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 2016 and explain its key details.

The NCC implemented a comprehensive set of changes to the remuneration system for **Group Executive Management** which came into effect at the end of 2015. The key objectives of the new system are simplicity, transparency, a greater performance-based component and close alignment with the interests of shareholders. Accordingly, a key attribute of the new 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.

Overall remuneration comprises an annual fixed salary, a Short Term Bonus, generally paid in shares, and a share-based Share Participation Program.

The long-term-oriented **Share Participation Program** (SPP), which replaced the Long Term Plan (LTP) with effect from October 31, 2015, is focused on generating long-term, sustainable and performance-oriented value. Under the SPP, a significant proportion of overall remuneration is paid in the form of blocked shares. In the case of the CEO, the SPP represents 35% of target overall remuneration, while in the case of the other members of Group Executive Management it accounts for between 20% and 30%. The shares are allocated in the year they are awarded, thus giving rise to a tax liability. From an after-tax perspective, this means that the SPP accounts for more than 50% of the CEO's overall remuneration. Because the shares awarded under the SPP are subject to a lock-up period, the net worth of the members of Group Executive Management is closely linked to the long-term performance of the company's shares.

The short-term-oriented variable **Short Term Bonus** (STB) links the success of the company with individual performance, thus incentivising its participants to think and act entrepreneurially. 70% of the STB depends on the achievement of pre-determined profitability objectives, with the remaining 30% determined by the attainment of individual performance goals. The STB accounts for between 10% (in the case of the CEO) and 15% of target overall remuneration. The STB awarded to the CEO and CFO also takes the form of blocked shares. As a result, between 64% and 69% of the target overall remuneration paid to the CEO and CFO is in the form of shares and is thus linked to future performance.

This remuneration system allows Valora to pursue a sustainable, long-term development policy aimed at achieving the strategic objectives set by the Board of Directors. Through their blocked shares, the members of Group Executive Management are able to participate both in the value generated by the company and the performance of its share price. In this way, the interests of the executives managing the company are very closely linked to those of its shareholders.

Compared to 2015, the new pay mix has reduced the after-tax target overall remuneration of the CEO and CFO by 6 % and 9 % respectively. The increase in overall remuneration shown in the remuneration report is principally attributable to the introduction of the SPP, under which share awards are valued at the market price prevailing at the time the shares are allocated. In contrast, the purpose of the previous LTP scheme was to generate a capital gain which was income-neutral for the company. Moreover, since Valora performed very successfully in 2016, both in terms of its operational results and its share price, the effective remuneration for Group Executive Management is at the upper end of the approved range. We are convinced that our remuneration system is fair, sustainable and performance-oriented and that it is thus congruent with the interests of our shareholders.

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. However, 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 shares.

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. We also intend to make continuous improvements to our remuneration disclosure, so that the links between remuneration paid and performance achieved are as transparent as possible for all stakeholders.

As in previous years, shareholders can express their views on the remuneration system by participating in the consultative vote on the 2016 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 2017 Ordinary General Meeting to the 2018 Ordinary General Meeting and for Group Executive Management for 2018.

Yours sincerely

Franz Julen
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 had binding votes on the maximum remuneration paid to members of the Board of Directors during the period till 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:
http://www.valora.com/media/group/documents/en/documents/2016/20160414_statuten_valora_en.pdf

2 COMPENSATION GOVERNANCE

The Nomination and Compensation Committee (hereinafter "the NCC") is a permanent Committee of the Board of Directors (hereinafter "the Board") of Valora Holding AG. It deals with those matters relating to the financial remuneration of members of the Board, the CEO and Group Executive Management and to personnel planning at the Board and Group Executive Management level which have been assigned to it by law, the Articles of Incorporation and current regulations. The NCC comprises at least three members of the Board who have no management duties in the company and have no material conflicts of interest which would prevent them from exercising their duties with the requisite independence. The members of the NCC are elected by the Ordinary General Meeting for a one-year term of office, ending at the next Ordinary General Meeting. Members of the NCC may be re-elected by the General Meeting. The Board appoints one of the members of the NCC as its Chairman. In 2016, the NCC comprised Franz Julen (Chairman), Markus Fiechter and Ernst Peter Ditsch.

