

Remuneration Report Vetropack Holding Ltd

1. Introduction

The strategy adopted by Vetropack Group is aimed at ensuring the company's sustainable long-term development, taking into account the interests of its stakeholders. Since Vetropack is firmly rooted in local markets, a high degree of importance is attached to the specific conditions at individual locations. Vetropack's remuneration principles have been drawn up with this in mind; they include a fixed component aligned with local market conditions and an appropriate variable component, which is performance- and results-related.

2. Principles of the Remuneration Scheme and its Components

Vetropack Group's remuneration scheme is geared towards its employees' level of responsibility and experience as well as local conditions. It is managed and further developed without drawing on any external advice.

Members of the Board of Directors (BoD) receive a fixed cash benefit with no variable components.

Members of the Management Board (MB) receive basic remuneration reflecting their individual responsibility and experience as well as a variable performance- and results-related component. They are also awarded non-cash benefits in the form of supplementary pension contributions and a company car, which is also available for their private use.

All remuneration is paid in cash and there are no share or option plans.

3. Organisation and Authorities for Determining Remuneration

The BoD determines the principles underlying its own remuneration scheme as well as that of the MB at the request of the Nomination and Compensation Committee. It sets remuneration for the BoD and the CEO annually at the request of the Nomination and Compensation Committee.

The Nomination and Compensation Committee (NCC) consists of three members of the BoD who are elected individually by the Annual General Assembly each year. The Annual General Assembly of 10 May 2017 elected Claude R. Cornaz, Richard Fritschi and Rudolf Fischer to the NCC, with the latter being elected its Chairman by the BoD. The NCC reports on its discussions and decisions and proposes any motions at the next meeting of the entire BoD. The committee met four times in 2017: March, May, August and November.

The main task of the NCC is to regularly check the BoD's and MB's remuneration schemes. The NCC recommends remuneration proposals for the members of the BoD and the CEO to the entire BoD for resolution, with the CEO not taking part in discussions concerning his own remuneration. The committee takes independent decisions regarding the remuneration of the remaining members of the MB at the request of the CEO. The NCC also puts to the BoD the motions relating to overall remuneration for the BoD and MB that are to be proposed at the Annual General Assembly. The CEO does not attend meetings at which his remuneration is discussed.

It also prepares the medium- and long-term human resources planning for the members of the BoD and the MB and submits its proposals to the entire BoD for resolution.

The Annual General Assembly of Vetropack Holding Ltd votes on the remuneration of the Board of Directors and the Management Board as follows:

- prospectively and separately on the maximum total amount of remuneration for the Board of Directors for the period until the next Annual General Assembly (cp. article 27 of the company's articles of incorporation <https://www.vetropack.com/en/vetropack/investor-relations/corporate-governance/>).
- prospectively and separately on the maximum total amount of remuneration for the Management Board for the fiscal year that follows the Annual General Assembly (cp. article 27 of the articles of incorporation).

Article 28 of the articles of incorporation provides for an additional 40% of the amount approved by the Annual General Assembly for members of the Management Board nominated during the remuneration period.

4. Description of the Remuneration Components

Board of Directors

Members of the BoD receive fixed remuneration in cash, with the Chairman, Vice-Chairman and ordinary members entitled to different amounts based on a graduated scale. The members of the NCC also receive fixed remuneration in cash for their work on the Committee, with the Chairman and ordinary members likewise entitled to different amounts based on a graduated scale. There are no variable components. Remuneration is paid out after each Annual General Assembly.

Management Board

Members of the MB receive fixed basic remuneration (fixed basic salary), which is commensurate to the level of responsibility they have in their individual role, their experience and local conditions.

They also receive a variable cash bonus that consists of two parts:

- an individual bonus, based on the achievement of individually defined performance goals,
- a net result bonus, calculated on the basis of an individually defined per mille rate of the Group's consolidated net profit after tax. If the consolidated net profit is lower than 2% of the net revenue, this net result bonus is zero.

When appraising the extent to which individual performance goals have been achieved, the elements that cannot be quantified are evaluated at the appraiser's discretion.

The target value for the variable component as a whole, i.e. the individual bonus and net result bonus together, is between 25% and 50% of the basic salary.

It is limited to a maximum of 75% of the basic salary and is paid out in March of the following year after the Annual Report has been approved by the BoD.

5. Board of Director's (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2017. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the BoD, former members of the BoD or persons closely associated with them. There are also no outstanding credits or loans.

