

CORPORATE GOVERNANCE

INTRODUCTION

This Report is prepared in accordance with the Corporate Governance Directive (DCG) of the SIX Swiss Exchange. All information within this Corporate Governance Report and within the Remuneration Report (see page 229) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2016 (if not specifically mentioned otherwise).

The Articles of Incorporation are available on the Company website www.dufry.com section Investors – Corporate Governance – Articles of Incorporation.

www.dufry.com

Link:

<https://www.dufry.com/en/investors/corporate-governance>
page section “Featured downloads – Articles of Incorporation”

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

For an overview of the management organizational chart and operational Group structure, please refer to page 20 of this Annual Report.

Listed company

COMPANY

Dufry AG, Brunngässlein 12, 4052 Basel, Switzerland
(hereinafter “Dufry AG” or the “Company”)

LISTING

Registered shares: SIX Swiss Exchange
Brazilian Depositary Receipts (BDRs):
São Paulo Stock Exchange
(BM&FBOVESPA – Bolsa de Valores de São Paulo), Brazil

MARKET CAPITALIZATION

CHF 6,841,706,789 as of December 31, 2016

PERCENTAGE OF SHARES HELD BY DUFY AG

0.19% of Dufry AG share capital as of December 31, 2016

SECURITY NUMBERS

Registered shares:
ISIN-Code CH0023405456, Swiss Security-No. 2340545
Ticker Symbol DUFN

Brazilian Depositary Receipts (BDRs):
ISIN-Code BRDAGBBDR008
Ticker Symbol DAGB33

Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 190 in the section Financial Statements of this Annual Report*.

* Including the company names, locations, percentage of shares held, share capital.

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2016, the following significant shareholders disclosed positions of more than 3% of the voting rights as of December 31, 2016⁽¹⁾.

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosures notices in 2016 are available on the website of SIX Swiss Exchange on:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

SHAREHOLDER	DISCLOSURE OF PURCHASE POSITIONS		DISCLOSURE OF SALE POSITIONS ⁽³⁾	
	Through registered shares	Through other financial instruments ⁽²⁾	Total	Total
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A. and Hudson Media, Inc., such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd. ⁽⁴⁾	19.47%	1.88%	21.36%	8.52%
Morgan Stanley Group ⁽⁵⁾	0.02%	9.70%	9.71%	2.77%
Temasek Holdings (Private) Limited ⁽⁶⁾	8.55%	-	8.55%	-
Government of Singapore ⁽⁷⁾	7.79%	-	7.79%	-
State of Qatar ⁽⁸⁾	6.92%	-	6.92%	-
BlackRock, Inc. ⁽⁹⁾	3.06%	0.00001%	3.06%	1.76%

⁽¹⁾ The percentage of voting rights has to be read in context with the relevant and applicable stock exchange and disclosure rules. The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders if one of the thresholds defined in Article 120 of the Financial Market Infrastructure Act is crossed. Percentages have been calculated on the basis of the number of shares recorded in the Commercial Register.

⁽²⁾ Financial instruments such as conversion and share purchase rights, granted (written) share sale rights.

⁽³⁾ Share sale rights (especially put options) and granted (written) conversion and/or share purchase rights as well as financial instruments that provide for or permit cash settlement as well as other differential transactions (e.g. contracts for difference and/or financial futures).

⁽⁴⁾ Shares held through:

^{a)} Travel Retail Investment S.C.A. (Luxembourg / Grand Duchy of Luxembourg) holds shares and financial instruments. Shares in Travel Retail Investment S.C.A. are held by: 1) Petrus Pte. Ltd. (Singapore), which in turn is held by The Bingo Trust (New Zealand). Travel Retail S.á.r.l. is the general partner and sole manager of Travel Retail Investment S.C.A. Petrus Pte. Ltd. holds the majority of the shares in Travel Retail Investment S.C.A. and Travel Retail S.á.r.l. Mr. Andrés Holzer Neumann is the settlor of The Bingo Trust and exercises indirect control over the trust. 2) Witherspoon Investments LLC (Wilmington, DE/USA), which is held directly by Mr. Juan Carlos Torres Carretero. 3) Mr. Julián Díaz González (Altendorf / Switzerland).

^{b)} Mr. Julián Díaz González holds certain shares directly.

^{c)} Mr. Juan Carlos Torres Carretero holds certain shares directly.

^{d)} Petrus Pte. Ltd., Grupo Industrial Omega, S.A. de C.V. (Cuidad de Mexico / Mexico), various companies held directly by Grupo Industrial Omega, S.A. de C.V., and Consorcio Ann Taylor S.A. de C.V., all of which are controlled by Mr. Andrés Holzer Neumann.

^{e)} Mr. James S. Cohen holds his shares partly directly, partly through Hudson Media, Inc. (East Rutherford, NJ / USA), which he controls.

^{f)} James S. Cohen Family Dynasty Trust (East Rutherford, NJ / USA) holds all its shares directly. Mr. James S. Cohen is the Grantor of this trust, but is not a beneficiary of the trust.

^{g)} Dimitrios Koutsolioutsos holds his shares and financial instruments indirectly through Folli Follie Commercial Industrial and Technical S.A. (Agios Stephanos / Greece), which he controls, and Strenaby Finance Ltd. (British Virgin Islands), fully controlled by Folli Follie Commercial Industrial and Technical S.A. Dimitrios Koutsolioutsos holds shares in Folli Follie Commercial Industrial and Technical S.A. through Cordial Worldwide Ltd (British Virgin Islands), which he fully owns.

^{h)} Nucleo Capital Co-Investment Fund I Ltd (Grand Cayman / Cayman Islands), which holds the shares directly.

⁽⁵⁾ Morgan Stanley, The Corporation Trust Company (Wilmington, DE / USA) holds the shares and financial instruments indirectly through several subsidiaries.

⁽⁶⁾ Shares held through Kinder Investments Pte. Ltd. (Singapore). The indirect holder of the shares is Temasek Holdings (Private) Limited (Singapore). Temasek Holdings (Private) Limited is owned by the Minister of Finance of the Republic of Singapore. Kinder Investment Pte. Ltd. is wholly owned by Tembusu Capital Pte. Ltd., which in turn is wholly owned by Temasek Holdings (Private) Limited (Singapore).

⁽⁷⁾ Shares held through GIC Private Limited ("GIC") (Singapore) and Purple Green Investment Pte. Ltd. (Singapore). Both companies are owned (directly and indirectly) by the Government of Singapore ("GoS"). GIC is wholly owned by the GoS and manages the reserves of Singapore. GIC acts as the fund manager for GoS and the Monetary Authority of Singapore. Purple Green Investment Pte. Ltd. is an investment holding company wholly owned by GIC Blue Holdings Pte. Ltd., which in turn is wholly owned by GIC (Ventures) Pte. Ltd., which in turn is wholly owned by the GoS. Purple Green Investment Pte. Ltd. is managed by GIC.

⁽⁸⁾ Shares held through Qatar Holding LLC. The indirect holder of the shares is the State of Qatar (Qatar). Qatar Holding LLC is owned by the Qatar Investment Authority, which was founded and is owned by the State of Qatar.

⁽⁹⁾ BlackRock, Inc. (New York, NY / USA) holds the shares, financial instruments and sale positions (contracts of difference) indirectly through several subsidiaries.

Shareholders agreements

The group of shareholders consisting of various companies and legal entities representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd have four different shareholders agreements.

Shareholders agreement among Petrus Pte. Ltd., Witherspoon Investment LLC, Mr. Díaz González, Mr. Torres and Travel Retail S.à.r.l.

Shareholders agreement among Travel Retail Investment S.C.A., James S. Cohen, James S. Cohen Family Dynasty Trust, and Hudson Media, Inc.

Shareholders agreement between Travel Retail Investment S.C.A. and Folli Follie Commercial Industrial and Technical S.A.

Shareholders agreement among Travel Retail Investment S.C.A., Mr. Torres and Nucleo Capital Co-Investment Fund I Ltd. Nucleo Capital Ltda. is only a party to that agreement as investment manager of Nucleo Capital Co-Investment Fund I Ltd.

Travel Retail Investment S.C.A. (interests of Messrs. Holzer Neumann, Torres and Díaz González), Mr. Torres, Nucleo Capital Co-Investment Fund I Ltd, Nucleo Capital Ltda., James S. Cohen, James S. Cohen Family Dynasty Trust, Hudson Media, Inc. (interests of Mr. Cohen) and Folli Follie Commercial Industrial and Technical S.A. (interests of Mr. Koutsolioutsos) entered into an additional agreement that limits the number of equity securities these parties and their affiliates may hold in Dufrey AG to prevent that a mandatory offer threshold is crossed, and provides for an automatic exclusion of shareholders from the group reported herein in case of a breach of such a limit. Under this additional agreement, Nucleo Capital Ltda. has to make sure that other funds for which it is the investment manager comply with such limit as well.

1.3 CROSS-SHAREHOLDINGS

Dufrey AG has not entered into cross-shareholdings with other companies in terms of capital shareholdings or voting rights in excess of 5%.

2. CAPITAL STRUCTURE

2.1 SHARE CAPITAL

As of December 31, 2016, the Company's capital structure is as follows:

ORDINARY SHARE CAPITAL

CHF 269,358,535 (nominal value) divided in 53,871,707 fully paid registered shares with nominal value of CHF 5 each

CONDITIONAL SHARE CAPITAL

CHF 4,442,160 (nominal value) divided in 888,432 fully paid registered shares with nominal value of CHF 5 each

AUTHORIZED SHARE CAPITAL

None

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

Conditional share capital

Article 3bis of the Articles of Incorporation, dated March 8, 2016, reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 4,442,160 by the issuance of up to 888,432 fully paid registered shares with a nominal value of CHF 5 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies.
2. The preferential subscription rights of the shareholders shall be excluded in connection with the issuance of convertible debentures, debentures with option rights or other financing instruments. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.
3. The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.
4. The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if:

- a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
 - b) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company.
5. If advance subscription rights are denied by the Board of Directors, the following shall apply:
- a) Conversion rights may be exercised only for up to 15 years; and option rights only for up to 7 years from the date of the respective issuance.
 - b) The respective financing instruments must be issued at the relevant market conditions.

Authorized share capital

As of December 31, 2016, the Company has no authorized share capital.

2.3 CHANGES IN CAPITAL OF DUFREY AG

NOMINAL SHARE CAPITAL

December 31, 2014	CHF 179,525,280
December 31, 2015	CHF 269,358,535
December 31, 2016	CHF 269,358,535

CONDITIONAL SHARE CAPITAL

December 31, 2014	CHF 13,488,100
December 31, 2015	CHF 4,442,160
December 31, 2016	CHF 4,442,160

AUTHORIZED SHARE CAPITAL

December 31, 2014	None
December 31, 2015	None
December 31, 2016	None

Changes in capital in 2014

At the Extraordinary General Meeting of Shareholders on June 26, 2014, shareholders approved the Board of Directors' proposal to increase the ordinary share capital of the Company from CHF 154,525,280 by up to CHF 27,269,160 to a maximum amount of up to CHF 181,794,440. This proposal by the Board of Directors was made in connection with the acquisition of The Nuance Group. On July 8, 2014, the Company issued 5,000,000 shares with nominal value of CHF 5, and the ordinary share capital increased from CHF 154,525,280 to CHF 179,525,280.

Changes in capital in 2015

At the Ordinary General Meeting of Shareholders on April 29, 2015, shareholders approved the Board of Di-

rectors' proposal to increase the ordinary share capital of the Company from CHF 179,525,280 by up to CHF 157,142,860 to a maximum amount of up to CHF 336,668,140. This proposal by the Board of Directors was made in connection with the acquisition of the World Duty Free Group.

In June 2015, Mandatory Convertible Notes matured and were converted into 1,809,188 shares with nominal value of CHF 5. On June 18, 2015, the Company issued 16,157,463 shares with nominal value of CHF 5 in connection with the capital increase mentioned above. From these two transactions, the ordinary share capital of the Company increased from CHF 179,525,280 to CHF 269,358,535. The conditional share capital decreased (due to the conversion of the Mandatory Convertible Notes) from CHF 13,488,100 to CHF 4,442,160. Note that the additional 1,809,188 shares, while validly issued, were not yet reflected in the Commercial Register as of December 31, 2015 (total number of shares as per the Commercial Register was 52,062,519). In line with Art. 653h of the Swiss Code of Obligations, this registration in the Commercial Register occurred on March 8, 2016, to reflect the total amount of 53,871,707 shares.

