

Corporate Governance

VALORA BOARD OF DIRECTORS

From left to right: Cornelia Ritz Bossicard, Ernst Peter Ditsch,
Franz Julen, Bernhard Heusler, Rolando Benedick and Markus Fiechter





VALORA GROUP EXECUTIVE MANAGEMENT

From left to right: Roberto Fedele*, Thomas Eisele, Tobias Knechtle, Andreas Berger, Alex Minder, Michael Mueller and Adriano Margiotta*.
* Extended Group Executive Management





REPORT ON CORPORATE GOVERNANCE

Valora is fully committed to meeting all its corporate governance obligations. Our objective is to attain the highest levels of transparency commensurate with best practice standards. 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:

1	Group structure and shareholders	p. 40
2	Capital structure	p. 42
3	Board of Directors	p. 44
4	Group Executive Management	p. 52
5	Remuneration, shareholdings and loans	p. 54
6	Shareholders' participation rights	p. 55
7	Changes of control and defence measures	p. 56
8	Auditors	p. 57
9	Information policy	p. 58

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 34.

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 1.8% of the total of 3 435 599 issued shares. At December 31, 2014, the market capitalisation of Valora Holding AG amounted to CHF 771 million. The company's market capitalisation over the last 5 years is shown on page 165.

1.1.2 CONSOLIDATED COMPANIES

The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 149 to 150, 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
Ditsch Ernst Peter	09.11.2012	> 15 %
Lombard Odier Asset Management (Switzerland) SA	01.04.2010	> 3 %
Norges Bank (the Central Bank of Norway)	04.04.2013	> 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 January 27, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 21, 2015 had been reduced to below 3 % of the company's issued share capital.

On January 22, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share purchases its holdings of registered shares of Valora Holding AG as of January 16, 2015 had increased to 103 702 registered shares (equivalent to 3.02 % of the company's issued share capital).

On January 22, 2015 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of January 15, 2015 had been reduced to 102 702 registered shares (equivalent to 2.99 % of the company's issued share capital).

On September 10, 2014 Credit Suisse Funds AG, Uetlibergstrasse 231, 8045 Zurich, Switzerland reported that its holdings of registered shares of Valora Holding AG as of June 13, 2014 amounted to 142 709 registered shares (equivalent to 4.15 % of the company's issued share capital). This report was filed following a change in company address.

Ditsch Ernst Peter: No reports were received from this shareholder during 2014.

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.

Ethenea Independent Investors S.A.: On March 11, 2015, Ethenea Independent Investors S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of March 6, 2015 had been reduced to 99 000 registered shares (equivalent to 2.88 % of the company's issued share capital).

On February 14, 2015, Ethenea Independent Investors S.A., rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, reported that as a result of share disposals its holdings of registered shares of Valora Holding AG as of February 12, 2015 had been reduced to 170 000 registered shares (equivalent to 4.95 % of the company's issued share capital).

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 Investors 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 had increased 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 2013 and 2014.

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): No reports were received from this shareholder during 2014.

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.

UBS Fund Management (Switzerland) AG: On June 5, 2014, 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 May 28, 2014 had been reduced to below 3% of the company's issued share capital.

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 August 19, 2014, Valora Holding AG reported that it held preferential purchasing rights covering 635599 of its own registered shares, which is equivalent to 18.50% of the company's issued share capital (see the report of September 27, 2012 below). In addition, Valora Holding AG held a further 61941 of its own registered shares as treasury stock (equivalent to 1.80% of the company's issued share capital). In aggregate, these holdings were equivalent to 20.3% of the company's issued share capital (1.80% in shares of treasury stock and 18.50% in the form of preferential purchasing rights).

On April 25, 2013, Valora Holding AG reported that, following the end of the lock-up period to which the relevant shares are subject, it held preferential purchasing rights covering 635599 of its own registered shares, which is equivalent to 18.50% of the company's issued share capital (see the report of September 27, 2012 below). In addition, 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 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 Muttenz, 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 held preferential purchasing rights covering 635599 of its own registered shares (equivalent to 22.70% of the company's issued share capital). As of September 27, 2012, Valora Holding AG held a further 53130 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, 2014

The ordinary share capital of Valora Holding AG as of December 31, 2014 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, 2014. 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 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 CHF 250 000 consisting of 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.

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.

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, 2014, 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, 2014, the Board of Directors of Valora Holding AG comprised the following six members:



Rolando Benedick, 1946, Swiss citizen, Chairman

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 Board of Directors of Barry Callebaut AG.
Current activities: Member of the Board 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: Partner at Wenger, Plattner, Attorneys-at-law in Basle, Berne, Zurich (leaving with effect from July 31, 2014), temporary associate at Davis Polk & Wardwell, New York.
Current activities: Legal adviser at Walder Wyss Attorneys-at-law, 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).