2016 BoD Remuneration

in CHF	Cash		Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman	120 000		6 465	126 465
Richard Fritschi, Vice-Chairman*	85 000	6 667	6 751	98 418
Claude R. Cornaz, Member*	61 000	6 667	4 578	72 245
Sönke Bandixen, Member	61 000		4 493	65 493
Pascal Cornaz, Member	61 000		4 493	65 493
Rudolf W. Fischer, Member*	61 000	10 000	5 229	76 229
Jean-Philippe Rochat, Member	61 000		4 493	65 493
Total	510 000	23 334	36 502	569 836

2017 BoD Remuneration

in CHF	Cash		Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman	123 333		6 706	130 039
Richard Fritschi, Vice-Chairman	88 333	10 000	7 272	105 605
Claude R. Cornaz, Member	63 667	10 000	5 006	78 673
Sönke Bandixen, Member	63 667		4 708	68 375
Pascal Cornaz, Member	63 667		4 708	68 375
Rudolf W. Fischer, Member	63 667	15 000	3 895	82 562
Jean-Philippe Rochat, Member	63 667		4 708	68 375
Urs Kaufmann, Member	43 333		3 204	46 537
Total	573 334	35 000	40 207	648 541

6. Management Board's (MB) Remuneration

Only cash benefits were paid to members of the MB in 2017. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the MB, former members of the MB or persons closely associated with them. There are also no outstanding credits or loans.

in CHF	Basic Salary	Bonus	Pension/Social Security Contributions	** Non-cash Benefits	Total
2016 MB Remuneration					
Total MB	2 009 700	538 505	644 240	31 159	3 223 604
Highest level of remuneration *	618 240	181 940	208 140	5 280	1 013 600
2017 MB Remuneration					
Total MB	2 018 390	592 117	656 642	32 650	3 299 799
Highest level of remuneration *	618 240	193 306	207 757	5 280	1 024 583

* Claude R. Cornaz, CEO

** Company car for personal use

7. Comparison of Remuneration disbursed with the Remuneration approved by the 2016 and 2017 Annual General Assembly

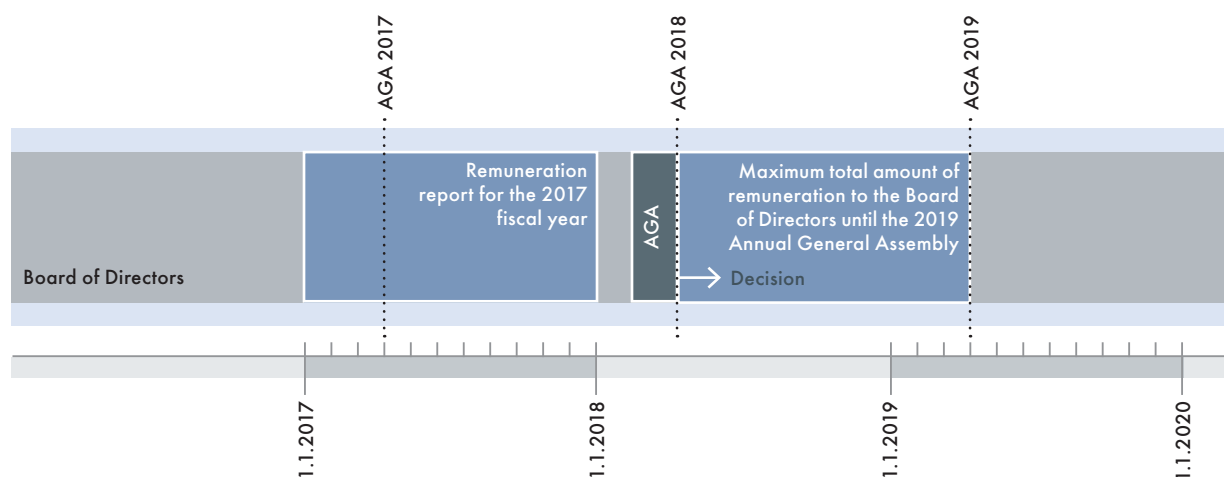
Board of Directors

At the Annual General Assembly on 10 May 2017, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 690,000 defined.

Remuneration to the Board of Directors is approved prospectively for the period until the next ordinary Annual General Assembly in accordance with the articles of incorporation. The table below compares the maximum amount of remuneration to the Board of Directors approved by the Annual General Assembly with the amounts actually disbursed in 2017.

in CHF	
Approved total remuneration for the BoD from the 2017 AGA until the 2018 AGA	690 000
Remuneration disbursed to the BoD in 2017	648 541

The difference is due to a slight increase in Board of Directors' fees as well as the addition of a new member of the Board of Directors and a postponement (see diagram below).



Management Board

The total remuneration to the Management Board for the 2017 fiscal year (CHF 4,400,000) was approved at the Annual General Assembly on 11 May 2016. See below a comparison of approved and disbursed remuneration for 2017.

CHF millions	2017
Approved total remuneration for the Management Board for 2017	4 400 000
Remuneration disbursed to the Management Board in 2017	3 299 799

8. Shareholdings

Information on shares held by members of the Board of Directors and the Management Board can be found in the Financial Report of Vetropack Holding Ltd on page 65.