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

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

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

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

The NCC meets as often as business requires, but at least three times each year. Meetings are called by the NCC Chairman or at the request of an NCC member. In special cases, they may also be called by Board resolution. The NCC held 3 meetings in 2016. 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.

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 Valora Group and its shareholders.

Members of the Board of Directors receive a fixed director's fee, 80% of which is usually paid in cash, with the remaining 20% being in the form of blocked Valora Holding AG shares. The chairpersons and members of the Board Committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. No pension-fund contributions are made on behalf of members of the Board of Directors.

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 were 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:
http://www.valora.com/media/group/documents/en/documents/2016/20160414_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 6.2.

4 BOARD MANDATES AND EMPLOYMENT CONTRACTS

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:
http://www.valora.com/media/group/documents/en/documents/2016/20160414_statuten_valora_en.pdf

REMUNERATION STRUCTURE

5 GROUP EXECUTIVE MANAGEMENT REMUNERATION STRUCTURE IN 2016

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), which replaced the previous Long Term Plan (LTP) with effect from October 31, 2015.

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

The variable remuneration comprises a Short Term Bonus (STB) 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 lock-period and are fully exposed to all price risk.

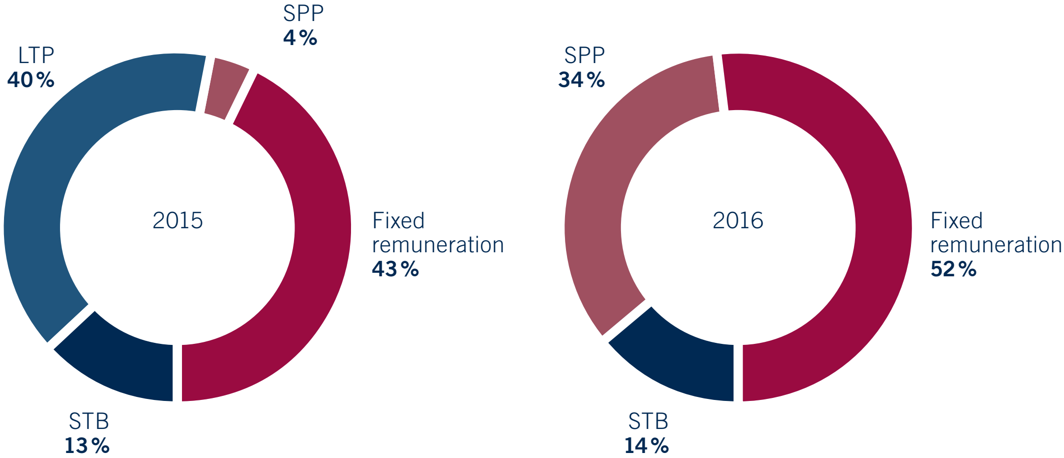
The table below shows the percentages of the overall remuneration paid to Group Executive Management attributable to its three component elements assuming defined objectives are 100% achieved:

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, incentivising sustainable company performance and staff development	Share award (with 3-year lockup period)
Retirement provision	Pension fund			To provide for the risks of old age, survivorship and invalidity	Contributions as defined in 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:
http://www.valora.com/media/group/documents/en/documents/2016/20160414_statuten_valora_en.pdf

The composition of the overall remuneration paid to the Group Executive Management (incl. CEO) as a whole in 2016 is set out below. Under this system, a 100% achievement of all performance targets results in variable remuneration equal to 19% of fixed remuneration for the CEO and an average variable remuneration equal to 23% of fixed remuneration for the other members of Group Executive Management.