Changes in capital in 2016

The capital of Dufrey AG remained unchanged during fiscal year 2016.

2.4 SHARES

As of December 31, 2016, the share capital of Dufrey AG is divided into 53,871,707 fully paid in registered shares with a nominal value of CHF 5 each.

The Company has only one category of shares. The shares are issued in registered form. All shares are entitled to dividends if declared. Each share entitles its holder to one vote. The Company maintains a share register showing the name and address of the shareholders or usufructuaries. Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.

2.5 PARTICIPATION CERTIFICATES AND PROFIT SHARING CERTIFICATES

The Company has not issued any non-voting equity securities, such as participation certificates ("Partizipationssscheine") or profit sharing certificates ("Genussscheine").

2.6 LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATION OF REGISTERED SHARES

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register the name and address of the shareholders or usufructuaries is recorded. Changes must be reported to the Company.
- Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the shares in their own name and for their own account.
- The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.2% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register with the right to vote if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.2% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement (see also Article 5 of the Articles of Incorporation). Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders provided that they are registered in the share register and they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not represented at the Meeting of Shareholders.
- Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the nominees (esp. as syndicates), shall be treated as one single nominee within the meaning of the above mentioned regulation.
- The Board of Directors may cancel the registration, with retroactive effect if appropriate, if the registration was effected based on false information or in case of breach of the agreement between the nominee and the Board of Directors.
- After consulting the party involved, the Company may delete entries in the share register if such en-

tries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.

Exceptions granted in the year under review

The Company has registered with the CVM and listed its shares in the form of BDRs on the BM&FBovespa. Each BDR issued by Itaú Unibanco S.A. ("Depository Institution") of the BDR program represents one share issued by the Company and held in custody by the Bank of New York Mellon, in London ("Custodian"). BDR holders do not own, from a legal point of view, the Dufrey AG shares underlying their BDRs. As a consequence, BDR holders are prevented from directly exercising any of the shareholders' rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the General Meetings of the Company. However, BDR holders are entitled to instruct the Depository Institution to vote the Dufrey AG shares underlying their BDRs, according to the instructions sent to them by the Depository Institution. To facilitate voting by BDR holders, the Company entered into arrangements with the Depository Institution and the Custodian to enable, by way of exception, registration of The Bank of New York Mellon in the share register as nominee with voting rights for the number of registered shares corresponding to the total number of outstanding BDRs. Otherwise, no exceptions have been granted during the year under review. BDR holders who wish to be in a position to directly exercise any of the shareholders' rights granted by Swiss corporate law or the Company's Articles of Incorporation must convert their BDRs into shares of Dufrey AG and ask to be registered in the share register of the Company, pursuant to Article 5 of the Company's Articles of Incorporation.

Required quorums for a change of the limitations of transferability

A change of the limitations on the transfer of registered shares or the removal of such limitations requires a resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented.

2.7 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2016, there are no outstanding bonds that are convertible into, or warrants or options to acquire shares issued by or on behalf of the Company. Dufrey has certain share-based payments, the essentials of which are disclosed in the "Remuneration Report" on page 229 ff.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFREY	DATE OF FIRST ELECTION
Juan Carlos Torres Carretero	Chairman of Dufrey AG	Spanish	Chairman	2003
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Vice-Chairman	2004
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010
Xavier Bouton	Consultant	French	Director	2005
Claire Chiang	Senior Vice President of Banyan Tree Holdings Limited	Singaporean	Director	2016
Julián Díaz González	CEO of Dufrey AG	Spanish	Director, CEO	2013
George Koutsolioutsos	CEO of Folli Follie Group	Greek	Director	2014
Heekyung (Jo) Min	Executive Vice President of CJ Corporation	American	Director	2016
Joaquín Moya-Angeler Cabrera	Consultant	Spanish	Director	2005

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS

JUAN CARLOS TORRES CARRETERO

Chairman, born 1949, Spanish



Education / MS in physics from Universidad Complutense de Madrid and MS in management from MIT's Sloan School of Management.

Professional Background / Many years of private equity and senior management operating experience. 1988 Joined Advent International, a private equity firm, in Boston as a partner. 1991 - 1995 Partner at Advent International in Madrid. 1995 - 2016 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.

Current Board Mandates / Dufrey AG, Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U. and Moncler S.p.A.

ANDRÉS HOLZER NEUMANN

Vice-Chairman, born 1950, Mexican



Education / Graduate of Boston University, holds an MBA from Columbia University.

Professional Background / Since 1973 President of Grupo Industrial Omega, S.A. de C.V., the holding company of Holzer y CIA, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliara Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V., and Negocios Creativos, S.A. de C.V.

Current Board Mandates / Dufrey AG, Grupo Industrial Omega, S.A. de C.V. and Opequimar, S.A. de C.V.

JORGE BORN

Director, born 1962, Argentinian



Education / B.S. in economics from the Wharton School of the University of Pennsylvania.

Professional Background / 2001 - 2010 Deputy Chairman of Bunge Ltd. 1992 - 1997 Head of Bunge's European operations. Before 1997 various capacities in the commodities trading, oil seeding processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Ltd. 2004 - 2005 Board member of Dufrey AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

Current Board Mandates / Dufrey AG, Hochschild Mining, Ltd., Latin American Executive Board at Wharton Business School, Board of Governors of the Lauder Institute at Wharton Business School, Georgetown University and Fundación Bunge y Born (Chairman).

Mr. Born served as a member of the Board of Directors of Dufrey South America, Ltd. until its merger with Dufrey Holdings & Investments AG in March 2010.

XAVIER BOUTON
Director, born 1950, French



Education / Diploma in economics and finance from l'Institut d'Etudes Politiques de Bordeaux and doctorate in economics and business administration from the University of Bordeaux.

Professional Background / 1978 – 1984 Director of C.N.I.L. (Commission Nationale de l'Informatique et des Libertés). 1985 – 1994 General Secretary of Reader's Digest Foundation. 1990 – 2005 Board member of Laboratoires Chemineau. Since 1999 Chairman of the Supervisory Board of FSDV (Fayenceries de Sarreguemines Digoïn & Vitry le François) based in Paris, France.

Current Board Mandates / Dufry AG, ADL Partners and F.S.D.V. (Fayenceries de Sarreguemines, Digoïn & Vitry le François) (Chairman of the Supervisory Board).

CLAIRE CHIANG
Director, born 1951, Singaporean



Education / Masters in Philosophy from the University of Hong Kong and an Undergraduate Degree from the University of Singapore.

Professional Background / Founder and Managing Director of Banyan Tree Gallery, and Co-founder and Senior Vice President of Banyan Tree Resort Group (part of Singapore stock exchange listed Banyan Tree Holdings Limited) since 1994. Member of Parliament for the Government of Singapore from 1997 to 2001.

Current Board Mandates / Dufry AG, ISS A/S, Banyan Tree Gallery (Singapore) Pte Ltd, Banyan Tree Gallery (Thailand) Limited, Mandai Safari Park Holdings Pte Ltd.

JULIÁN DÍAZ GONZÁLEZ
Director, CEO, born 1958, Spanish



Education / Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background / 1989 – 1993 General Manager at TNT Leisure, S.A. 1993 – 1997 Division Director at Aldeasa. 1997 – 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 – 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates / Dufry AG, Distribuidora Internacional de Alimentación, S.A. (DIA).

GEORGE KOUTSOLIOUTSOS
Director, born 1968, Greek



Education / Degree in Economics, University of Hartford, Hartford, USA / Paris and Master's degree in Business Administration and Marketing, University of Hartford, USA.

Professional Background / Mr. Koutsolioutsos' professional career started in New York working two years in the jewelry industry. 1992 – 2011 held various key positions at Folli Follie Group, including supervising and managing local and international distribution, investor relations, and leading the international expansion. Since January 2011 Chief Executive Officer of Folli Follie Group.

Current Board Mandates / Dufry AG, Folli Follie Group.

HEEKYUNG (JO) MIN
Director, born 1958, American



Education / Master in Business Administration from Columbia Graduate School of Business (Columbia University of New York) and an Undergraduate Degree from Seoul National University.

Professional Background / 2004 – 2005 Executive Vice President at Prudential Investment and Securities Co. in Korea. 2006 Country Advisor, Global Resolutions in Korea. 2007 – 2010 Director General at Incheon Free Economic Zone in Korea. Since 2011, Executive Vice President of Global Creating Shared Value, focusing on Corporate Social Responsibility and Sustainability at CJ Corporation, a publicly-listed multi-industry Korean conglomerate with retail operations.

Current Board Mandates / Dufry AG, CJ Welfare Foundation, Korean Institute for Gender Equality Promotion and Education.

JOAQUÍN MOYA-ANGELER CABRERA
Director, born 1949, Spanish



Education / Master's degree in mathematics from the University of Madrid, diploma in economics and forecasting from the London School of Economics and Political Science and an MBA from MIT's Sloan School of Management.

Professional Background / Mr. Moya-Angeler has focused his career on the technology and real estate industries, including having founded a number of companies. He has been the Chairman of the Board of various companies: IBM Spain (1994 – 1997), Leche Pascual (1994 – 1997), Meta4 (1997 – 2002), TIASA (1996 – 1998), and Hildebrando (2003 – 2014). To date Chairman of Redsa (since 1997), Presenzia and Pulsar Technologies (since 2002), La Quinta Real Estate (since 2003), Inmoan (since 1989), Avalon Private Equity (since 1999) and Corporación Tecnológica Andalucía (since 2005).

Current Board Mandates / Dufry AG, La Quinta Group (Chairman), Corporación Tecnológica Andalucía (Chairman), Board of Trustees of the University of Almería (Chairman), Fundación Mediterránea (Honorary Chairman), Redsa S.A. (Chairman), Inmoan SL (Chairman), Avalon Private Equity (Chairman), Spanish Association of Universities Governing Bodies (Honorary Chairman), Calidad Pascual (Vice Chairman), Sarquavitaie (Board of Advisors), AGS Nasoft (Board of Advisors), Palamon Capital Partners (Board of Advisors), MCH Private Equity (Board of Advisors) and Corporación Grupo Leche Pascual (Vice Chairman).

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (Vice-Chairman), Julián Díaz González and George Koutsolioutsos are members of a group of shareholders, which held a 21.36% purchase position of Dufrey AG as of December 31, 2016 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 210 of this Annual Report.

Due to his intense involvement with the Company's management the Chairman of the Board of Directors, Mr. Juan Carlos Torres Carretero is considered an executive Chairman. Mr. Julián Díaz González acts as Chief Executive Officer of the Company. All other members of the Board of Directors are non-executive members. Mr. George Koutsolioutsos, in his function as CEO of the Folli Follie Group, oversaw the operations of Hellenic Duty Free Shops SA prior to its acquisition by Dufrey in 2013 (no executive function for Dufrey AG or any of its subsidiaries since 2014). Otherwise, none of the members of the Board of Directors have ever been in a managerial position at Dufrey AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 35 on page 168 and to the information provided in the Remuneration Report on page 229 ff. of this Annual Report.

Changes in the Board of Directors in fiscal year 2016

Messrs. James S. Cohen and José Lucas Ferreira de Melo stepped down as members of the Board of Directors at the Ordinary General Meeting of Shareholders held on April 28, 2016, after many years of dedicated services as Board members. Ms. Claire Chiang and Ms. Heekyung (Jo) Min were elected as new Board members at the same Meeting of Shareholders.

3.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

In accordance with Article 24 para. 2 of the Articles of Incorporation, dated March 8, 2016, no member of the Board of Directors may hold more than four additional mandates in listed companies and ten additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 2 of this Article:

- a) mandates in companies which are controlled by the Company or which control the Company;
- b) mandates held at the request of the Company or any company controlled by it. No member of the Board of Directors may hold more than ten such mandates; and
- c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors may hold more than ten such mandates.

Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities that are under joint control or the same beneficial ownership are deemed one mandate.

3.4 ELECTION AND TERMS OF OFFICE

In accordance with Article 13 of the Articles of Incorporation, dated March 8, 2016:

- The Board of Directors shall consist of at least three and at most nine members.
- Members of the Board of Directors and the Chairman of the Board shall be elected for a term of office extending until completion of the next Ordinary Meeting of Shareholders.
- The members of the Board of Directors and the Chairman of the Board may be re-elected without limitation.
- If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a Chairman from among its members for a term of office extending until completion of the next Ordinary Meeting of Shareholders.
- Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee by the Meeting of Shareholders, the Board of Directors determines its own organization. The Board of Directors shall elect a Vice-Chairman. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

Article 24 para. 1 of the Articles of Incorporation stipulates the following: As members of the Board of Directors only persons may be elected who served a minimum of four years in aggregate on the Board of Directors or on the Executive Management of each of (i) one or several travel retail company(ies) with operations in more than one continent at the end of at least one year of the years of activity of such person, and (ii) one or several publicly listed retail company(ies) with an annual turnover of at least CHF 3 billion at the end of at least one year of the years of activity of such

person. The requirements under (i) and (ii) above can be fulfilled by the same or several cumulated position(s) held by such person.

All members of the Board of Directors were elected in individual elections at the Ordinary General Meeting of Shareholders held on April 28, 2016. The same General Meeting elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Messrs. Jorge Born and Xavier Bouton and Ms. Heekyung (Jo) Min were elected in individual elections as members of the Remuneration Committee.

3.5 INTERNAL ORGANIZATIONAL STRUCTURE

Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee (which are to be elected by the General Meeting of Shareholders), the Board of Directors determines its own organization. It shall elect its Vice-Chairman, the members of the Audit Committee and of the Nomination Committee, and appoint a Secretary who does not need to be a member of the Board of Directors.

As of December 31, 2016, Dufry AG has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. All three Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

Audit Committee

Members as of December 31, 2016: Joaquín Moya-Angeler Cabrera (Chairman Audit Committee), Xavier Bouton, Claire Chiang.

The members of the Audit Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts. The Audit Committee regularly reports to the Board of Directors on its decisions, assessments, findings and proposes appropriate actions. The Audit Committee

THE BOARD COMMITTEES AS OF DECEMBER 31, 2016

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman	-	-	-
Andrés Holzer Neumann	Vice-Chairman	-	Committee Chairman	-
Jorge Born	Director	-	Committee Member	Committee Chairman
Xavier Bouton	Director	Committee Member	-	Committee Member
Claire Chiang	Director	Committee Member	-	-
Julián Díaz González	Director / CEO	-	-	-
George Koutsolioutsos	Director	-	-	-
Heekyung (Jo) Min	Director	-	-	Committee Member
Joaquín Moya-Angeler Cabrera	Director	Committee Chairman	Committee Member	-
Number of meetings in fiscal year 2016	7	4	3	4
Average attendance ratio ¹⁾	100%	100%	100%	100%

1) The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in Committee meetings are not included in the percentage calculations. For the two Board members who were newly elected at the General Meeting of Shareholders in 2016, their attendance ratios have been calculated from the date of the General Meeting onwards.

generally meets at the same dates the Board of Directors meetings take place, although the Chairman may call meetings as often as business requires. The length of the meetings lasted usually for approximately 2 to 3 hours in fiscal year 2016, during which the Audit Committee held 4 meetings. The auditors attended 2 meetings of the Audit Committee in 2016. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO 4 meetings, the CFO (who acts as Secretary of the Audit Committee meetings) 4 meetings.

Nomination Committee

Members as of December 31, 2016: Andrés Holzer Neumann (Chairman Nomination Committee), Jorge Born, Joaquín Moya-Angeler Cabrera.

The members of the Nomination Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufrey Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Nomination Committee assists the Board of Directors in fulfilling its nomination related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the CEO and the Board of Directors, reviewing the curriculum vitae, credentials and experience of the candidates proposed by the Board of Directors to fill vacancies on the Board of Directors or for the position of the CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the CEO at least once a year, and reviewing the adequacy of the selection system and criteria used for the appointment of the members of the Group Executive Committee. The Nomination Committee meets as often as business requires. The 3 meetings held in the fiscal year 2016 lasted about 1 to 3 hours. The Chairman of the Board of Directors usually participates as a guest in the Nomination Committee meetings. Members of the Group Executive Committee attended meetings of the Nomination Committee as follows: CEO 3 meetings.

Remuneration Committee

Members as of December 31, 2016: Jorge Born (Chairman Remuneration Committee), Xavier Bouton, Heekyung (Jo) Min.

The members of the Remuneration Committee are all non-executive and independent members of the Board of Directors. Pursuant to item 14 of the Swiss Code of Best Practice for Corporate Governance (SCBP), an independent member is a non-executive member, has not been an executive member of the Dufrey Group in the last three years and has no or comparatively minor business relations with the Company. The members shall be appointed by the Shareholders' Meeting until the next Ordinary General Meeting of Shareholders and be re-eligible.

The Remuneration Committee assists the Board of Directors in fulfilling its remuneration related matters. It is responsible for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Remuneration Committee makes recommendations regarding the proposals of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board and of the Group Executive Committee to be submitted to the General Meeting of Shareholders of the Company for approval, as well as in relation to the remuneration package of the CEO and the members of the Board. The Remuneration Committee makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Remuneration Committee reviews and recommends to the Board of Directors the Remuneration Report. The Remuneration Committee meets as often as business requires. The 4 meetings held in the fiscal year 2016 lasted about 2 to 3 hours. The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Group Executive Committee attended meetings of the Remuneration Committee as follows: CEO 4 meetings. External advisors attended 1 meeting of the Remuneration Committee in 2016.

Work method of the Board of Directors

As a rule, the Board of Directors meets about six to seven times a year (usually at least once per quarter). Additional meetings or conference calls are held as and when necessary. The Board of Directors held 7 meetings during fiscal year 2016. The meetings of the Board of Directors usually lasted half a day. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The CEO, the CFO, the GCOO and the GC, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Group Executive Committee may attend meetings of the Board of Directors as and when required. Members of the Group Executive Committee attended meetings of the Board of Directors in 2016 as follows: CEO 7 meetings, CFO 7 meetings, GCOO 6 meetings, GCCO 1 meeting, GRD 1 meeting, GC 7 meetings, CEOs of the five divisions 1 meeting, GM Brazil & Bolivia 1 meeting.

The Board of Directors also engages specific advisors to address specific matters when required. External advisors attended pertinent portions of 1 meeting of the Board of Directors in 2016 in connection with a 2017 economic outlook presentation. The external Auditors attended 2 meetings of the Audit Committee in 2016.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is the ultimate corporate body of Dufrey AG. It further represents the Company towards third parties and shall manage all matters which by law, Articles of Incorporation or Board regulations have not been delegated to another body of the Company.

In accordance with the Board regulations ("Organisationsreglement"), the Board of Directors has delegated the operational management of the Company to the CEO who is responsible for overall management of the Dufrey Group. The following responsibilities remain with the Board of Directors:

- Ultimate direction of the business of the Company and the power to give the necessary directives;
- Determination of the organization of the Company;
- Administration of the accounting system, financial control and financial planning;
- Appointment and removal of the members of the committees installed by itself as well as the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
- Preparation of the business report, the remuneration report and the Meetings of Shareholders and to carry out the resolutions adopted by the Meeting of Shareholders;
- Notification of the judge if liabilities exceed assets;

- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in share capital and the amendments of the Articles of Incorporation entailed thereby;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- To approve any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 10,000,000;
- To issue convertible debentures, debentures with option rights or other financial market instruments;
- To approve the annual investment and operating budgets of the Company and the Dufrey Group;
- To approve the executive regulations promulgated in accordance with the board regulations; and
- To propose an independent voting rights representative for election to the Meeting of Shareholders, and to appoint an independent voting rights representative in the event of a vacancy.

Except for the Chairman of the Board of Directors, who has single signature authority, the members of the Board have joint signature authority, if any.

3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE SENIOR MANAGEMENT

The Board of Directors ensures that it receives sufficient information from the management to perform its supervisory duty and to make the decisions that are reserved to the Board through several means:

- Dufrey Group has an internal management information system that consists of financial statements, performance indicators and risk management. Information to management is provided on a regular basis according to the cycles of the business: sales on a weekly basis; income statement, cash management and key performance indicator (KPI) including customer, margins and investment information, balance sheet and other financial statements on a monthly basis. The management information is prepared on a consolidated basis as well as per division. Financial statements and key financial indicators / ratios are submitted to the entire Board of Directors on a quarterly basis.
- During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Chief Executive Officer

information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.

- The CEO reports at each meeting of the Board of Directors on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the CEO. Apart from the meetings, the CEO reports immediately any extraordinary event and any change within the Company and within the Dufrey Group to the Chairman.
- For attendance of the members of the Group Executive Committee at meetings of the Board of Directors or meetings of the Board Committees please refer to section "3.5 Internal organizational structure" above.
- The Audit Committee met 4 times in 2016 with management to review the business, better understand laws, regulations and policies impacting the Dufrey Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the CFO acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 2 meetings of the Audit Committee in 2016. Among these meetings some or part of them are also held without management.
- The Global Internal Audit department provides independent risk-based and objective assurance reviews, loss prevention advice, and risk exposure analysis to group companies through 3 different activities streams: Internal Audit, Loss Prevention and Enterprise Risk Management.
- Internal auditing is an independent function that provides objective assurance and consulting activity, aiming to improve the organization's operations. The selection of Internal Audit reviews to be executed during the year is based on specific methodology throughout the Dufrey Group and includes the consideration of internal and external factors. In fiscal year 2016, Internal Audit conducted over 80 reviews, examining more than 50 operations in all divisions, representing a coverage of about 93.5% of 2016 group net sales including non-consolidated entities. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.
- The Global Loss Prevention activity was created to prevent losses and misappropriations within the group. The day-to-day work is designed to leverage profitability using advanced data mining and anti-fraud techniques. Currently, validations are performed monthly or bimonthly for all group companies and results are proven to provide valuable information for loss prevention purposes. Additionally, we are continuously trying to use new data mining

techniques to establish validations that can enhance our coverage and create a higher assurance level over our key retail risks.

- Dufrey has in place an Enterprise Risk Management program which sets out our approach for assessing compliance with: relevant laws, corporate policies and procedures, tax regulations, agreements or contracts and integrity policy, anticipating externally imposed guidelines and preventing losses. The program is sponsored by the Group Executive Committee and based on the concept of direct stakeholder assurance feedback, and is distributed among all operations and areas.
- All the results of these Group Internal Audit activities are communicated to key management in charge and to the Group's senior management, including all the members of the Group Executive Committee on an on-going basis, and also to the Audit Committee.
- Detailed information on the financial risk management is provided in Note 38 in the Financial Statements of this Annual Report.

4. GROUP EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2016, the Group Executive Committee ("GEC") comprised twelve executives.

The Group Executive Committee, under the control of the CEO, conducts the operational management of the Company pursuant to the Company's board regulations. The CEO reports to the Board of Directors on a regular basis. The following table sets forth the name and year of appointment of the members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities.

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Chief Executive Officer (CEO)	2004
Andreas Schneider	Swiss	Chief Financial Officer (CFO)	2012
José Antonio Gea	Spanish	Global Chief Operating Officer (GCOO)	2004
Luis Marin	Spanish	Global Chief Corporate Officer (GCCO)	2014
Jordi Martin-Consuegra	Spanish	Global Resources Director (GRD)	2016
Pascal C. Duclos	Swiss	General Counsel (GC)	2005
Pedro J. Castro Benitez	Spanish	Chief Executive Officer (DCEO) Division Southern Europe and Africa	2016
Eugenio Andrades	Spanish	Chief Executive Officer (DCEO) Division UK, Central and Eastern Europe	2016
Andrea Belardini	Italian	Chief Executive Officer (DCEO) Division Asia, Middle East and Australia	2016
René Riedi	Swiss	Chief Executive Officer (DCEO) Division Latin America	2000
Joseph DiDomizio	American	Chief Executive Officer (DCEO) Division North America	2008
Gustavo Magalhães Fagundes	Brazilian	General Manager (GM) Brazil and Bolivia	2016

Note: All GEC members appointed in 2016 were appointed as of January 1, 2016.

