

Governance

Remuneration Report

Migros has a clearly defined remuneration policy: the remuneration of Migros' management is based on predetermined salary bands. The FMC Board of Directors issues guidelines for the remuneration of the other organs.

The salary bands define **minimum and maximum salaries** for the various management levels. They are regularly reviewed and adjusted by the FMC Board of Directors and must be approved by the G. and A. Duttweiler Foundation. Mitreva Treuhand und Revision AG verifies that the salary bands are adhered to, and the Chairman of the Board of Directors is informed of the results in writing.

Migros' remuneration model is clear and simple. Salaries are based consistently on rates of pay in the market, and the rationale of social capital is taken into account when fixing them. Clear guidelines are set for working at Migros. Workplace quality is a conscious component of responsible management. The benchmark working conditions, such as minimum wages, regulations for annual leave and employee training entitlements, can be found here.

For the remuneration of the Migros organs, the Board of Directors issues guidelines that are **regularly reviewed and adjusted**. These also apply to the external members of the boards of directors of FMC subsidiary companies. Internal members do not receive any form of remuneration for such mandates. The remuneration of the FMC Board of Directors is approved by the G. and A. Duttweiler Foundation.

The bonus-free remuneration and salary system is one of Migros' core values.

The bonus-free remuneration and salary system is one of **Migros' core values** and is integral to the company's long-term development. The members of the Board of Directors and Executive Board do not receive any bonuses or profit-sharing for their duties at Migros. They are not entitled to any contractually regulated severance pay.

Fees paid to members of the Board of Directors

The members of the FMC Board of Directors (including the Chairman) received a total of CHF 1'153'850 in fees in 2017 (2016: CHF 1'133'300), including attendance fees for committee meetings and conferences. **No other forms of remuneration are paid**, including in particular pension fund contributions or expenses. The Chief Executive Officer and the managing directors of the regional Cooperatives did not receive any form of remuneration in their capacity as members of the FMC Board of Directors.

The detailed disclosure of the remuneration paid to members of the Board of Directors is shown below:

Remuneration paid to members of the Board of Directors

In CHF	Flat-rate remuneration		Attendance fee ^[4]		Total remuneration ^[5]	
	2017	2016	2017	2016	2017	2016
Andrea Broggini (Chairman) Remuneration and Nominations Committee (Chairman), Evaluation	420'000	420'000	-	-	420'000	420'000

In CHF	Flat-rate remuneration		Attendance fee ^[4]		Total remuneration ^[5]	
	2017	2016	2017	2016	2017	2016
Committee until 08.03.2016 and from 23.08.2017 (Chairman) ^[1]						
Doris Aebi, Vice- Chairwoman Remuneration and Nominations (member), ADH (strategic issues), Evaluation Committee until 08.03.2016 and from 23.08.2017 (member) ^[2]	76'500	76'500	36'750	25'000	113'250	101'500
Roger Baillod Audit Committee (Chairman)	60'000	60'000	21'900	21'900	81'900	81'900
Dominique Biedermann Audit Committee (member)	60'000	60'000	9'900	9'900	69'900	69'900
Jean-René Germanier Remuneration and Nominations (member) ^[6]	60'000	60'000	22'550	13'200	82'550	73'200
Paola Ghillani Audit Committee (member), ADH (strategic issues)	60'000	60'000	20'900	20'900	80'900	80'900
Thomas Rudolph	60'000	60'000	7'150	8'250	67'150	68'250

In CHF	Flat-rate remuneration		Attendance fee ^[4]		Total remuneration ^[5]	
	2017	2016	2017	2016	2017	2016
Finance Committee (member) ^[7]						
Ursula Schoepfer Finance Committee (Chairwoman)	60'000	60'000	19'150	20'250	79'150	80'250
Heinz Winzeler Finance Committee (member)	60'000	60'000	7'150	8'250	67'150	68'250
Hans A. Wüthrich Audit Committee (member)	60'000	60'000	9'900	8'250	69'900	68'250
Patrick Avanthay (Employee Representative) ^[3]	-	-	11'000	12'100	11'000	12'100
Andrea Hilber Truttman, since 09.04.2016 (Employee Representative) ^[3]	-	-	11'000	8'800	11'000	8'800
Total ^[3]	976'500	976'500	177'350	156'800	1'153'850	1'133'300

- 1 The Chairman of the Board of Directors does not receive any attendance fees. The total remuneration includes annual expenses of CHF 20'000.
No pension fund contributions are paid.
- 2 The Deputy Chair receives flat-rate remuneration of CHF 16'500.
- 3 The employee representatives are paid CHF 1'100 for each meeting/conference.
- 4 Committee meetings are remunerated as follows:
Full-day meeting: CHF 2'750
Half-day meeting: CHF 1'650
Meeting before/after meetings of the Board of Directors: CHF 550
Allowance for chair of committee: 12'000 (fixed annual fee)
Evaluation committee (only for pending elections) per session: CHF 800
- 5 Plus overnight accommodation and board at the company's own seminar centre during meetings of the Board of Directors.
No pension fund contributions are paid.
- 6 Plus remuneration for the seat on the board of Seba Aproz SA, amounting to CHF 10'000 per year.
- 7 Since 2000, Migros Culture Percentage has been making an annual contribution of CHF 400'000 to the Gottlieb Duttweiler Chair of International Retail Management at the University of St. Gallen's Institute of Retail Management. The Migros funds are used to finance postdoctoral positions. Thomas Rudolph is the Director of the Institute of Retail Management and the Gottlieb Duttweiler Chair at the University of St. Gallen as well as the holder of a University-funded chair.

Salaries of the Executive Board

The seven members of the FMC Executive Board (including the CEO) received a total of CHF 5.530 million in 2017 (2016: CHF 5.427 million). The highest single salary paid (Herbert Bolliger, Chief Executive Officer) was CHF 945'000 (2016: CHF 930'000). Two thirds of **pension fund contributions** are paid by the employer and one third by the employee.

Members of the Executive Board are provided with a company car. A lump-sum expenses allowance is included in the salaries above; no other benefits are paid. **No variable forms of remuneration are paid.** The seven members of the Executive Board do not receive any form of remuneration for business-related seats on management boards, supervisory boards or foundation councils. The remuneration for any approved mandates outside the Migros Group is paid to the employer.