of the Chairman of the Board, on specific business transactions. Any Board member may also demand that company books and files be made available for their inspection.

3.6.1 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 key risks to Valora. 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 is then carried out jointly, with external assistance, by Group Executive Management and the Chairman of the Board. The risk assessment process comprises three phases. In phase 1, the catalogue of risks and the methodological parameters are defined, and structured interviews are held with the individual members of Group Executive Management. This phase also involves some 15 key Valora employees being questioned by internal audit about their assessment of the risk situation. In phase 2, the results of these interviews are discussed in a workshop held with Group Executive Management, the key risks are identified and measures for addressing them are defined, with responsibility for their execution being assigned to specific members of Group Executive Management. The implementation status of measures decided upon the previous year is also reviewed. The final phase involves documenting the key findings and potential consequences of 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.

The principal risks identified in 2013 relate to the positioning of alternative product-range categories introduced to offset declines in certain lines at Valora Retail, the implementation of the Valora Trade business model, the streamlining of cost structures, the integration of the Convenience Concept outlets and the capacity and quality of management in specific business areas at Valora Retail and Valora Trade.

3.6.2 INTERNAL AUDIT. Internal audit supports the Board of Directors, the Audit Committee and Group Executive Management in the execution of their supervisory and controlling duties. In order to ensure the greatest possible degree of independence, the internal audit function reports to the Chairman of the Board of Directors, with a functional reporting line to the Chairman of the Audit Committee. Internal audit's activities cover the entire Valora Group and all its subsidiaries in Switzerland and abroad. Internal audit may be tasked with examining processes and projects within the Group and provides technical support, within the Internal Control System (ICS) context, to the ICS head, obtains quarterly ICS status reports and subjects the ICS framework to an annual review.

A written report is compiled for every audit and every other mandate carried out by internal audit. These reports are discussed in detail with the organisational units which have been examined and each such unit is required to define a schedule of concrete steps for implementing the measures which have been determined. Internal audit then verifies the implementation of these measures within one year. The Chairman of the Board of Directors, the Chairman of the Audit Committee, the CEO and the CFO each receive a copy of these reports, which include the comments of those concerned. The external auditors also have free access to these reports.

By mid-March of the following year, internal audit submits an activity report for each calendar year. In addition to summarising its audit work, this report also provides details of internal audit's mission and strategy and of the extent to which its goals were achieved. Internal audit also formulates a rolling, risk-oriented multi-year plan, from which its annual audit plan is derived. The annual internal audit plan is agreed with the external auditors. It is then submitted to the Audit Committee for approval and communicated to Group Executive Management. Internal audit carried out 13 audits during 2013.

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 run 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 which are in place.



Rolando Benedick, 1946, Swiss citizen

Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Jacobs Holding AG, Member of the Board of Barry Callebaut AG.
Current activities: Board Chairman of Manor Sud (since 1999), Vice-Chairman of the Board of Directors of MCH Group AG (since 2004) and member of the Board of Directors of Galfa Group Paris (since 2009). Member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land. Chairman and CEO of Valora (since May 2012).



Michael Mueller, 1972, Swiss citizen

Master's degree in Law from the University of St. Gallen.
Previous activities: Managing Director of Rubus Capital Management AG, CEO, Board Delegate and Member of the Board of Directors of Jelmoli Holding AG, CEO of GVO Asset Management AG, merger and acquisitions advisor at Goldman Sachs, management consultant at Bain & Company advising on strategic transformation and restructuring programmes. CFO of Valora since November 1, 2012.



Andreas Berger, 1966, German citizen

Master's degree in Economics from the University of St. Gallen.
Previous activities: director of ALDI GmbH & Co. KG Weimar, assistant to the Board of Directors and the proprietor of ALDI Nord, dealership business advisor at BMW AG Munich.
Head of Valora's Retail division since January 17, 2011.



Alexander Theobald, 1964, Swiss citizen

Master of Arts degree from the University of Zurich.
Previous activities: various publishing and marketing posts and Member of Senior Management of Tamedia AG, head of Swiss magazine division, director of publishing activities for Hungary and Romania and member of Group Executive Management of Ringier AG.
Head of Valora's Services division since May 1, 2010.