All agreements entered into with the members of the Group Executive Committee are entered for an indefinite period of time.

4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

JULIÁN DÍAZ GONZÁLEZ

Chief Executive Officer,
born 1958, Spanish



Education / Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.

Professional Background / 1989 – 1993

General Manager at TNT Leisure, S.A. 1993 – 1997 Division Director at Aldeasa. 1997 – 2000 various managerial and business positions at Aeroboutiques de Mexico, S.A. de C.V. and Deor, S.A. de C.V. 2000 – 2003 General Manager of Latinoamericana Duty-Free, S.A. de C.V. Since 2004 Chief Executive Officer at Dufry AG.

Current Board Mandates / Dufry AG, Distribuidora Internacional de Alimentación, S.A. (DIA).

ANDREAS SCHNEITER

Chief Financial Officer,
born 1970, Swiss



Education / Degree in business administration and specialization in finance at School of Economy and Business Administration Berne.

Professional Background / 1998 – 2003

various positions at UBS Warburg in Zurich in the area of Mergers and Acquisitions. Joined Dufry in 2003 as Head Corporate Controlling. 2004 – 2012 Head Group Treasury and since 2005 additionally Investor Relations at Dufry. Since July 2012 Chief Financial Officer at Dufry AG.

JOSÉ ANTONIO GEA

Global Chief Operating Officer,
born 1963, Spanish



Education / Degree in economics and business sciences from Colegio Universitario de Estudios Financieros.

Professional Background / 1989 – 1995

various positions at TNT Express España, S.A. Director of Blue Cow Division (1993 – 1995). 1995 – 2003 various managerial positions at Aldeasa. Left Aldeasa as Director of Operations. Since 2004 Global Chief Operating Officer at Dufry AG.

LUIS MARIN

Global Chief Corporate Officer,
born 1971, Spanish



Education / Degree in Economic Sciences and Business Administration from Universidad de Barcelona.

Professional Background / 1995 – 1998

Auditor at Coopers & Lybrand. 1998 – 2001 Financial Controller at Derbi Motocicletas – Nacional Motor S.A. 2001 – 2004 Head of Finance and Administration of Spanish subsidiaries of Areas (member of the French group Elixir). Joined Dufry in 2004, as Business Controlling Director and since 2012, also responsible for mergers and acquisitions. Since January 2014 Global Chief Corporate Officer at Dufry AG.

JORDI MARTIN-CONSUEGRA

Global Resources Director,
born 1972, Spanish



Education / Executive MBA from Instituto de Empresa, Madrid. Degree in economics from Universidad Complutense de Madrid and Bachelor of Arts in Combined Studies from University of Wolverhampton, UK.

Professional Background / 1996 – 1998

Business Consultant at Burke in Madrid (today Burke is part of ALTEN Group in Spain). 1998 – 2000 Director of Consultancy Services at Burke. 2001 – 2002 Lawson Software Product Manager at Burke in Madrid. 2003 – 2005 Director of Business Solutions at Burke. 2005 – 2008 Global Information Technology Director at Dufry AG. 2008 – 2009 Global Integration Director at Dufry AG. 2009 – 2012 Global Organization and Human Resources Director at Dufry AG. Since 2012 Global Resources Director at Dufry AG.

PASCAL C. DUCLOS

General Counsel,
born 1967, Swiss



Education / Licence en droit from Geneva University School of Law, L.L.M. from Duke University School of Law. Licensed to practice law in Switzerland and admitted to the New York Bar.

Professional Background / 1991 – 1997

Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994 – 1996). 1999 – 2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001 – 2002 Financial planner at UBS AG in New York. 2003 – 2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 General Counsel and Secretary to the Board of Directors at Dufry AG.

PEDRO J. CASTRO BENITEZ

Chief Executive Officer Division Southern Europe and Africa, born 1967, Spanish



Education / Masters degree in international relations, specializing in foreign trade, from Spanish Diplomatic School in Madrid. Degree in administration and political science, specializing in foreign affairs, from Complutense University in Madrid.

Professional Background / 1998 – 2000 General Manager Chile at Aldeasa. 2000 – 2003 Managing Director Canariensis at Aldeasa. 2003 – 2006 Chief Executive Officer at Aldeasa Jordan. 2006 – 2010 Director Operations Spain at Aldeasa. 2011 – 2015 Chief Operating Officer International at World Duty Free. Since January 2016 Chief Executive Officer Division Southern Europe and Africa at Dufrey AG.

EUGENIO ANDRADES

Chief Executive Officer Division UK, Central and Eastern Europe, born 1968, Spanish



Education / Degree in Mining Engineering at Politécnica University of Madrid. MS of Economics and Strategy of Colorado School of Mines, Colorado/USA.

Professional Background / Prior to 1996 Consultant at McKinsey & Co and Carboex, a subsidiary of Endesa. 1996 – 2001 Director of Strategy & Development and Investor Relations at Aldeasa. 2001 Chief Executive Officer Jordan and Middle East region at Aldeasa. 2002 – 2007 Director of Strategy & Development and Investor Relations at Aldeasa. 2007 – 2010 Commercial Director and Operations Coordinator at Aldeasa. 2011 – 2014 Chief Commercial Officer at World Duty Free Group. 2014 – 2015 Chief Executive Officer at World Duty Free Group. Since January 2016 Chief Executive Officer Division UK, Central and Eastern Europe at Dufrey AG.

ANDREA BELARDINI

Chief Executive Officer Division Asia, Middle East and Australia, born 1968, Italian



Education / Degree in Business and Economics, University of Rome (La Sapienza).

Professional Background / 1991 – 1996 various positions as Controller and Project Manager at Carlson Wagonlit Travel. 1997 – 1999 Director of Operations Italy at Carlson Wagonlit Travel. 1999 – 2000 Vice President Operations South Europe at Carlson Wagonlit Travel. 2000 – 2004 Executive Vice President Strategy & Development at Aeroporti di Roma. 2004 – 2009 Executive Vice President Commercial Business Management & Development at Aeroporti di Roma. 2009 – 2015 Chief Executive Officer Europe at Nuance Group (since 2013 also Global Chief Commercial Officer at Nuance Group). Since January 2016 Chief Executive Officer Division Asia, Middle East and Australia at Dufrey AG.

RENÉ RIEDI

Chief Executive Officer Division Latin America, born 1960, Swiss



Education / Degree in business administration from the School of Economy and Business Administration Zurich.

Professional Background / Prior to 1993 worked in product marketing and international sales of the multinational FMCG (Fast Moving Consumer Goods) company Unilever. 1993 – 2000 Joined Dufrey as Sales Manager Eastern Europe. Product Category Manager Spirits & Tobacco (1995 – 1996). Head of Product Marketing (1996 – 1997). Director Division Spirits & Tobacco (Weitnauer Distribution Ltd. 1998 – 2000). 2000 – 2012 Chief Operating Officer Region Eurasia at Dufrey AG. 2012 – 2015 Chief Operating Officer Region America I at Dufrey AG. Since January 2016 Chief Executive Officer Division Latin America at Dufrey AG.

JOSEPH DIDOMIZIO

Chief Executive Officer Division North America, born 1970, American



Education / Bachelor's of Arts degree in Marketing and Business Administration from the University of Bridgeport.

Professional Background / 1992 – 2008 several managerial positions in Hudson Group (April – September 2008: President and Chief Executive Officer). 2008 – 2015 Chief Operating Officer Region United States & Canada at Dufrey AG. Since January 2016 Chief Executive Officer Division North America at Dufrey AG.

GUSTAVO MAGALHÃES FAGUNDES

General Manager Brazil and Bolivia, born 1967, Brazilian



Education / Degree in business administration and management and post-graduate degree in HR and marketing from EAESP/Fundação Getúlio Vargas in São Paulo, Master in international economics and management from Bocconi University in Milan, executive MBA from AmBev Corporate University in São Paulo, general management degree from Harvard Business School in Massachusetts, USA.

Professional Background / 1996 – 2002 Head of Marketing at AmBev. 2002 – 2009 Chief Operating Officer at Travel Retail, Brasif. 2010 – 2014 Chief Operating Officer at Brasif Holding. 2014 – 2015 COO Dufrey Brazil and Bolivia. Since January 2016 General Manager Brazil and Bolivia at Dufrey AG.

Other activities and vested interests

As of December 31, 2016, none of the members of the Group Executive Committee of Dufrey AG has had other activities in governing and supervisory bodies of important Swiss or foreign organizations, institutions or foundations under private and public law with the exception of the Board mandates of Mr. Julián Díaz mentioned above. No member of the Group Executive Committee has permanent management or consultancy functions for important Swiss or foreign interest groups, nor holds any official functions and political posts.

4.3 RULES IN THE ARTICLES OF INCORPORATION REGARDING THE NUMBER OF PERMITTED MANDATES OUTSIDE THE COMPANY

In accordance with Article 25 para. 1 of the Articles of Incorporation, dated March 8, 2016, no member of the Group Executive Committee may hold more than two additional mandates in listed companies and four additional mandates in non-listed companies. The following mandates are not subject to the limitations under para. 1 of this Article:

- a) mandates in companies which are controlled by the Company or which control the Company;
- b) mandates held at the request of the Company or any company controlled by it. No member of the Group Executive Committee may hold more than ten such mandates; and
- c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Group Executive Committee may hold more than ten such mandates.

For definition of "mandate" please refer to section 3.3 above. For the website link regarding the Articles of Incorporation please see page 228 of this Corporate Governance Report.

4.4 MANAGEMENT CONTRACTS

Dufrey AG does not have management contracts with companies or natural persons not belonging to the Group.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Detailed information of compensation, shareholdings and loans to active and former members of the Board of Directors and of the Group Executive Committee in fiscal year 2016 is included in the Remuneration Report on pages 229 to 241 of this Annual Report.

5.2 DISCLOSURE OF RULES IN THE ARTICLES OF INCORPORATION REGARDING COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE EXECUTIVE MANAGEMENT

For rules in the Articles of Incorporation regarding the approval of compensation by the Meeting of Shareholders, the supplementary amount for changes in the Executive Management as well as the general compensation principles please refer to Articles 20 - 22 of the Articles of Incorporation. The Articles of Incorporation do not contain any rules in association with loans, credit facilities or post-employment benefits for the members of the Board of Directors and Executive Management. The rules regarding agreements with members of the Board of Directors and of the Executive Management in terms of duration and termination are stipulated in Article 23. Dufrey's Articles of Incorporation are available on the Company website www.dufrey.com - section Investors - Corporate Governance - Articles of Incorporation. For the website link regarding the Articles of Incorporation please see page 228 of this Corporate Governance Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

6.1 VOTING RIGHTS AND REPRESENTATION

Each share recorded as a share with voting rights in the share register confers one vote on its registered holder. Each shareholder duly registered in the share register on the record date may be represented at the Meeting of Shareholders by the independent voting rights representative or any person who is authorized to do so by a written proxy. A proxy does not need to be a shareholder. Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date (record date) designated by the Board of Directors shall be entitled to vote at the Meeting of Shareholders and to exercise their votes at the Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders if they are registered in the share register in accordance with Article 5 para. 4 of the Articles of Incorporation and if they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not being represented at the Meeting of Shareholders.

As explained under section 2.6 above, BDR holders do not own the Dufrey AG shares underlying their BDRs. As a consequence, BDR holders are prevented from exercising directly any of the shareholders' rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution. See section 2.6 above or the Articles of Incorporation on our website.

6.2 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

In accordance with Article 10 para. 3 of the Articles of Incorporation, dated March 8, 2016, the independent voting rights representative shall be elected by the Meeting of Shareholders for a term of office extending until completion of the next Ordinary Meeting of Shareholders. Re-election is possible. If the Company does not have an independent voting rights representative, the Board of Directors shall appoint the independent voting rights representative for the next Meeting of Shareholders.

