

Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SIX Swiss Exchange as per 13 December 2016.

Operational Group Structure

Refer to the illustration on page 88.

Group Companies

For Shareholdings and their Percentage Breakdowns, refer to the illustration on page 55.

Capital Structure

For details of the share capital, refer to note no. 15 on page 43. For details of changes in capital structure within the last three years, refer to table "Changes in Consolidated Shareholders' Equity" on page 31. Vetropack Holding Ltd does not issue options on participation rights.

Dividends

Registered and bearer shares are dividend bearing.

List of Major Shareholders with Holdings > 3%

	31.12.2016			31.12.2017		
	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %
Cornaz AG-Holding						
Oberrieden	721 946	22 097	67.6	721 946	22 097	67.6
Elisabeth Leon-Cornaz						
St-Prex	56 868	0	5.2	56 867	0	5.2
La Licorne Holding SA						
Martigny	50 722	0	4.6	50 722	0	4.6

A shareholders' lock-in agreement exists between the shareholders of Cornaz AG-Holding. A further shareholders' agreement exists between Cornaz AG-Holding and the shareholders mentioned above, as well as 4 further shareholders (cp. the disclosure report dated 21 December 2017 published on the SIX Swiss Exchange website: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

The core elements of both agreements are:

- Uniform exercise of voting rights at the AGA.
- Mutual obligation to offer shares to parties to the agreement.

During the year under review, no disclosure reports were issued to the company within the meaning of Art. 120 of the Swiss Stock Exchange Act.

Board of Directors (BoD)

Principles Underlying the Voting Procedure for Members of the Board of Directors and their Terms of Office

The members of the Board of Directors of Vetropack Holding Ltd are each elected by the Annual General Assembly of shareholders (AGA) on an annual basis. Re-election is permitted. Each year, the AGA elects the Chairman of the Board of Directors and the individual members of the Nomination and Compensation Committee (NCC), who must be members of the Board of Directors, as well as the independent proxy. Their term of office shall end upon the conclusion of the next AGA. The BoD appoints the Chairman of the NCC.

BoD Duties

The BoD performs its duties as laid out in the Swiss Code of Obligations (CO) 716a.

The BoD Chairman has the following additional main duties:

- Preparing and drawing up the invitations to the AGA jointly with the CEO.
- Drawing up the agenda for BoD meetings, and issuing invitations and relevant documentation jointly with the CEO.
- Chairing the AGA and the BoD meetings.
- Monitoring the implementation of resolutions passed by the AGA and the BoD.
- In urgent cases, the BoD Chairman can conclude transactions that fall within the competence of the BoD by executive decision. Any such actions are communicated in writing without delay to the BoD.

Respective Areas of Responsibility for the BoD and Management Board (MB)

The duties that are not reserved for the BoD in accordance with CO 716a are delegated to the MB. This means that the MB can act freely within the guidelines laid down by the BoD, but it is also fully responsible for the operational management of the Group.

Working Methods

In 2017, the BoD exercised its overall supervisory and monitoring role by receiving oral and written reports from the MB at five regular annual meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Ordinary BoD meetings normally last at least four hours. The head auditor was invited to the March meeting to disclose the results of the external audit. Moreover, a two-day strategy meeting was held in August. During the November meeting, the results of the 2017 internal audit were discussed and focal areas were defined for the 2018 internal audit. A further ten annual meetings were held, exclusively involving the BoD Chairman, the CEO, and the CFO. They discussed operational topics, preparations for ordinary meetings, as well as reports from internal audit. The BoD is regularly informed regarding the Group's commercial state of affairs and planning via written Monthly, Semi-Annual and Annual Reports, and receives a planning dossier at both company and Group levels (three year plan). The Nomination and Compensation Committee (NCC) is responsible for checking the BoD and extended MB remuneration scheme. The working methods of the NCC are set out on page 79 of the Remuneration Report. With the exception of the NCC, the BoD forms no committees.