GROUP EXECUTIVE MANAGEMENT REMUNERATION



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

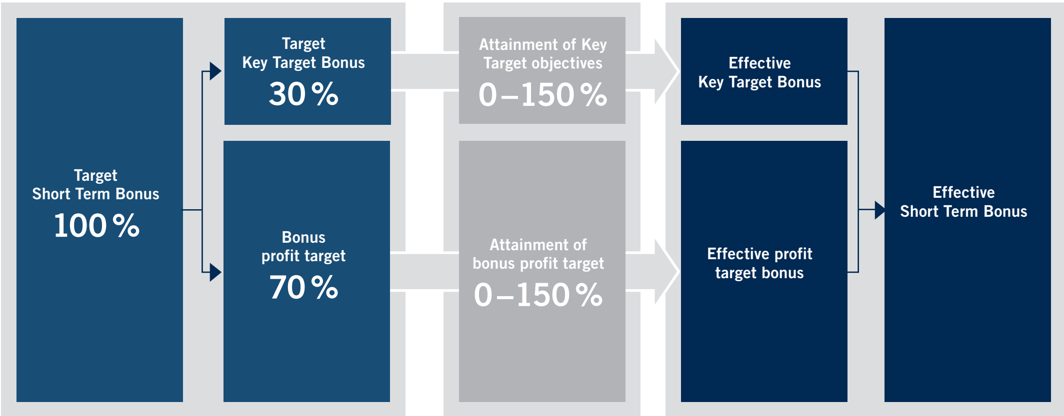
5.1 SHORT TERM BONUS (STB)

The revised regulations governing the Short Term Bonus (STB) came into effect on January 1, 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 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 defined profit target must be achieved before a profit-target-related bonus becomes payable. If the profit target is exceeded by more than 115%, 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. In special cases, the NCC has the option of deviating from this procedure and instituting a special solution, such as determining a target bonus which is independent of the profit target of the unit concerned. For 2016, the defined profit target was EBIT (earnings before interest and taxes). In 2016, actual EBIT performance was equivalent to 126% of the target for the CEO and 100%, 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 were 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 2016, actual individual key target performance was 125% for the CEO and 111%, 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 32% 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 2016, the Short Term Bonus paid to the CEO was 28% of fixed salary and 25% 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 March 31 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 SPP management award below. The share price used for determining the number of shares allocated is that applying on March 31 of the bonus-measurement year, thus ensuring that the STB also allows CEO and CFO 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 will be fully paid in cash, rather than 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 sub-units have been determined 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 an indefinite employment contract which has not been terminated and have achieved appropriate performance.

5.2 SHARE PARTICIPATION PROGRAM (SPP)

With effect from November 1, 2015, Valora established a management award scheme in the form of a share participation plan (the Share Participation Program or 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. The SPP also has the objective of aligning the interests of Valora's top management with those of its shareholders. Under the SPP, participants receive part of their contractual remuneration in the form of Valora Holding AG shares. Accordingly, they are not required to make any payment, in cash or other assets, for the shares thus allocated to them. While SPP participants are granted all the usual ownership rights associated with these shares, they are subject to the restrictions applicable during the three-year lock-up period. During that time, the price risk associated with the shares is fully borne by the SPP participants.

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

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 the shares during a specified reference period (the reference-period ØVWAP) minus a discount of 16.038%, to compensate for the three-year-lock-up period. The reference period comprises the 10 consecutive trading days ending on March 31 of the year in which the allocations are made. Where necessary, the resulting number of shares is rounded up to the next whole share.

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

Participants joining the SPP during a calendar year receive a pro rata allocation for that year based on the duration of their participation in that year. Participants leaving Valora during a calendar year generally receive a pro rata share grant 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 cause under the terms of Article 337 of the Swiss Code of Obligations by Valora. 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 free of charge. Any shares not yet granted during that year are withheld.

Shares allocated under the SPP are subject to a lock-period of three years from the grant date. During this time, participants are prohibited from selling, pledging or otherwise transferring the shares. Both before and during the lock-up 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 lock-up period, the shares are lodged in a custody account maintained in the name, and for the account, of the participant, in whose name the shares are also recorded in the company share register. At the end of the lock-up period the shares become freely available 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 lock-up period. In such cases, participants are generally entitled to have the duration of any remaining lock-up 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 lock-up periods still in force at that time will be lifted immediately.

The Share Participation Program is administered by the NCC. All allocations and grants of shares under the SPP are made by the NCC. The value of any shares granted under the NCC must be within the maximum remuneration ceilings approved by the Ordinary General Meeting of Shareholders.