The Company may also make arrangements for electronic voting (Article 11 para. 5). Resolutions passed by electronic voting shall have the same effect as votes by ballot.

The Ordinary General Meeting of Shareholders held on April 28, 2016, elected Altenburger Ltd legal + tax, Kuesnacht-Zurich, as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2017. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufrey AG.

For the upcoming General Meeting of Shareholders on April 27, 2017, the Company will enable its shareholders to send their voting instructions electronically to the independent voting rights representative Altenburger Ltd legal + tax through the platform:

<https://www.netvote.ch/dufry>

The corresponding instructions regarding registration and voting procedures on this electronic platform will be sent to the shareholders together with the invitation to the General Meeting.

6.3 QUORUMS

The Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented. Unless the law or Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a Meeting of Shareholders is required for the adoption of resolutions or for elections, with abstentions, blank and invalid votes having the effect of "no" votes. The Chairman of the Meeting shall have a casting vote.

A resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. a modification of the purpose of the Company;
2. the creation of shares with increased voting powers;
3. restrictions on the transfer of registered shares and the removal of such restrictions;
4. restrictions on the exercise of the right to vote and the removal of such restrictions;
5. an authorized or conditional increase in share capital;
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase;
7. the restriction or denial of pre-emptive rights;
8. the change of the place of incorporation of the Company;
9. the dismissal of a member of the Board of Directors;
10. an increase in the maximum number of members of the Board of Directors;
11. a modification of the eligibility requirements of the members of the Board of Directors (Article 24 para. 1 of the Articles of Incorporation);
12. the dissolution of the Company;
13. other matters where statutory law provides for a corresponding quorum.

6.4 CONVOCATION OF THE MEETING OF SHAREHOLDERS

The Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. One or more shareholders with voting rights representing in the aggregate not less than 10% of the share capital can request, in writing, that a Meeting of Shareholders be convened. Such request must be submitted to the Board of Directors, specifying the items and proposals to appear on the agenda.

The Meeting of Shareholders shall be convened by notice in the Swiss Official Gazette of Commerce (SOGC) not less than 20 days before the date fixed for the Meeting. Registered shareholders will also be informed by ordinary mail.

6.5 AGENDA

The invitation for the Meeting of Shareholders shall state the day, time and place of the Meeting, and the items and proposals of the Board of Directors and, if any, the proposals of the shareholders who demand that the Meeting of Shareholders be called or that items be included in the agenda.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 may request that an item be included in the agenda of a Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 60 days before the Meeting and shall specify the agenda items and the proposals made.

6.6 REGISTRATION INTO THE SHARE REGISTER

The record date for the inscription of registered shareholders into the share register in view of their participation in the Meeting of Shareholders is defined by the Board of Directors. It is usually around 2 weeks before the Meeting. Shareholders who dispose of their registered shares before the Meeting of Shareholders are no longer entitled to vote with such disposed shares.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 228 of this Corporate Governance Report.

7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33 $\frac{1}{3}$ % of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Article 135 Financial Market Infrastructure Act, FMIA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Article 125 para. 4 FMIA).

7.2 CLAUSES ON CHANGE OF CONTROL

In case of change of control, the share-based payments as disclosed in the Remuneration Report shall vest immediately.

In case of change of control, all amounts drawn under the CHF 2,500,000,000, USD 1,010,000,000, EUR 500,000,000, and EUR 3,600,000,000 multicurrency term and revolving credit facilities agreements and the EUR 250,000,000 letter of credit and bank guarantee facility agreement shall become immediately due and payable. Furthermore, upon the occurrence of a change of control, Dufrey may be required to repurchase the EUR 500,000,000 Senior Notes due 2022 and the EUR 700,000,000 Senior Notes due 2023 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest.

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Group Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. The current contracts with the members of the Group Executive Committee contain termination periods of twelve months or less.

8. AUDITORS

8.1 AUDITORS, DURATION OF MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Pursuant to the Articles of Incorporation, the Auditors shall be elected every year and may be re-elected. Ernst & Young Ltd acted as Auditors and has held the mandate as Auditor since 2004. Bruno Chiomento has been the Lead Auditor in charge of the consolidated financial statements of the Company and the statutory financial statements as of December 31, 2016. Mr. Chiomento took the existing auditing mandate in 2015.

8.2 AUDITING FEE

During fiscal year 2016, Dufrey agreed with Ernst & Young Ltd to pay a fee of CHF 4.2 million for services in connection with auditing the statutory annual financial statements of Dufrey AG and its subsidiaries, as well as the consolidated financial statements of Dufrey Group (including quarterly reviews).

8.3 ADDITIONAL FEES

Additional fees amounting to CHF 0.5 million were paid to Ernst & Young Ltd for tax services and CHF 0.1 million for other advisory services.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the Auditors at least once each year. Based on its review, the Audit Committee recommends to the Board of Directors, which external Auditor should be proposed for election at the General Meeting of Shareholders. The decision regarding this agenda item is then taken by the Board of Directors. When evaluating the performance and independence of the Auditors, the Audit Committee puts special emphasis on the following criteria: Global network of the audit firm, professional competence of the lead audit team, understanding of Dufrey's specific business risks, personal independence of the lead auditor and independence of the audit firm as a company, co-ordination of the Auditors with the Audit Committee and the Senior Management / Finance Department of Dufrey Group, practical recommendations with respect to the application of IFRS regulations.

Within the yearly approved budget, there is also an amount permissible for non-audit services that the Auditors may perform. Within the scope of the

approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

The Audit Committee determines the scope of the external audit and the relevant methodology to be applied to the external audit with the Auditors and discusses the results of the respective audits with the Auditors. The Auditors prepare a management letter addressed to the Senior Management, the Board of Directors and the Audit Committee once per year, informing them in detail on the result of their audit. The Auditors also review the interim quarterly reports before these publications are released.

Representatives of the Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that dealt with accounting, financial reporting or auditing matters.

In addition, the Audit Committee reviews regularly the internal audit plan. Internal Audit reports are communicated to management in charge and the Company's senior management on an on-going basis and 2 briefings were done to the Audit Committee in 2016.

During the fiscal year 2016, the Audit Committee held 4 meetings. The Auditors were present at 2 of those meetings. The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation; such rotation occurred the last time in 2015.

9. INFORMATION POLICY

Dufrey is committed to an open and transparent communication with its shareholders, financial analysts, potential investors, the media, customers, suppliers and other interested parties.

Dufrey AG publishes its financial reports on a quarterly basis, both in English and Portuguese. The financial reports and media releases containing financial information are available on the Company website.

In addition, Dufrey AG organizes presentations and conference calls with the financial community and media to further discuss details of the reported earnings or on any other matters of importance. The Company undertakes roadshows for institutional investors on a regular basis.

Details and information on the business activities, Company structure, financial reports, media releases and investor relations are available on the Company's website:

<https://www.dufrey.com>

The official means of publication of the Company is the Swiss Official Gazette of Commerce:

<http://www.shab.ch>

Web-links regarding the SIX Swiss Exchange push- / pull-regulations concerning ad-hoc publicity issues are:

<https://www.dufrey.com/en/media/press-releases>

<https://www.dufrey.com/en/media/press-release-registration-form>

The current Articles of Incorporation are available on Dufrey's website under:

<https://www.dufrey.com/en/investors/corporate-governance> page section "Featured downloads – Articles of Incorporation"

The financial reports are available under:

<https://www.dufrey.com/en/investors/ir-reports-presentations-and-publications> page section "Presentation of results and other publications – select Financial Reports"

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2017 please refer to pages 244 / 245 of this Annual Report.

REMUNERATION REPORT DEAR SHARE- HOLDERS

On behalf of the Board of Directors and the Remuneration Committee ("RC"), I am very pleased to present the Remuneration Report 2016 to you.

2016 was a special year for Dufry in which the integration of Nuance and World Duty Free, and the achievement of first synergies related to these two acquisitions, were key topics for management and the Board of Directors alike.

In 2016, we also implemented the changes in the Remuneration Committee which we outlined in 2015. Following the Shareholders' Meeting, the Board rearranged its Board Committees and split the previously combined Nomination and Remuneration Committee into two separate committees. Given the enlarged size of Dufry and the higher intensity of each of the functions, the separation of the two topics into two committees has been warranted. The Remuneration Committee today consists of three non-executive independent members of the Board of Directors namely Ms. Heekyung (Jo) Min and Messrs. Xavier Bouton and Jorge Born.

At the 2016 Shareholders' Meeting, the shareholders approved the proposed maximum aggregate amount of compensation for the Board of CHF 7.7 million for the period from AGM 2016 to AGM 2017 with a majority of 91.2%. The proposal for the maximum aggregate amount of compensation for the Group Executive Committee of CHF 49 million for the fiscal year 2017 period was accepted with a majority of 94.8%. Furthermore, the Remuneration Report 2015 has been approved by the Shareholders' Meeting in a consultative, non-binding vote by 91.1% of the votes represented. The current Remuneration Report 2016 will again be submitted to a consultative vote at the Shareholders' Meeting in April 2017.

In fiscal year 2016, the Remuneration Committee held four meetings. The average attendance ratio was 100 % for all meetings.

The Remuneration Committee mandated PricewaterhouseCoopers in 2016 again to carry out a compensation benchmarking for the Board of Directors and the Group Executive Committee. The benchmarking includes a group of 18 companies, which are comparable in size, geographic reach and market profile. Dufry will periodically request such benchmarking from external advisors to update and, where necessary, adjust its compensation schemes to current market trends.

In 2016, the Board of Directors, upon proposal of the Remuneration Committee implemented the following changes to the Group Executive Committee compensation system:

- The pay-out of the short-term annual bonus for the fiscal year 2015 was changed from 100 % in cash to 50 % in cash and 50 % in rights to receive shares vesting after three years
- Regarding the achievement of financial performance concerning the 2016 bonus, this will be measured with weightings of 50 % EBITDA, 25 % Free Cash Flow and 25 % Synergies (2015 and earlier years: 100 % EBITDA)

The Remuneration Committee regularly reviews the remuneration system, including the bonus scheme and long-term incentive plans (Performance Share Unit plans) to ensure alignment with shareholders' interests and best practices, and to provide fair management compensation.

2017 and 2018 will be important years for Dufrey, as the full integration of the previous Nuance and WDF businesses will be completed and the new business operating model will be implemented in all operations. We will continue to evolve our compensation system according to the development of Dufrey as a company as well as best practices and any regulatory or industry developments in relation to compensation.

On behalf of the Remuneration Committee and the Board of Directors, I would like to thank our shareholders for their contribution and the continued trust they put into Dufrey.

Yours Sincerely,



Jorge Born
Chairman of the Remuneration Committee

INTRODUCTION

The continuous success of Dufrey is dependent on its ability to attract, motivate and retain outstanding individuals. Dufrey's aim is to provide appropriate and competitive remuneration to its employees and to support their development in a high performance environment.

This Remuneration Report provides information on the remuneration system and compensation paid to the members of the Board of Directors and of the Group Executive Committee in fiscal year 2016. The Report is prepared in accordance with Articles 13-17 of the Ordinance against excessive Compensation (OaEC) and item 5 of the Annex to the Corporate Governance Directive (DCG) of the SIX Swiss Exchange, governing disclosure of remuneration systems and compensation paid to members of the Board of Directors and the Group Executive Committee.

The Remuneration Report will be presented to the General Meeting of Shareholders on April 27, 2017, for a consultative vote.

GOVERNANCE

Based on Dufrey's Articles of Incorporation and in line with the OaEC, the Board of Directors has the overall responsibility for defining the personnel and remuneration policy used for the entire Group, as well as the general terms and conditions of employment for members of the Group Executive Committee. It approves the individual compensation of the members of

the Board of Directors and of the Group Executive Committee. Since January 1, 2015, the Meeting of Shareholders has to approve the proposal of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board of Directors for the period until the next Ordinary Meeting of Shareholders and of the Group Executive Committee for the following financial year. The vote at the Ordinary Meeting of Shareholders has binding effect for these maximum aggregate amounts of compensation. Thereafter, the approval of the individual compensation to the members of the Board of Directors and of the Group Executive Board (within the limits approved by the Meeting of Shareholders) is with the Board of Directors.