Alex Minder, 1957, Swiss citizen

Graduate in Business Administration, Executive MBA.
Previous activities: senior management positions at Bally International Ltd, client service director and executive committee member at Impuls Saatchi & Saatchi, Managing Director of Cadbury Switzerland, Board member of Cadbury Western Europe.
Head of Valora's Trade division since May 1, 2004.

Group Executive Management changes. The Board of Directors appointed Michael Mueller as Valora's new CEO with effect from March 1, 2014. He succeeds Rolando Benedick, who remains Chairman of the Board and will in future only carry out those duties. The Board of Directors also appointed Tobias Knechtle as the Valora Group's new CFO with effect from March 1, 2014. The Board of Directors appointed Thomas Eisele as a new member of Valora's Group Executive Management with effect from April 1, 2014.

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS. No member of Group Executive Management currently engages in any other activities in the management or supervisory boards of any listed companies in Switzerland or elsewhere. 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.

The Valora Group is a founding member of the Swiss Retail Industry Group (Interessengemeinschaft Detailhandel Schweiz), where it is represented by Rolando Benedick. Michael Mueller is a member of the supervisory boards and of the investment committees of the Valora pension fund and the Valora employer's foundation, all of which have their registered offices in Muttenz.

4.3 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

5.1 COMPONENTS OF REMUNERATION AND SHAREHOLDING PROGRAMMES AND THEIR DETERMINATION.

The Board of Directors has determined a set of rules governing decision-making authority with regard to the remuneration of Board members and members of Group Executive Management. These are set out in section 3.4.2, Nomination and Compensation Committee Duties. The appropriateness of these duties is reviewed on an annual basis, with modifications being made as required.

The overall remuneration paid to each individual member of the Board of Directors and of Group Executive Management is authorised by the entire Board. Each Board member abstains from voting on his own remuneration. The Nomination and Compensation Committee exercises a preparatory function with regard to the remuneration guidelines for the Board and the remuneration paid to its members. With regard to Group Executive Management remuneration this Board Committee exercises a decision-making function.

5.1.1 GENERAL COMPONENTS OF REMUNERATION AND THEIR WEIGHTING.

Valora pays total remuneration packages which are in line with the market and individual performance. The remuneration system is designed to align management's interests with those of the Group. The fixed salaries determined by the Board of Directors for each member of Group Executive Management are based on the market value of the position concerned, the responsibilities associated with it 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 Valora's management comprises a fixed salary, a variable Short Term Plan and a share-based Long Term Plan. Beyond that, there are no contractual provisions for any payments extending beyond a maximum notice period of 12 months. Sections 5.1.2 and 5.1.3 provide detailed descriptions of the remuneration paid to the Board of Directors and Group Executive Management.

In 2009, the structure of the remuneration paid to the Board of Directors and Group Executive Management was modified and a share-based Long Term Plan was introduced. This plan, which forms an integral part of its participants' total remuneration, aims to align its participants' long-term interests with those of the company and to link their remuneration with its business performance.

The Board of Directors has decided to discontinue the Long Term Plan (LTP) for members of the Board and of Group Executive Management. The LTP for Board members will come to an end on the date of Valora's 2014 Ordinary General Meeting, when it will be replaced by a new remuneration model. In the case of Group Executive Management, the Board has decided to phase out the current LTP by October 31, 2015.

The LTP offers its participants the opportunity of buying a specific number of shares, which the Nomination and Compensation Committee determines for each participant individually in accordance with the procedure described below. Under the plan, each participant may purchase two tranches of shares, the tranches having lock-up periods which begin and end on different dates. As a rule, the lock-up period is between 24 and 45 months. Participants are allocated a number of shares representing a fixed percentage of their overall remuneration. For Board members this percentage is 57% and for members of Group Executive Management it is between 45% and 55%.

The purchase price for the shares in the plan is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of the LTP. Participants finance the purchase of their shares individually through a bank loan guaranteed by Valora, with the shares being pledged to the bank as collateral.