Ernst Peter Ditsch, 1956, German citizen

Qualified German insurance agent.
Previous activities: owner and Managing Director of Brezelbäckerei Ditsch GmbH and Brezelkönig GmbH & Co. KG, member of the Supervisory Board of Mainzer Volksbank, a registered cooperative under German law.
Current activities: partner and Managing Director of DV Verwaltungs GmbH.



Cornelia Ritz Bossicard, 1972, Swiss citizen

Swiss Certified Accountant, Certified Public Accountant (CPA), Master of Science in Business Administration, HEC Lausanne.
Previous activities: Audit Director at PricewaterhouseCoopers AG, Zurich and Lausanne and at PricewaterhouseCoopers LLP, San Jose (USA).

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 respectively maintained business relationships with the Valora Group: Following the acquisition of the Division Ditsch/Brezelkönig Ernst Peter Ditsch 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. Under a non-compete agreement applicable after the conclusion of this contract Ernst Peter Ditsch will receive compensation totalling EUR 200 thousand, payable in monthly instalments over a period ending no later than October 31, 2015.

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, President of the Supervisory Board of the Volunteers Museum Association, Basle, President of the Leopard Club, Locarno, President of the Board of Valora's pension fund and Valora's foundation-sponsored financing fund, both with registered offices in Muttenz, member of the Supervisory Board and the Board Committee of the Chamber of Commerce of Basel-Stadt and Basel-Land
- Bernhard Heusler: Chairman of the Foundation for Sick Children in Basle.
- 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), an international non-profit organisation in Brussels

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES

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

3.3 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

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

3.4 ELECTIONS AND TERMS OF OFFICE

The Board of Directors comprises at least three members.

The Chairman and the other Board members are each elected individually by the General Meeting of shareholders for a term of office of one year – one year being the period from one Ordinary General Meeting to the next. Expiring mandates of the Board members may be prolonged.

Subject to the requirements placed upon it by law and the Articles of Incorporation, the Board of Directors is self-constituting. The Board names a Chairman, a Deputy Chairman and a Secretary. The Secretary need not be a Board member. Should the office of Board Chairman become vacant, the Board will appoint one of its members for the remaining duration of the Chairman's term of office as Interim Chairman. With the exception of Franz Julen (first elected in 2007), Ernst Peter Ditsch (first elected in 2013) and Cornelia Ritz Bossicard (first elected in 2014), all Board members were first elected in 2008.

3.5 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES

The Board of Directors assume the responsibilities 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: Cornelia Ritz Bossicard (Chairwoman), Rolando Benedick, Bernhard Heusler.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter, Ernst Peter Ditsch.

The Board of Directors held 8 meetings in 2014, conducted 5 conference calls and made one resolution by circular. Apart from one half-day meeting, the other meetings all lasted one full day. The Audit Committee held 3 half-day meetings, while the Nomination and Compensation Committee held 6 half-day meetings and conducted one conference call. 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.

3.5.1 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 the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
- c) To assess other financial information which is published or submitted to third parties.
- d) To monitor and discuss possible financial risks.
- e) To assess risk management principles and activities with regard to financial risk.
- f) To formulate and, where appropriate, modify the strategy and concept for ICS (internal control system) processes within the company and to assess their functional viability.
- g) To assess and finalise the internal audit function's audit plan, advisory activities and budget.
- h) To assess the performance and independence of the internal audit function.
- i) To appoint and dismiss the internal auditors.
- j) To assess the audit plan, 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.
- k) To assess audit findings in the internal and external auditors' reports and to monitor the implementation of measures recommended therein.
- l) To assess the collaboration between the internal and external auditors.
- m) To commission additional and follow-up audits with regard to specific issues or problems as needed.