Risk Assessment

Vetropack Holding Ltd utilises a risk management system that enables the identification, early recognition, and analysis of risks in order for the company to take appropriate action. The system's scope includes strategic, operational, financial, and compliance risks. It covers not only Vetropack Holding Ltd's risks, but also the key risks of its subsidiaries. All systematically identified risks are listed according to rank. This risk ranking system is formulated from a risk probability matrix. Management is actively involved in checking annually the matrix and in keeping it up to date. During the year under review, the Board of Directors dealt with the topic of risk assessment in its August meeting.

BoD Members

	Position	Nationality	Appointed	Elected till
Hans R. Rüegg	Chairman, non-executive	CH	1993	May 2018
Richard Fritschi *	Vice-Chairman, non-executive	CH	2005	May 2018
Claude R. Cornaz *	Member, executive	CH	1998	May 2018
Sönke Bandixen	Member, non-executive	CH	2012	May 2018
Pascal Cornaz	Member, non-executive	CH	2009	May 2018
Rudolf W. Fischer *	Member, non-executive	CH	2000	May 2018
Jean-Philippe Rochat	Member, non-executive	CH	2006	May 2018
Urs Kaufmann	Member, non-executive	CH	2017	May 2018

* Members of the Nomination and Compensation Committee (NCC)

Hans R. Rüegg (1946, Rüti ZH)

Dipl. El. Ing., ETH, Zürich, Switzerland / MBA, University of Florida, Gainesville, USA

1983 - 1993	Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
1993 - 2011	Chairman and Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
1993 - 2005	Member of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
2005 - present	Chairman of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
2011 - 2017	Chairman of the BoD, Baumann Federn AG, Rüti, Switzerland

Richard Fritschi (1960, Oberrieden ZH)

Dipl. Controller SIB, Zürich, Switzerland

1979 - 1985	Various functions for Luwa SA, in Zürich, Switzerland and England
1985 - 1987	Project Controller, Airchal-Luwa SA, Paris, France
1987 - 1991	Head of Finance and Administration, Isolag AG, Zürich, Switzerland
1991 - 1999	Head of Finance, Allo Pro / Sulzer Orthopädie, Baar / Winterthur, Switzerland
1999 - 2001	Head of Sales, Sulzer Orthopädie/Sulzermedica, Winterthur, Switzerland
2001 - 2003	President Europe / Asia / South America, Sulzer Orthopädie / Sulzermedica, Winterthur, Switzerland
2003 - 2005	President Europe / Australasia, Zimmer, Winterthur, Switzerland
2006 - 8/2011	CEO, Ypsomed AG, Burgdorf, Switzerland
9/2011 - present	Board of Directors in various private and listed companies

Governing Mandates: Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Chairman, Bibus Holding AG, Fehraltorf, Switzerland / Member, Fromm Holding AG, Cham, Switzerland

Claude R. Cornaz (1961, Bülach ZH)

Dipl. Mechanical Engineering, ETH / BWI, Zürich, Switzerland

- 1987 - 1989 Management Services Contraves AG, Zürich, Switzerland
- 1998 - present Member of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
- 1989 - 1993 Project Engineer, Nestec in Vevey, Switzerland and Thailand
- 1993 - 1999 Head of Corporate Development and Head of Technology & Production Vetropack Group
- 1996 - 2017 MB Member, Vetropack Group
- 2000 - 2017 CEO of Vetropack Holding Ltd, Bülach, Switzerland

Governing Mandates: Member, Bucher Industries AG Niederweningen, Switzerland / Vice-Chairman, H. Goessler AG, Zürich, Switzerland / Vice-Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Member, Glas Trösch Holding AG, Buochs, Switzerland

Offices: BoD Member of the European Federation for Glass Packaging (FEVE), Brussels, Belgium

Sönke Bandixen (1957, Stein am Rhein SH)

Dipl. Mechanical Engineer, ETH Zürich, Switzerland, PMD Harvard Business School, USA