On the last day of each lock-up period, Valora will offer to buy back the shares in the relevant tranche from the plan participants at that day's SIX Swiss Exchange closing price. Participants wishing to avail themselves of this offer must advise Valora on the last day of the lock-up period how many of their shares they wish to sell back in this way. Once the lock-up period is over, participants have free access to any shares they elect not to sell. Should the price at which Valora buys back the shares tendered to it by the plan participants on the last day of the lock-up period (i.e. the closing price on that day) be lower than the purchase price fixed at the start of the LTP pe-

riod, Valora undertakes to the lending bank and the plan participants that it will reimburse any difference between these prices, and that it will reimburse the plan participants for any tax disadvantage arising. Valora's share price guarantee to the bank will expire no later than the final day of the second lock-up period. The financing costs incurred by Valora are limited to the interest it pays on the loans.

In the event of a plan participant's employment being terminated by Valora before the end of either the first or the second lock-up period, the participant is required to sell a pro rata portion of the shares back to Valora at the original purchase price and the bank loan must be repaid in full. Should a plan participant resign from Valora, all the shares in any tranche whose lock-up period has not expired must be sold back to Valora at the original purchase price, and the participant has no pro rata entitlement to any shares in such tranches. For Board members, stepping down from the Board or not standing for re-election to the Board is regarded as tantamount to resignation.

When it initially determined the remuneration structure (for the 2011 LTP), the Nomination and Compensation Committee based its calculations on a projected average annual increase in the Valora share price of 11% and thus on a final target share price of CHF 477. The projected annual share-price increases applicable to participants who joined the plan at a later date will be revised upwards, to reflect the lower prices at which they purchased shares.

Based on these average projected increases in the price of Valora shares, the Long Term Plan is expected to account for 48% of overall projected compensation, with the Short Term Plan contributing 14% and fixed salary 38%.

A detailed statement of the number of shares held under these plans can be found in note 5 to the financial statements of Valora Holding AG on page 121.

No external consultancy fees were paid in connection with the development of this plan.

5.1.2 BOARD OF DIRECTORS. The Board of Directors determines at its own discretion the nature and amount of the remuneration paid to its members, based on proposals made by the Nomination and Compensation Committee. Members of the Board receive graduated fixed fees, whose amount is determined by their Board function (Chairman, Vice-Chairman, member). An additional emolument is paid to the Chairmen of the two Board committees (Audit Committee and Nomination and Compensation Committee). These fees are paid out in cash each quarter. No performance-based variable remuneration is paid to the Board of Directors. Board members also participate in the Long Term Plan (see 5.1.1 above). Conrad Löffel's participation in the Long Term Plan is option-based. No other modifying arrangements have been agreed. No attendance fees are paid for Board meetings, though a fixed amount of travel expenses is reimbursed.

5.1.3 GROUP EXECUTIVE MANAGEMENT. Members of Group Executive Management receive an annual salary which comprises a fixed and a variable component (the Short Term Plan). In addition, they also participate in the Long Term Plan (see 5.1.1 above).

Depending on the extent to which agreed objectives are met, the variable component (Short Term Plan) can range from 0% to a maximum of 64% of fixed base salary. On average, a member of Group Executive Management achieving 100% of his agreed objectives would qualify for a Short Term Plan payment equal to 39% of fixed base salary. 70% of the variable, performance-based component of remuneration is based on the company's business performance, which is measured on the basis of economic value added, while the remaining 30% depends on the achievement of personal objectives.

Valora uses a measure of economic value added (VVA, or Valora Value Added) which is defined as EBIT minus calculated financing costs. The VVA achieved is measured by taking the VVA for a given year minus the VVA for the previous year and dividing this by the budgeted VVA minus the VVA for the previous year.

The Board of Directors determines applicable previous year's VVA and approves the VVA budgeted for the current year. VVA calculations for the CEO and CFO are made on the basis of Group figures, while those for the division heads are based on the data for the relevant division.

Each participant's personal objectives and the extent to which these have been achieved are determined on an annual basis by the participant's superior or, in the case of members of Group Executive Management, by the Nomination and Compensation Committee. Personal objectives are defined in terms of clearly measurable key performance indicators (KPIs). All individual objectives are individually weighted and the extent to which they are deemed to have been achieved can vary from 0% to 150%. Each participant's effective bonus is calculated by assigning a 70% weighting to the achievement of the VVA objective and a 30% weighting to key personal objectives and will range from 0% to a maximum of 150% of their target bonus.

The Board's Nomination and Compensation Committee determines, at its own discretion, the amount of the overall remuneration paid to each individual member of Group Executive Management taking account of the fixed and variable elements involved as well as deciding on the amount of any performance-related remuneration paid. This Committee informs the Board of its decisions on these matters at the meeting held immediately thereafter.