In 2016, Dufrey rearranged its Board Committees and decided to split the previously combined Nomination and Remuneration Committee into two separate committees, in order to fulfill additional commitments required due to the increased size of the Company, general market practices and the intensity of the work done in the committees. The Remuneration Committee, which consists of three non-executive independent members of the Board of Directors, supports the Board of Directors in fulfilling all remuneration related matters. The General Meeting of Shareholders held on April 28, 2016, elected Ms. Heekyung (Jo) Min, and re-elected Messrs. Jorge Born and Xavier Bouton (all individually elected) as members of the Remuneration Committee for a term of office until completion of the next Ordinary Meeting of Shareholders in 2017. Jorge Born has been appointed as Chairman of the Remuneration Committee.

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2016

MEMBER OF THE BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE
Juan Carlos Torres Carretero, Chairman	-	-	-
Andrés Holzer Neumann, Vice-Chairman	-	-	Committee Chairman
Jorge Born, Director	Committee Chairman	-	Committee Member
Xavier Bouton, Director	Committee Member	Committee Member	-
Claire Chiang, Director	-	Committee Member	-
Julián Díaz González, Director / CEO	-	-	-
George Koutsolioutsos, Director	-	-	-
Heekyung (Jo) Min, Director	Committee Member	-	-
Joaquín Moya-Angeler Cabrera, Director	-	Committee Chairman	Committee Member

For further details regarding the responsibilities of the Remuneration Committee and the meetings held in fiscal year 2016, please refer to section 3.5 Internal

Organizational Structure of the Corporate Governance Report.

COMPENSATION COMPARISONS

During the course of 2016, the Board of Directors of Dufrey consulted PricewaterhouseCoopers AG (PwC) on the structure and level of executive compensation arrangements, including both short- and long-term components. PwC also conducted a benchmark analysis on compensation levels for both members of the Board of Directors and of the Group Executive Committee using third party compensation survey data and disclosed information from 18 companies which are comparable in size, geographic reach and market profile, mostly from the SMI and SMIM universe. Other divisions of PwC also provided services as Tax and HR Advisors for other internal projects.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

REMUNERATION SYSTEM

The remuneration of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board of Directors. The Board of Directors determines the amount of remuneration of its members, taking into account their responsibilities, experience and the time they invest in their activity as members of the Board of Directors.

The total compensation to the members of the Board of Directors, except for the Chief Executive Officer who does not receive any compensation in relation to his position as member of the Board, included the following elements in fiscal year 2016:

- Fixed fee in cash as members of the Board of Directors and members of Board Committees; and
- Mandatory social security contributions

In addition, the Chairman of the Board of Directors, who is intensely involved with the Company's management and is therefore considered an executive Chairman, may also receive a performance bonus. This bonus is based on the growth of normalized Cash EPS, and the target is set in line with the objectives set for the Performance Share Units plan in place for the GEC. The bonus is capped at 130 % of the target bonus. The target bonus for fiscal year 2016 was set at 100 % of the Chairman's board fee (2015: target bonus was also set at 100 % of Chairman's board fee). With the exception of the variable compensation to the Chairman and to

POSITION / RESPONSIBILITY	FEE 2016 IN THOUSANDS OF CHF	FEE 2015 IN THOUSANDS OF CHF
Chairman	1,914.8	1,914.8
Vice-Chairman ¹	250.0	250.0
Member of the Board of Directors ^{1,2}	250.0	250.0
Member of the Remuneration Committee ³	50.0	n/a
Member of the Audit Committee	50.0	50.0
Member of the Nomination Committee ³	50.0	n/a
Member of the Nomination and Remuneration Committee ³	n/a	50.0

¹ Board of Directors' fee set at TCHF 250 since Ordinary Shareholders' Meeting in April 2015.

² The CEO does not receive additional compensation as a Board member.

³ Until AGM 2016, Nomination and Remuneration Committee. The Committee was divided into two separate Committees as of the Ordinary Shareholders' Meeting in April 2016.

the CEO (each in their capacity as Chairman and Chief Executive Officer), the compensation for the members of the Board of Directors is not tied to particular targets.

Extraordinary assignments or work which a member of the Board of Directors would perform for the Company outside of his activity as a Board member can be specifically remunerated and has to be approved by the Board of Directors. No extraordinary assignments outside Board activities have taken place in fiscal year 2016 (2015: also no extraordinary assignments). In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

The Remuneration Committee ("RC") discusses the annual compensation (board fees, committee fees, target bonus for Chairman) in separate RC meetings. The Chairman and the CEO usually participate as guests in these meetings without any voting rights. The Remuneration Committee then makes proposals in relation to the compensation of each Board member to the entire Board of Directors. Thereafter, the Board of Directors decides collectively on the compensation of its members once per year, with all Board members being present during such meeting (CEO compensation reviewed and decided separately as described in section Remuneration to the members of the Group Executive Committee).

In 2016, the fees for the members of the Board of Directors remained unchanged compared to the previous year 2015. Each member of the Board of Directors (except the Chairman and the CEO) receives a Board membership fee of TCHF 250 in cash and an additional TCHF 50 in cash as a member of a Board Committee. The Board fee for the Chairman also remained unchanged compared to the previous year at TCHF 1,914.8. For fiscal year 2016, the Chairman of the Board of Directors will receive a cash bonus of TCHF 2,489. The

bonus amounts to 130.0% of the Chairman's board fee (2015: 101.5% of board fee).

CHANGES IN THE REMUNERATION SYSTEM IN 2016 - BOARD OF DIRECTORS

The measures regarding the financial performance relevant for the annual bonus of the Chairman have been adapted. In 2016, the bonus of the Chairman is based on the growth of normalized Cash EPS, and the target is set in line with the objectives set for the Performance Share Units plan in place for the Group Executive Committee. In fiscal year 2015, the relevant metric was 100% EBITDA.

No further changes took place in terms of Board compensation during fiscal year 2016.

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016 AND 2015

On December 31, 2016, the Board of Directors comprised 9 members (December 31, 2015: also 9 Board members). For fiscal years 2016 and 2015, covering the period between January 1 and December 31, the remuneration for the members of the Board of Directors is shown in the table on the opposite page. The remuneration difference compared to the previous year is mainly due to the split of the previously combined Nomination and Remuneration Committee into two separate Committees and the composition of the Committees.

COMPENSATION TO THE BOARD OF DIRECTORS (AUDITED)

NAME, FUNCTION IN THOUSANDS OF CHF	2016			2015		
	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁵	TOTAL	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁵	TOTAL
Juan Carlos Torres Carretero, Chairman ¹	4,403.9	224.6	4,628.5	3,857.8	197.1	4,054.9
Andrés Holzer Neumann, Vice-Chairman	287.9	14.2	302.1	275.4	14.8	290.2
Jorge Born, Director	350.0	20.6	370.6	309.0	18.2	327.2
Xavier Bouton, Director	321.5	15.6	337.1	259.0	15.4	274.4
Claire Chiang, Director ²	202.5	9.7	212.2	-	-	-
James S. Cohen, Director ³	98.3	5.8	104.1	275.4	16.3	291.7
Julián Díaz González, Director and CEO ⁴	-	-	-	-	-	-
José Lucas Ferreira de Melo, Director ³	98.3	5.8	104.1	275.4	16.3	291.7
George Koutsolioutsos, Director	250.0	15.0	265.0	225.4	13.5	238.9
Heekyung (Jo) Min, Director ²	202.5	-	202.5	-	-	-
Joaquin Moya-Angeler Cabrera, Director	321.5	15.6	337.1	275.4	13.3	288.7
Total	6,536.4	326.9	6,863.3	5,752.8	304.9	6,057.7

¹ The remuneration for Mr. Torres Carretero includes Board fee of CHF 1.915 million and bonus of CHF 2.489 million (2015: CHF 1.915 million Board fee and CHF 1.943 million bonus).

² Director as of AGM on April 28, 2016.

³ Director until AGM on April 28, 2016.

⁴ Mr. Díaz González (CEO of the Company) does not receive any additional compensation as Board member.

⁵ Amount includes mandatory employer social security contributions.

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION FOR 2016 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2016 UNTIL THE AGM 2017

of office from the AGM 2016 to the AGM 2017 of CHF 7.7 million. The following table shows the reconciliation between the reported Board compensation for fiscal year 2016 and the amount approved by the shareholders at the AGM 2016.

The Ordinary Meeting of Shareholders held on April 28, 2016, approved a maximum aggregate amount of compensation of the Board of Directors for the term

IN THOUSANDS OF CHF	BOARD COMPENSATION IN FISCAL YEAR 2016 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2016 TO THE AGM IN APRIL 2016 (4 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2017 TO THE AGM IN APRIL 2017 (4 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2016 TO AGM 2017	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2016 FOR PERIOD OF AGM 2016 TO AGM 2017	COMPEN- SATION RATIO
Total Board of Directors	6,863.3	1,409.2	1,437.1	6,891.2	7,700.0	89.5%

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2016 and 2015, there was no other compensation paid directly or indirectly to active or former members of the Board of Directors, or to their related parties. There are also no loans or guarantees received or provided to these Board members, nor to their related parties.

REMUNERATION TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

REMUNERATION SYSTEM

Dufry aims to provide internationally competitive compensation to the members of its Group Executive Committee (GEC) that reflects the experience and the area of responsibility of each individual member. The members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash, social benefits, allowances in kind, a performance related bonus and share-based incentive plans.

In fiscal year 2016, the Group Executive Committee consisted of 12 members (CEO, CFO, GCOO, GC, GCCO, GRD, five Divisional CEOs and one GM Brazil&Bolivia: see also Corporate Governance Report on page 221). In the comparable period 2015, the GEC consisted of 9 members (7 executives at December 31, 2015). As of January 1, 2016, Dufry had regrouped its business into 5 geographic divisions (in 2015: 4 regions with Nuance and World Duty Free operations reported as separate entities). The GEC was expanded to 12 members (effective January 1, 2016), taking into account the larger group structure as a result of the Nuance Group and World Duty Free acquisitions.

BASIC SALARY

The annual basic salary is the fixed compensation reflecting the scope and key areas of responsibilities of

the position, the skills required to perform the role and the experience and competencies of the individual person. The basic salary is reviewed annually.

ANNUAL BONUS

The annual bonus is defined once per year and is based on a bonus target expressed in percentage of the annual basic salary. The target bonus corresponds to the bonus award at 100% achievement of the pre-defined objectives. Each member of the Group Executive Committee has its own bonus. In case that an executive reaches the objectives in full, the bonus pay-out will correspond to the targeted level. If one or more objectives are not reached, the bonus will be reduced. The bonus pay-out can be between a minimum of zero and the maximum capped amount of 130% of the target bonus for all members of the Group Executive Committee, including the CEO.

The annual bonus for a particular year is usually paid out in the second quarter of the following year. In 2016, the Board of Directors (upon proposal by the Remuneration Committee) decided that the bonus pay-out for fiscal year 2015 shall be 50% in cash and 50% in rights to receive shares (2014 bonus paid out in 2015: 100% in cash), which will vest if the GEC member is employed on January 1, 2019. The shares eventually to be used for this bonus payment are expected to have no dilutive effect, as they shall be sourced from treasury shares.