- 1984 - 1993 Various functions for SIG AG, as of 1990 MB Division Packaging Machines, Neuhausen am Rheinfall, Switzerland
- 1994 - 1996 Vice President Marketing, Cosatec AG, Dübendorf, Switzerland
- 1997 - 2003 CEO Division Door Systems, Kaba Holding AG, Rümlang, Switzerland
- 2004 - present Partner, AMC Account Management Center AG, Zürich, Switzerland
- 2007 - 2010 CEO, Orell Füssli Holding AG, Zürich, Switzerland
- 2010 - 2011 Self-employed Management Consultant
- 2012 - 2014 CEO, Landert Motoren AG, Bülach, Switzerland
- 2015 - present Self-employed Management Consultant

Governing Mandate: Member of Schweizerische Schifffahrtsgesellschaft Untersee und Rhein, Schaffhausen

Offices: Member Advisory Board, CGAM Center for Global Account Management, HSG St. Gallen, Switzerland, Mayor of Stein am Rhein, Member of the Board of Trustees of the Jakob and Emma Windler Foundation, Stein am Rhein

Pascal Cornaz (1971, Les Paccots FR)

Dipl. Purchaser, Switzerland

- 1995 - 2005 Various functions in technical customer support, purchasing, and logistics, Switzerland
- 2005 - 2007 Member of the Executive Board of Giovanna Holding SA, Clarens, Switzerland
- 2008 - 2011 Member of the Executive Board and Head of Customer Service of Ginox SA, Clarens, Switzerland
- 2012 - present CEO Diamcoupe SA, Cheseaux s. Lausanne, Switzerland

Rudolf W. Fischer (1952, Bergdietikon AG)

PhD. Economics. publ., University of Zürich, Switzerland

- 1982 - 1991 Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
- 1991 - 1994 CEO Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (91 & 92), and Hanro AG, Liestal (93 & 94), Switzerland
- 1994 - 1995 Partner Bjørn Johansson Associates, Executive Search, Zürich, Switzerland
- 1996 - 2011 Schindler Management AG, Ebikon, Switzerland, Group Management Member, responsible for HR and Training
- 2012 - 8/2016 Schindler Holding Ltd, Member of the Board of Directors, Member of the Supervisory and Nomination Committee, Member of the Compensation Committee (full-time), Switzerland
- 9/2016 - present Schindler Holding Ltd, Member of the Board of Directors, Member of the Supervisory and Nomination Committee, Member of the Compensation Committee

Jean-Philippe Rochat (1957, Lausanne VD)

Lic. iur. University of Lausanne, Switzerland

- 1980 - 1984 Publicitas Ltd, Lausanne, Bern and Basel, Switzerland
- 1984 - 1985 Fiduciaire Fidinter Ltd, Lausanne, Switzerland
- 1985 - 1987 Legal internship in Geneva, Switzerland
- 1987 - 1989 Lawyer, Pfyffer, Argand, Troller & Associates, Geneva, Switzerland
- 1989 - 2015 Partner Lawyer at Carrard, Paschoud, Heim et Associés, Lausanne, Switzerland
- 2015 - present Partner Lawyer at Kellerhals Carrard, Lausanne, Switzerland

Governing Mandates: Chairman, MCH Beaulieu Lausanne SA, Lausanne, Switzerland / Member, PKB Privatbank, Lugano, Switzerland / Member, Investissements Fonciers SA - La Foncière, Lausanne, Switzerland / Member, Vaudoise Holding SA, Lausanne, Switzerland

Offices: Member of the Strategy Council "Chambre Vaudoise du Commerce et de l'Industrie" (CVCI), Lausanne, Switzerland / Honorary consul of Finland in Lausanne, Switzerland

Urs Kaufmann (1962, Rapperswil-Jona SG)

Dipl. Mechanical Engineer, ETH/BWI Zürich, Switzerland

- 1987 - 1993 Project Manager, Production Manager and Head of Sales, Zellweger Uster AG, Uster and USA
- 1994 - present HUBER+SUHNER Group
- 1994 - 1997 Managing Director of Henry Berchtold AG, Kollbrunn
- 1997 - 2000 Division Head and Member of Management Board
- 2001 - 2002 Sector Head and Member of Executive Group Management
- 2002 - 2017 CEO, since 2014 Delegate of the Board of Directors
- 2017 - present Chairman of the Board of Directors