Details of the remuneration paid to the Board of Directors and Group Executive Management and of the Valora shares held by their members can be found in note 5 to the financial statements of Valora Holding AG on page 119.

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 who are 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 of any shareholder who fail to confirm expressly, on request, that they have acquired the shares concerned in their own name and for their own account. The Board of Directors may also cancel – with retroactive effect to the date of original entry – the entry in the Share Register as a shareholder with voting rights of any shareholder who, on subsequent inquiry, is found to have had the voting rights concerned registered by making a false declaration, and may have them entered instead as shares without voting rights. Any such cancellation 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 approve the fiduciary entry of registered shares with voting rights over and above the limits set out in the Articles of Incorporation 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 must 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, by a proxy for deposited shares, by an executive body of the company or by the independent shareholders' representative.

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 require 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. In the event of a tied vote, the Chairman of the Board of Directors holds the casting vote.

Under Article 12 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 votes represented:

- changing the object 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 CONVOCAION OF THE GENERAL MEETING. Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the "Schweizerisches Handelsamtsblatt" (Swiss Official Gazette of Commerce). The holders of registered shares shown 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 on 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 the General Meeting concerned.

6.5 REGISTRATIONS IN THE SHARE REGISTER. To attend the 2014 Annual General Meeting, a shareholder must submit their request for registration in the Share Register to the company no later than 4 p.m. on April 28, 2014.

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 financial statements and the financial statements of Valora Holding AG and its subsidiaries are audited by Ernst & Young AG. The General Meeting appoints an individual or corporate body that satisfies the relevant legal requirements to act as Statutory Auditors, with the rights and obligations prescribed by the law. The Statutory Auditors are elected for a one-year term of office.

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR. The audit mandate was first entrusted to Ernst & Young AG at the 2009 General Meeting. Ernst & Young AG were appointed as auditors for a further year from 2010 until 2013 General Meeting. The lead auditor, Martin Gröli, first took on the mandate in 2009. 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 FEES. The total cost to Valora Holding AG and its subsidiaries of the auditing conducted by Ernst & Young AG in 2013 in respect of the consolidated financial statements, the financial statements of Valora Holding AG and of its subsidiaries was CHF 1.3 million (CHF 1.3 million in 2012).

8.3 ADDITIONAL FEES. In addition, Ernst & Young AG invoiced the Valora Group for a further CHF 0.3 million (CHF 1.5 million in 2012) for other services related to tax advice and financial due diligence.

8.4 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS. The Board of Directors' Audit Committee defines the audit mandates of the statutory auditors and has the responsibility of ensuring appropriate controls are carried out.

Internal auditing was carried out by Valora's internal audit unit in 2013. Both internal and external auditors attended all Audit Committee meetings. The Audit Committee meetings at which the interim and full-year financial results are reviewed are always attended by all members of the Board of Directors. Assessment of the external auditors takes account of a number of criteria, principal among which are 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 completed as well as their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and also provide it with a separate report on each audit they carry 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 contact with the financial community and the general public. The firm reports on important news items concerning it on an ad hoc basis. In addition, the Valora website provides comprehensive information on a range of topics, as well as publishing details of all matters whose disclosure is required by law.

The Investor Relations unit 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 on 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 adhering to the relevant directives on ad hoc publicity and on blackout periods ahead of the publication of interim and full-year results. These blackout periods commence on dates before the official publication of results which are set in advance 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 in the full-year financial statements.

At the end of August each year, the company publishes consolidated interim results for the first six months of the year and sends these to all shareholders entered in the Share Register (these results are unaudited).

Every autumn, the company hosts a media and investors' day, which provides detailed coverage of such matters as strategy, markets and customers.

The Investors section of the Valora website displays a variety of information, including the corporate governance report, the company's Articles of Incorporation, a calendar of events, information on the General Meeting and on Valora shares as well as other key metrics. Ad hoc news and reports on potentially price-sensitive matters can be obtained rapidly and free of charge by e-mail by registering on the Valora e-mail distribution list (<http://www.valora.com/de/investors>).

Ongoing sources of information:

- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media relations: *Stefania Misteli*

Investor relations: *Mladen Tomic*