5.3 REMUNERATION IN 2016

The maximum overall remuneration for members of Group Executive Management in 2016 approved by shareholders at the 2015 Ordinary General Meeting was CHF 7.4 million. The overall remuneration effectively paid to members of Group Executive Management in 2016 amounted to CHF 6 722 thousand (CHF 5 979 thousand in 2015). The increase in overall remuneration between the two years is essentially attributable to the introduction of the SPP, under which allocated shares are valued at the relevant VWAP. In contrast, the purpose of the previous LTP scheme was to generate a capital gain which was income-neutral for the company. As a result of the introduction of the SPP, the target overall remuneration for Group Executive Management as a whole has diminished.

Table 1
Group Executive Management 2016

in CHF thousand	Fixed base salary	Short Term Bonus (STB) [1]	Long Term Plan (LTP) [2]	Share Participation Program (SPP) [3]	Other fixed remuneration [4]	Total 2016
Michael Mueller CEO and highest-paid member of Group Executive Management	1 180.0	328.4	–	942.0	294.2	2 744.6
Other members [5]	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, which will be paid in 2017. The STB bonuses for the CEO and CFO, with an aggregate value of CHF 408.6 thousand, will be converted into shares at the VWAP of CHF 321.85 applying on March 31, 2016 in accordance with the formula described above.
2) The LTP for Group Executive Management was closed on October 31, 2015.
3) The lock-up period for the shares allocated in 2016 is 3 years. Their valuation complies with IFRS rules.
4) 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.
5) 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 2015

in CHF thousand	Fixed base salary	Short Term Bonus (STB) [1]	Long Term Plan (LTP) [2]	Share Participation Program (SPP) [3]	Other fixed remuneration [4]	Total 2015
Michael Mueller CEO and highest-paid member of Group Executive Management	796.7	408.5	239.5	128.4	229.8	1 802.9
Total Group Executive Management remuneration [5) 6)]	**2 334.4**	**880.3**	**1 566.2**	**213.0**	**985.5**	**5 979.4**

1) These figures represent the effective costs for the bonuses granted in respect of 2015, which were paid in April 2016.
2) The LTP for Group Executive Management was closed on October 31, 2015. The LTP remuneration shown here comprises the interest costs of financing the plan and the costs of the one-off tax settlement arising from its termination.
3) The SPP for Group Executive Management came into force on November 1, 2015. Participants were allocated pro rata share grants for November and December. These shares are subject to a lock-up period of three years. These grants are reported here at the taxable value of the shares concerned.
4) 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.
5) 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.
6) Inclusive former members of Group Executive Management.

The aggregate maximum remuneration payable to members of Group Executive Management in respect of 2017 was fixed at CHF 6.6 million by the Ordinary General Meeting of Shareholders held in 2016.

6 REMUNERATION STRUCTURE FOR THE BOARD OF DIRECTORS IN 2016

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 Chairperson and members of the Board Committees (the Audit Committee and the Nomination and Compensation Committee) receive additional remuneration. Other than the statutory social-security contributions, no other retirement-related payments are made for Board members.

For the period from the 2016 Ordinary General Meeting to the 2017 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 that quarter.

6.1 REGULATIONS GOVERNING THE PORTION OF FEES PAID IN SHARES

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

The proportion of the fees paid in the form of shares is calculated on the basis of the volume-weighted average price (VWAP) of Valora shares during a period of twenty trading days beginning on the trading day following the Ordinary General Meeting. This figure is then reduced by 20%, to compensate for the lock-up 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 Valora Holding AG's organisational regulations, 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 retires, does not stand for re-election or is not re-elected despite having stood for re-election, any lock-up period of more than one year's duration then applicable are generally reduced to one year. This remaining one-year period will begin on the last day of the Board member's last term of office. If a Board member leaves the Board as a result of death, invalidity or comparable circumstances, any lock-up period then in force will come to an end immediately.

In the event of a change of control, of Valora shares being delisted or of any similar occurrence, any lock-up period then in force will be lifted immediately.

In 2016, an allocation amounting to 20% of overall remuneration was granted to all Board members in the quarter following the General Meeting.