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

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

3.5.2 NOMINATION AND COMPENSATION COMMITTEE DUTIES

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

- (a) To support the Board in determining and assessing the remuneration strategy and guidelines.
- (b) To support the Board in determining and assessing the qualitative and quantitative criteria applied to remuneration.
- (c) To support the Board in the preparation of recommendations to the General Meeting of shareholders regarding the remuneration of the Board and of Group Executive Management.
- (d) To formulate and submit recommendations to the Board regarding the remuneration of the Board Chairman and the other Board members.
- (e) To submit proposals to the Board regarding the remuneration and other terms of employment (employment contracts) of the CEO and the other members of Group Executive Management.
- (f) To assess and determine the extent to which the qualitative and quantitative performance criteria set by the Board for determining the variable short-term and long-term remuneration paid to Group Executive Management have been met.
- (g) To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
- (h) To assess share, share-option and profit-sharing programmes for the Board, Group Executive Management, managers and employees and to make recommendations on these to the Board.
- (i) To monitor compliance with the remuneration principles set out in the law, the Articles of Incorporation and company regulations and with the resolutions on remuneration approved by the General Meeting 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 Nomination and Compensation Committee regarding the Board of Directors' remuneration guidelines and the financial remuneration paid to the Board are of a preparatory nature.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors meets as frequently as business demands, 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 the Board may also be made by video or telephone conference or in writing by circular, provided that a majority of Board members vote in favour of the proposal, that all members had the opportunity of casting their votes and that no member requested that a meeting be held to discuss the proposal. All Board resolutions must be recorded in a set of minutes, which the Chairman and 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.

3.7 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS

The CEO keeps the Chairman of the Board informed about the business performance of the company and the Group. At Board meetings, the CEO informs the Board about the business performance of the company, the Group and the individual divisions and also reports on all major business events. The CEO notifies the Board immediately of any extraordinary events 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.

3.7.1 RISK MANAGEMENT

The Board of Directors and Group Executive Management carry out a risk assessment once a year. The objective is to make the principal risks to which Valora is exposed more transparent, to improve the quality of risk dialogue and to define practical measures for addressing 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 10 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 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.

3.7.2 INTERNAL AUDIT

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

Internal audit is independent. It assumes no management responsibilities and makes no management decisions. On all audit matters it reports directly to the Audit Committee. Administratively, it reports to the Chief Financial Officer of the Valora Group.

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

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

Internal audit carried out 8 audits during 2014.

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.



Michael Mueller, 1972, Swiss citizen

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

Previous activities: CFO of Valora Holding AG, Managing Director of Rubus Capital Management 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. CEO of Valora since March 1, 2014.



Tobias Knechtle, 1972, Swiss citizen,

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

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



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.



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.



Thomas Eisele, 1974, Swiss citizen

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

Previous activities: Head of Business Development/M&A at Valora Group, Assistant Executive Chairman of Valora Holding AG, Assistant Executive Chairman of Manor Group, CFO/COO itheca Group, management consultant at MCS.

Head of Ditsch/Brezelkönig division since April 1, 2014.

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. Following the successful sale of Valora Services, Alexander Theobald left the Valora Group on August 31, 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.

Tobias Knechtle 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 ARTICLES OF INCORPORATION PROVISIONS ON THE NUMBER OF PERMISSIBLE ACTIVITIES

As required by Article 12, paragraph 1, section 1 of the Ordinance against Excessive Compensation, the Articles of Incorporation of Valora Holding AG state that members of Group Executive Management may not simultaneously hold more than four mandates on the highest management or supervisory bodies of legal entities outside the Valora Group which are required to be registered in the Swiss commercial register or a similar register in another country. No more than one such mandate may be carried out for an exchange-listed legal entity.

Mandates within the same corporate group and mandates closely linked to the same group (such as pension funds, joint ventures and significant participations) are considered as one mandate. All mandates require prior approval by the Board of Directors.

4.4 MANAGEMENT CONTRACTS

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

5 REMUNERATION, SHARE HOLDINGS AND LOANS

Full details of all remuneration, share holdings and loans (content of remuneration and share programmes, process for determining remuneration under those programmes, general remuneration components (and their weightings) for members of the Board of Directors and Group Executive Management) are set out in the separate remuneration report on pages 59 to 73, in Notes 36 "Transactions and share holdings with related parties and companies" to the consolidated financial statements of the Valora Group (page 145 and 146) and in Note 5 "Shares held by members of the Board of Directors and Group Executive Management" to the financial statements of Valora Holding AG (page 157 and 158).

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. The Board of Directors will ensure that shareholders can also send electronic proxy votes and voting instructions to the independent shareholders' representative, who can determine the specific arrangements required for this. Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS

Unless the law or the Articles of Incorporation 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. Voting abstention and invalid votes are considered as not submitted. In the event of a tied vote, the Chairman of the Board of Directors holds the casting vote.

Under Article 13 of the Articles of Incorporation, the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the 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 CONVOCAATION 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 2015 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 13, 2015.

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 2014 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 2014 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 2013).

8.3 ADDITIONAL FEES

In addition, Ernst & Young AG invoiced the Valora Group for a further CHF 0.1 million (CHF 0.3 million in 2013) 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 an external audit company in 2014. 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 August of 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).

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/en/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*