Governing Mandates: Chairman of Schaffner Holding Ltd, Luterbach / Member of SFS Group Ltd, Heerbrugg / Member of Gurit Holding Ltd, Wattwil / Member of Müller Martini Holding Ltd

Offices: Member of the Executive Committee of Swissmem

Members of the BoD for Vetropack Holding Ltd do not sit with other BoD members on the boards of other listed companies, nor are there any business relationships between the BoD members and Vetropack Holding Ltd. Claude R. Cornaz, Rudolf W. Fischer, Jean-Philippe Rochat and Urs Kaufmann also act as directors of other listed companies as set out on pages 72 to 74 of this report.

MB Members

	Position	Nationality	Appointed
Claude R. Cornaz	CEO	CH	1.5.1993
David Zak	CFO	CH	1.5.2002
Günter Lubitz	GM Techniques/Production/Procurement	DE	1.6.2003
Johann Reiter	GM Business Division Switzerland/Austria	AT	1.11.2010
Marcello Montisci	GM Marketing/Sales/Production Planning	IT	1.3.2005

Claude R. Cornaz (1961)

Dipl. Mechanical Engineer, ETH / BWI, Zürich, Switzerland

1987 - 1989	Management Services, Contraves AG, Zürich, Switzerland
1989 - 1993	Project Engineer, Nestec in Vevey, Switzerland and Thailand
1993 - 1999	Head of Corporate Development for Technology and Production, Vetropack Group
1996 - 2017	MB Member, Vetropack Group
1998 - present	Member of the Board of Directors, Vetropack Holding Ltd
2000 - 2017	CEO of Vetropack Holding Ltd

David Zak (1965)

BSc., Business Administration, Boston University, Boston, USA

1989 - 1997	Various international Finance and Management positions within the ABB Group, including Controller for ABB Holding AG, Zürich, Switzerland Vice-Chairman, ABB s.r.o., Prague, Czech Republic
1998 - 2002	CFO, Studer Professional Audio AG, Regensdorf, Switzerland
5/2002 - present	CFO, Vetropack Holding Ltd / MB Member, Vetropack Group

Günter Lubitz (1953)

Dipl. Engineer, Glass and Ceramics Engineer, University of Duisburg, Duisburg, Germany

1977 - 1985	Management Positions as Production Engineer and Head of Production within the German glass packaging industry
1985 - 1988	Production Manager and Technical Director at Bangkok Glass Industry, Bangkok, Thailand
1989 - 2003	Technical and Works Manager at various glass packaging companies in Germany
6/2003 - present	Head of Techniques/Production/Procurement for the Vetropack Group / MB Member, Vetropack Group

Johann Reiter (1960)

Dipl. Industrial & Mechanical Engineer, HTL, Kapfenberg, Austria

- 1976 - 2010 Various functions at Böhler Edelstahl GmbH & Co KG, Kapfenberg, Austria, including business area manager for freeform forge and casting parts
- 11/2010 - present GM Business Division Switzerland/Austria / MB member, Vetropack Group

Marcello Montisci (1954)

PhD., Electrical Engineer, University of Rome, Italy, MBA, Università Commerciale Luigi Bocconi, Milan, Italy

- 1980 - 1985 Technical Sales, VARIAN, Turin, Italy
- 1985 - 1991 Various management functions, AXIS Spa, Florence, Italy
Including four years in the USA
- 1991 - 2001 Commercial Director, AVIR Spa (O.I.), Milan, Italy
- 2001 - 2005 MD, United Hungarian Glass (O.I.), Oroshaza, Hungary
- 3/2005 - present Head of Marketing/Sales/Production Planning, Vetropack Group
- 2/2006 - present MB Member, Vetropack Group
- 2006 - 2009 Division Head, Czech Republic/Slovakia

There are no management agreements between Vetropack Holding Ltd and companies, nor individuals outside the Group.