6.2 REMUNERATION IN 2016

The maximum remuneration authorised for members of the Board of Directors for the period from the 2016 Ordinary General Meeting to the 2017 Ordinary General Meeting was CHF 1.6 million. The remuneration paid to the Board of Directors in 2016 amounted to CHF 1 435 thousand (CHF 1 583 thousand in 2015). The reduction in overall remuneration between the two years is attributable to the discontinuation of the consultancy fee paid to Ernst Peter Ditsch.

Table 3
Board of Directors 2016

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Consultancy fee	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 Board 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] Board member	–	–	–	–	–	–
Cornelia Ritz Bossicard Chairwoman 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 3-year lock-up 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.

Table 4
Board of Directors 2015

in CHF thousand	Fixed fee (cash)	Committee fee	Portion paid in blocked shares [1]	Consultancy fee	Other remune-ration [2]	Total 2015
Rolando Benedick Chairman	397.0	15.0	114.3	–	65.8	592.1
Markus Fiechter Vice-Chairman	157.0	15.0	47.9	–	31.1	251.0
Bernhard Heusler Board member	109.0	15.0	34.5	–	5.1	163.6
Franz Julen Chairman of Nomination and Compensation Committee	106.0	30.0	37.8	–	24.9	198.7
Ernst Peter Ditsch [3] Board member	–	–	–	178.3	–	178.3
Cornelia Ritz Bossicard Chairwoman of Audit Committee	106.0	30.0	37.8	–	25.1	198.9
Total remuneration paid to Board of Directors	**875.0**	**105.0**	**272.3**	**178.3**	**152.0**	**1 582.6**

[1] The members of the Board of Directors received 20 % of their aggregate remuneration in blocked shares. These shares are subject to a 3-year lock-up period. The amounts shown here are based on the taxable value of the shares.
[2] These amounts include employer contributions required by law.
[3] Under the terms of a non-competition agreement, Ernst Peter Ditsch received a total of EUR 200 thousand, payable in monthly instalments during a period commencing on November 1 2014 and ending no later than October 31, 2015. He waived his Board Director's fee in 2015.

7 LOANS AND CREDITS

No loans or credits to Board members or parties related to them were outstanding at December 31, 2016 or December 31, 2015.

Valora Holding AG does not grant any loans or other credits and does not therefore have any statutory regulations on such matters.

8 SHAREHOLDINGS

At December 31, 2016 and 2015, individual members of the Board and Group Executive Management (including parties related to them) held the following numbers of shares of Valora Holding AG:

Table 5

	2016 Number of shares	**2016 Share of total voting rights in %**	**2016 of which subject to a lock-up period**	2015 Number of shares	2015 Share of total voting rights in %	2015 of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman	17 485	0.51	1 697	16 939	0.49	1 151
Markus Fiechter Vice-Chairman	2 800	0.08	709	3 981	0.12	481
Bernhard Heusler Board member	512	0.01	512	347	0.01	347
Franz Julen Chairman of Nomination and Compensation Committee	1 012	0.03	562	831	0.02	381
Ernst Peter Ditsch Board member	635 599	18.50	none	635 599	18.50	none
Cornelia Ritz Bossicard Chairwoman of Audit Committee	562	0.02	562	381	0.01	381
Total Board of Directors	**657 970**	**19.15**		**658 078**	**19.15**	
Group Executive Management						
Michael Mueller CEO	4 754	0.14	4 754	798	0.02	798
Tobias Knechtle CFO	1 993	0.06	1 993	335	0.01	335
Andreas Berger Head Valora Retail (until 30 June 2015)	n.a.	–	none	–	–	none
Thomas Eisele Head Food Service	1 189	0.03	1 135	245	0.01	191
Alex Minder Head Valora Trade (until 31 December 2015)	n.a.	–	none	2 113	0.06	none
Total Group Executive Management	**7 936**	**0.23**		**3 491**	**0.10**	
Total shares held by Board and GEM	**665 906**	**19.38**		**661 569**	**19.25**	

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 2016.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 7 on pages 52 to 55 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 2016 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, 27 February 2017

Enclosure
• Remuneration report 31 December 2016