REMUNERATION COMPONENTS

	INSTRUMENT	PURPOSE	INFLUENCED BY
Basic salary	<ul style="list-style-type: none"> - Basic compensation - Paid in cash on monthly basis 	<ul style="list-style-type: none"> - To attract and retain management 	<ul style="list-style-type: none"> - Position - Competitive market environment - Experience of the person
Bonus	<ul style="list-style-type: none"> - Annual bonus - Paid in cash and / or rights to receive shares after completion of the relevant year 	<ul style="list-style-type: none"> - Pay for performance 	<ul style="list-style-type: none"> - Achievement of financial results of the Group and of specific Divisions / Countries (for the DCEOs and the GM BRA / BOL)
Share-based incentives PSUs	<ul style="list-style-type: none"> - Performance Share Units (PSU) if any, vesting conditional on performance 	<ul style="list-style-type: none"> - Rewarding long-term performance - Aligning compensation to shareholder interests 	<ul style="list-style-type: none"> - PSU Awards 2013 / 2014: Cash EPS growth over 3 years - PSU Awards 2015 / 2016: Cumulative Cash EPS in CHF over 3 years
Other indirect benefits, post-employment benefits	<ul style="list-style-type: none"> - Allowances in kind - Social pension and insurance prerequisites 	<ul style="list-style-type: none"> - To attract and retain management 	<ul style="list-style-type: none"> - Market practice and position - Legal requirements of social benefits

PERFORMANCE OBJECTIVES

GROUP EXECUTIVE COMMITTEE (2016)	GROUP RESULTS	DIVISION / COUNTRY RESULTS
Chief Executive Officer	50 % EBITDA 25 % Free Cash Flow 25 % Synergies	n / a
Chief Financial Officer		
Global Chief Operating Officer		
Global Chief Corporate Officer		
Global Resources Director		
General Counsel	25 % Free Cash Flow 25 % Synergies	50 % EBITDA
5 Division Chief Executive Officers		
1 General Manager BRA / BOL		

The target bonus amounted to 150 % of the basic salary for the CEO and to between 45 % and 150 % of the basic salary for the other members of the Group Executive Committee in fiscal year 2016 (fiscal year 2015: 200 % for the CEO and between 60 % and 200 % for the other members of the Group Executive Committee).

The bonus is mainly related to measures regarding financial performance: in 2016, the relevant weightings for the CEO, CFO, GCOO, GCCO, GRD and GC were 50 % EBITDA, 25 % Free Cash Flow and 25 % Synergies of the Group results. For the five Division CEOs and the GM Brazil & Bolivia it was 50 % EBITDA of their respective division (of the 2 countries in the case of the GM BRA / BOL), and 25 % Free Cash Flow and 25 % Synergies of the Group results (fiscal year 2015: 100 % Group EBITDA for the CEO, CFO, GCOO, GCCO, GC; 100 % Region EBITDA for 2 of the 4 RCOOs and 50 % Region EBITDA and 50 % non-financial oriented targets for 2 of the 4 RCOOs).

The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2016 between 39 % and 148 % of their basic salary and amounted to CHF 9.0 million in the aggregate (2015: between 61 % and 203 % of their basic salary and an amount of CHF 9.7 million in the aggregate). The achievement ratio regarding the Group results' targets of the three elements EBITDA, Free Cash Flow and Synergies combined was 98.7 % for fiscal year 2016 (2015: achievement ratio for EBITDA target 101.5 %).

RANGE OF BONUS COMPONENTS

IN % OF BASIC SALARY	2016	2015	2014
Group Executive Committee	39 – 148 %	61 – 203 %	55 – 201 %

The bonus compensation for each of the members of the Group Executive Committee, other than the CEO bonus, is approved by the Remuneration Committee in coordination with the CEO. The CEO's bonus compensation is determined based on achieved targets and proposed by the Remuneration Committee and decided by the Board of Directors once per year. The Remuneration Committee as well as the Board of Directors review the compensation of the CEO, CFO, GCOO, GCCO, GRD and the GC yearly. The compensation of the Division CEOs and of the GM Brazil & Bolivia is reviewed once per year by the CEO.

SHARE-BASED INCENTIVES (PSU)

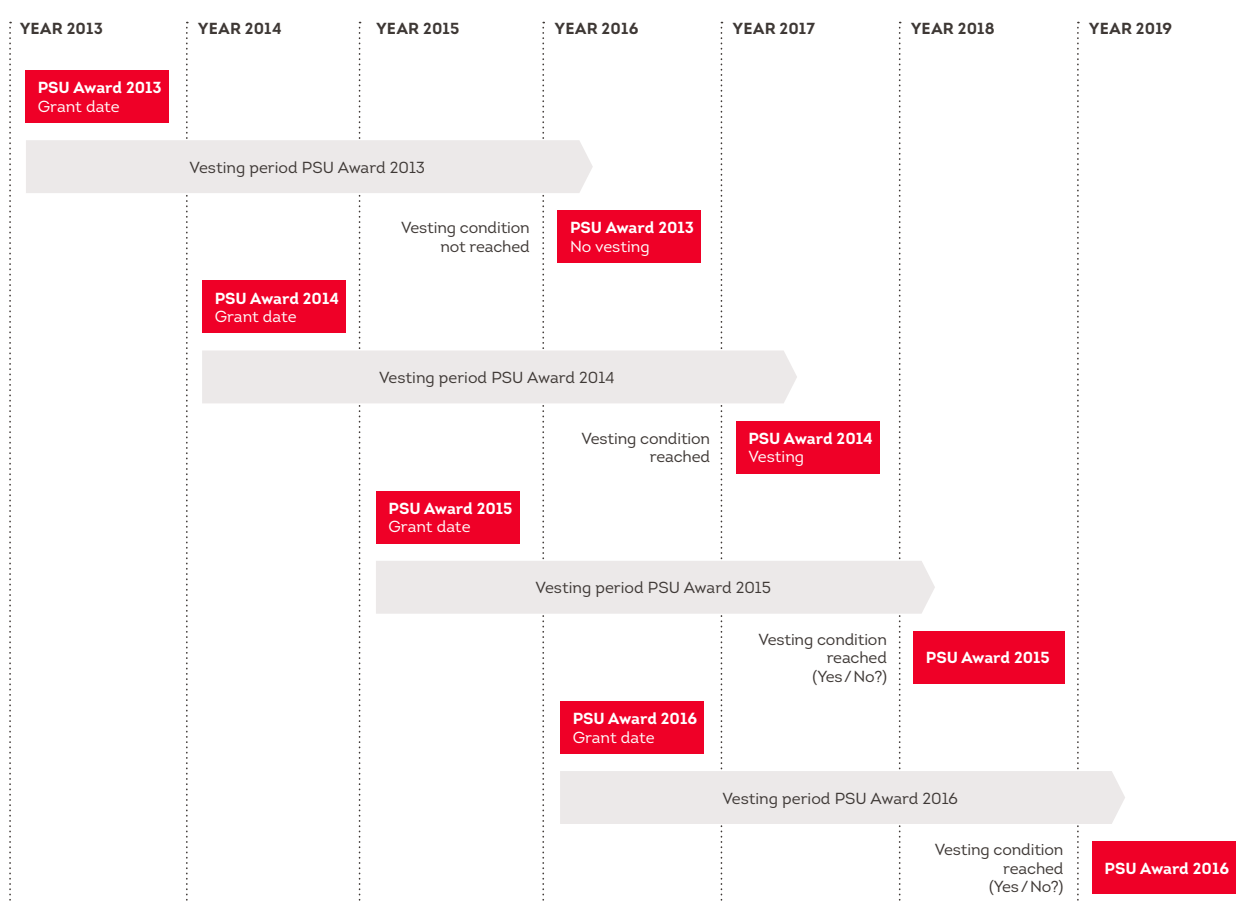
In 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. The purpose of the plan is to provide the members of the Group Executive Committee (and since fiscal year 2015 also selected members of the Senior Management team) with an incentive to make significant and extraordinary contributions to the long-term performance and growth of Dufrey Group, enhancing the value of the shares for the benefit of the shareholders of the Company. The share-based incentive is also increasing the ability of Dufrey Group to attract and retain persons of exceptional skills.

From an economic point of view, the PSUs are stock options with an exercise price of nil. However, they are expected to have no dilutive effect, as the shares for share-based incentives historically have been sourced from treasury shares, held by the Company.

Details of the Performance Share Units (PSU)

The number of PSUs allocated to each member of the Group Executive Committee in any given year takes into account the base salary as well as the prevailing share price, i.e. an assumption of one share for every PSU. The accrued value of the PSU awards 2016 represented about 150 % of the basic salary for the CEO and between 70 % and 150 % of the basic salary for the

TIMING OF THE PSU PLANS



other members of the Group Executive Committee (2015: 119% for the CEO and between 62% and 117% for the other members of the Group Executive Committee). The PSU awards will only vest in the third year of the award and are linked to specific performance criteria (see below).

Vesting conditions of the PSUs are:

- The participant's ongoing contractual relationship on the vesting date; and
- The achievement of the performance target as described below.

Performance target for 2016 and 2015 PSU grants

The number of shares allocated for each PSU for the 2016 and the 2015 grants directly depends on the Company's Cumulative Normalized Cash EPS as a nominal amount in Swiss Francs of the three year period preceding the vesting date (see also section "Changes in the Remuneration System in 2016 - Group Executive Committee" on page 238):

- For the 2016 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cumulative cash EPS of the years 2013 to 2015 and applied a growth rate of 7% per annum. This amount which is CHF 24.59, and the derived figures below are subject to change from year to year by the Remuneration Committee.
- For the 2015 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cumulative cash EPS of the years 2012 to 2014 and applied a growth rate of 5% per annum (an amount of about CHF 24).

Depending on the Cumulative Normalized Cash EPS achieved, each PSU will convert according to the following grid:

- Minimum threshold of 50% of target must be achieved; otherwise the PSU shall not vest and will become nil and void. The participant will not be allocated any shares from the PSU.

- For a Cumulative Cash EPS at target, the participant shall be allocated one share for every PSU that has vested.
- For a Cumulative Cash EPS of 150 % of target or above, which represents the maximum threshold, the participant shall be allocated two shares for every PSU that has vested.
- For a Cumulative Cash EPS higher than the minimum threshold but lower than the maximum threshold, the number of shares allocated from vested PSUs is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU.

CUMULATIVE CASH EPS PSU GRANTS 2016 / 2015	PSU VESTING
< minimum threshold (50 % of target)	No vesting
at target	100 % vesting (1 share per PSU)
≥ maximum threshold (150 % of target)	Maximum vesting (2 shares per PSU)
Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per PSU)

In 2016, the twelve members of Group Executive Committee have been granted, in the aggregate, 92,319 PSU (2015: 56,965 PSU to eight GEC members). Out of this amount, 21,873 PSU were granted to the CEO (2015: 18,347 PSU). The total number of shares that can be allocated to the current members of the Group Executive Committee would amount to the following: At target, 92,319 shares for the PSU Award 2016, 67,553 shares for the PSU Award 2015 and 20,020 shares which vested for the PSU Award 2014. At maximum (i.e. at 2 shares per vested PSU) it would amount to 184,638 shares for the PSU Award 2016, 135,106 shares for the PSU Award 2015 and 20,020 shares for the PSU Award 2014.

Overall, the number of persons qualified to PSU awards includes (since fiscal year 2015) not only the members of the Group Executive Committee, but also further selected members of the Senior Management team of Dufrey (about 70 senior managers). In addition to the PSUs awarded to the members of the Group Executive Committee as shown above, this further group of Senior Managers received in aggregate 66,900 PSU from the Award 2016 (2015: 60 managers and 65,838 PSU from the Award 2015). The conditions of the PSU plans are identical for all plan participants (whether members of the Group Executive Committee or senior managers). The total maximum number of shares that can be allocated to the current Senior Management team members would amount to the following: At target, 66,900 shares for the PSU Award 2016 and 54,500

shares for the PSU Award 2015. At maximum, 133,800 shares for the PSU Award 2016 and 109,000 shares for the PSU Award 2015.

The total number of shares that can be allocated to all participants of the PSU Awards 2016, 2015, the vested and allocated 20,020 shares from the PSU Award 2014 and the rights to receive shares from the 2015 bonus (85,015 in total) would amount to the following: At target 386,307 shares, representing a total of 0.72 % of outstanding shares as at December 31, 2016. At maximum (i.e. at 2 shares per vested PSU) 667,579 shares, representing a total of 1.24 % of outstanding shares as at December 31, 2016. Historically, Dufrey has always sourced its share based compensation from treasury shares, so that no dilutive effect is expected from the PSUs.