Remuneration and Additional Information

The Remuneration Report on pages 79 to 82 and the disclosure pursuant to Art. 663 CO on page 65 provide details on the remuneration, shareholdings, loans and credits granted to members of the BoD and MB as well as closely associated persons.

Shareholders' Participation Rights

Voting Rights, Voting Rights Restrictions and Representation: Each registered or bearer share has one voting right. There is no representation restriction in respect of bearer shares. Registered shares can only be represented by other holders of registered shares (persons or legal entities).

Statutory Quorums: The articles of incorporation of Vetropack Holding Ltd specify only the statutory requirements as laid out in Articles 703 and 704 of the Swiss Code of Obligations.

Convocation of the AGA: The invitation is issued at least 20 days prior to proposed date of the assembly. Within the invitation the shareholders are informed of business items to be negotiated during the assembly, as well as motions proposed by the BoD, and by shareholders who have demanded that a given business item be placed on the agenda. Extraordinary General Assemblies (EGAs) are convened as necessary and as defined by legal precedent. Shareholders representing at least one tenth of total share capital can demand convocation of an EGA at any time.

Composition of the Agenda for the AGA: Shareholders who represent shares with a nominal value of CHF 1,000,000 can demand that a business item is placed on the agenda. This request must be submitted in writing to the Chairman of the BoD at least 40 days prior to AGA.

Transfer Provisions: There are no ownership nor transfer restrictions for registered or bearer shares. Transfers of registered shares must be reported to the Shareholders' Office of Vetropack Holding Ltd.

Registrations in the Share Register: For the voting right to be exercised, registration must take place at least 20 days prior to the AGA.

Changes of Control and Defence Measures: There is no statutory regulation in relation to “opting-out” nor “opting-up”. There are no clauses on changes of control in favour of members of the BoD nor the MB.

Period of Notice: Fixed-term contracts of MB members may not be longer than one year (cp. article 22 of the articles of incorporation). Likewise, the period of notice for terminating permanent contracts may not be longer than one year (cp. article 22 of the articles of incorporation). Permanent contracts of employment with a maximum period of notice of twelve months have been concluded with the MB members (cp. article 22 of the articles of incorporation).

Auditors

Mandate: Ernst & Young Ltd have been auditors for Vetropack Holding Ltd since 1995. The head auditor has been responsible for the auditing mandate since 2013. The head auditor is changed every seven years.

Fees: During the year under review, Ernst & Young Ltd invoiced Vetropack Group the sum of CHF 0.4 million for auditing services regarding accounts of individual Group companies as well as consolidated accounts. In 2017, all affiliates of the Vetropack Group were audited by Ernst & Young Ltd.

Supervisory and Control Instruments Vis-à-Vis the External Auditors: At the ordinary November meeting, the entire BoD reviews the scope and key aspects of the external audit, including key aspects for auditing the internal control system of the current year. At the ordinary March meeting all BoD members are informed of audit results both in writing (Auditor's Report, Group Auditor's Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the BoD's March meeting). In February, the main points and results of audits carried out at subsidiaries are also discussed with auditors at the ordinary meetings of the governing body of each subsidiary. A member of the BoD is present at these meetings. With the help of the above-mentioned information sources, the BoD annually assesses both the statutory auditors' and group auditors' performance and independence during the March meeting. The BoD annually analyses the development of external audit costs (multiple year comparison).

Information Policy

Vetropack Holding Ltd provides information through the following channels: Annual Report, Annual Press Conference, Annual General Assembly and Semi-Annual Report. Current information is available via the company's website at www.vetropack.com.

Press releases are published under the “News” header (<http://www.vetropack.com/en/vetropack/news/>). Under the “Investor Relations” header (<http://www.vetropack.com/en/vetropack/investor-relations/vetropack-in-figures/>) key figures, financial publications, financial agenda, news subscription, articles of incorporation, minutes of the last AGA and contact information are published.

By registering for the newsletter (push mail), one automatically receives an e-mail directing to newly released investor relations information pages on the company's website (<http://www.vetropack.com/en/vetropack/investor-relations/news-service/>).

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