For a description of the performance targets of PSU grants in fiscal year 2013 and 2014 (with vesting in 2016 and 2017, respectively), please refer to the details in the Remuneration Report 2015 on page 240 of the Annual Report 2015. Link to the Annual Report 2015:

<https://www.dufrey.com/en/investors/ir-reports-presentations-and-publications> page section "Presentation of results and other publications - select Financial Reports"

The PSU plans have been approved by the Remuneration Committee (previous years Nomination and Remuneration Committee) and the Board of Directors. The Remuneration Committee reviews achievement of the respective performance target at a specific vesting date, upon proposal of the CEO, who as plan administrator will analyze and adjust potential exceptional and non-recurring events to normalize Cash EPS in relation to the PSU plan. The CEO acts as Plan Administrator and therefore proposes the amount of each specific grant to each individual plan participant, which is reviewed by the Remuneration Committee. The grants made to the CEO are decided by the Remuneration Committee.

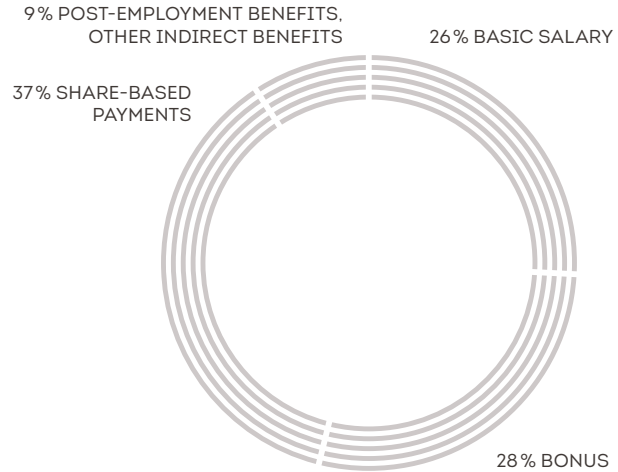
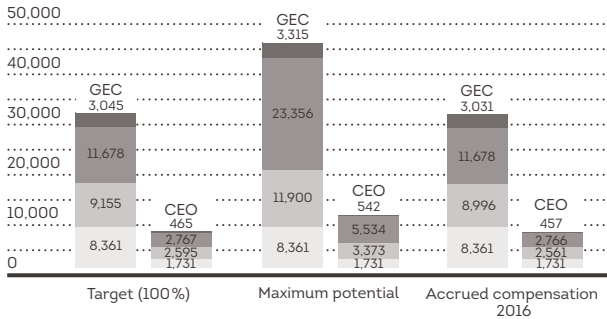
OTHER INDIRECT BENEFITS

The Company limits further benefits to a minimum. Fringe benefits such as health insurance, company car, or housing allowances have been granted to certain members of the Group Executive Committee. The total amounted to CHF 1.31 million in the aggregate in fiscal year 2016 (2015: CHF 0.54 million).

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2016



IN THOUSANDS OF CHF



CHANGES IN THE REMUNERATION SYSTEM IN 2016 – GROUP EXECUTIVE COMMITTEE

The Board of Directors, upon proposal by the Remuneration Committee, has decided on some changes to the remuneration system in fiscal year 2016:

- Annual Bonus: The annual bonus for a particular year is usually paid out in the second quarter of the following year. In previous years, the annual bonus was fully paid out in cash. In 2016, the Board of Directors decided, based on a proposal by the Remuneration Committee, to change the pay-out for the 2015 bonus to 50% in cash and 50% in rights to receive shares. These rights to receive shares will vest for the members of the Group Executive Committee only if the person will have an ongoing contractual relationship with Dufrey on January 1, 2019.
- The measures regarding the financial performance relevant for the annual bonus have been adapted. In 2016, the relevant metrics are 50% EBITDA, 25% Free Cash Flow and 25% Synergies. In fiscal year 2015, the relevant metric was 100% EBITDA (except for 2 of the 4 RCOOs for whom it was 50% EBITDA and 50% non-financial oriented targets).

COMPARISON AND COMPOSITION OF REMUNERATION TO THE GROUP EXECUTIVE COMMITTEE IN FISCAL YEAR 2016

The charts above reflect the composition of the different remuneration components as well as the actual remuneration of the twelve members of the Group Executive Committee for fiscal year 2016. In the chart, this actual remuneration is also compared to the po-

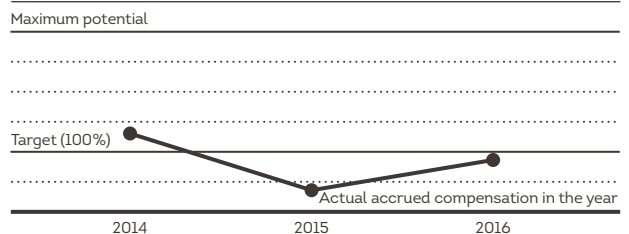
tential compensation if 100% of the target bonus was reached, and the maximum potential of compensation possible based on the capped bonus and the capped share-based compensation.

PAY-OUT COMPONENTS FOR FISCAL YEAR 2016

For fiscal year 2016, the achievement ratio in conjunction with the Group result targets for the three elements EBITDA, Free Cash Flow and Synergies combined was 98.7%. Based on this, the pay-out of the bonus component for the CEO amounts to CHF 2.6 million, which represents 148% of the CEO's basic salary. The PSU Awards 2014 will vest in fiscal year 2017 at a ratio of 0.45 vesting and this will lead to 20,020 shares being vested, of which 6,449 reflect the shares vested for the CEO.

The pay-out for the entire Group Executive Committee for fiscal year 2016 amounts to a total of CHF 20.4 million, of which CHF 4.7 million is the pay-out to the CEO.

GEC REMUNERATION (ACCRUED) IN THE PERIODS 2014-2016



2015: Change in the number of GEC members during the year from 9 to 7 members.

COMPENSATION TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE (AUDITED)

REMUNERATION COMPONENT IN THOUSANDS OF CHF	2016		2015	
	GEC (12 members)	CEO ²	GEC ¹ (9 members)	CEO ²
Basic salary	8,361.1	1,730.8	6,158.7	1,701.2
Bonus ³	8,996.0	2,561.1	9,732.3	3,452.6
Post-employment benefits ⁴	1,721.3	420.1	1,281.0	447.1
Other indirect benefits	1,310.1	37.0	537.1	35.5
Share-based payments accrued (3 years vesting period) ⁵	11,678.4	2,766.9	6,288.4	2,025.3
Total compensation accrued	32,066.9	7,516.0	23,997.5	7,661.7
Total compensation pay-out	20,388.5	4,749.1	17,709.1	5,636.3
Number of performance share units awarded (in thousands)	92.3	21.9	57.0	18.3

¹ Compensation in the previous year 2015 includes remuneration of Mr. Rossinyol (former COO Region EMEA & Asia until March 31, 2015) and Mr. Rosa (former COO Region America II until October 31, 2015) on a pro rata basis up to these dates.

² The CEO has the highest compensation of the Group Executive Committee.

³ Bonus in fiscal year 2015 paid out 50% in cash and 50% in rights to receive shares with blocking period of 3 years.

⁴ Amount includes employer social security contributions and pension contributions.

⁵ For valuation details see Note 28 of the consolidated financial statements. The accrued values in the table reflect the different valuations of the PSUs in the different reporting years.

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016

For fiscal year 2016, the remuneration of the Group Executive Committee includes the compensation to twelve GEC members (2015: seven GEC members for the entire year, and two GEC members who left the GEC during the year on a pro rata basis). The remuneration for fiscal years 2016 and 2015, mentioned in the table above covers the period between January 1 and December 31.

The remuneration difference compared to the previous year is mainly due to the change in the number of the Executives in 2016, regular salary increases based on annual performance review and individual bonus

payments based on achievement of yearly objectives set in advance, as well as the different values of the PSU awards.

The Ordinary Meeting of Shareholders held on April 29, 2015, approved a maximum aggregate amount of compensation for the members of the Group Executive Committee for the financial year 2016 of CHF 50.5 million. The approved maximum aggregate amount reflects the maximum possible pay-out calculated for each compensation element and takes into account the twelve members of the Group Executive Committee in fiscal year 2016. The actual compensation ratio (accrued compensation) compared to the amount approved by the Shareholders' Meeting was 63.5%.

COMPENSATION RATIO FOR REMUNERATION OF GROUP EXECUTIVE COMMITTEE IN 2016

IN THOUSANDS OF CHF	GEC COMPENSATION IN FISCAL YEAR 2016 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2015 FOR FISCAL YEAR 2016	COMPENSATION RATIO
Total Group Executive Committee	32,066.9	50,500.0	63.5%

For fiscal year 2017, the Ordinary Meeting of Shareholders held on April 28, 2016, approved a maximum aggregate amount of compensation for the GEC members of CHF 49 million. The compensation ratio for 2017 will again be disclosed in the Remuneration Report 2017.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2016 and 2015, there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, or to their related parties. There are also no loans or guarantees received or provided to the Group Executive Committee members, or to related parties.

CONTRACTS OF EMPLOYMENT TERMS

According to Article 23 of the Articles of Incorporation, employment and other agreements with the members of the Group Executive Committee may be concluded for a fixed term or for an indefinite term. Agreements for a fixed term may have a maximum duration of one year. Renewal is possible. Agreements for an indefinite term may have a notice period of maximum twelve months. Of the current contracts with the members of the Group Executive Committee, three contracts contain termination periods of twelve months, whereas the other contracts have termination periods of six months or less.

PARTICIPATIONS IN DUFYR AG

The following members of the Board of Directors or of the Group Executive Committee of Dufry AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2016 or December 31, 2015 (members not listed do not hold any shares or options):

IN THOUSANDS	DECEMBER 31, 2016			DECEMBER 31, 2015		
	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	982.2	118.3	2.04%	982.2	257.1	2.38%
Andrés Holzer Neumann, Vice-Chairman	4,308.8	276.1	8.51%	4,291.3	463.6	9.13%
Jorge Born, Director	-	30.9 ²	0.06%	219	30.9 ²	0.10%
James S. Cohen, Director ³	n/a	n/a	n/a	2,059.3	-	3.96%
Julián Díaz González, Director and CEO	284.5	43.8	0.61%	284.5	92.6	0.72%
George Koutsolioutsos, Director	1,608.4	200.0	3.36%	1,608.4	200.0	3.47%
Total Board of Directors	7,183.9	669.1	14.58%	9,247.6	1,044.2	19.77%
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	284.5	43.8	0.61%	284.5	92.6	0.72%
Andreas Schneider, CFO	6.1	-	0.01%	6.1	-	0.01%
José Antonio Gea, GCOO	4.1	-	0.01%	4.1	-	0.01%
Luis Marin, CCO	1.2	-	0.00%	1.5	-	0.00%
Jordi Martin-Consuegra, GRD	1.1	-	0.00%	n/a	n/a	n/a
Gustavo Magalhães Fagundes, GM Brazil and Bolivia	6.9	-	0.01%	n/a	n/a	n/a
Total Group Executive Committee	303.9	43.8	0.64%	296.2	92.6	0.73%

¹ The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on September 15, 2016, for the year 2016 and on July 9, 2015, for the year 2015.

² European Capped Calls on 30,940 shares of Dufry AG. The transaction is divided into 5 tranches of 6,188 shares each, which expire on 29.07.2019, 30.07.2019, 31.07.2019, 04.08.2019, and 05.08.2019, respectively. Each tranche is automatically exercised, and the differences are to be cash settled. The strike price for each option is CHF 160, and the cap is CHF 260 per option.

³ Director until AGM on April 28, 2016.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González and Dimitrios Koutsolioutsos holds sale positions of 7.59% through options (4,087,520 voting rights) as of December 31, 2016 (as of December 31, 2015: sale positions of 8.81% through options (4,589,120 voting rights), which included the sale positions of James S. Cohen and James S. Cohen Family Dynasty Trust).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on September 15, 2016 (for sale position as of December 31, 2015: publication of disclosure notice on July 9, 2015).

Disclosure notices are available on the SIX Swiss Exchange website:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>



To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry 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 labeled "audited" on pages 229 to 241 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 accompanying 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 Dufry AG complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

Bruno Chiomento
Licensed audit expert
(Auditor in charge)

Christian Krämer
Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

REGISTERED SHARES

Issuer	Dufry AG
Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker symbol	DUFN
ISIN-No.	CH0023405456
Swiss Security-No.	2340545
Reuters	DUFN.S
Bloomberg	DUFN:VX

BRAZILIAN DEPOSITARY RECEIPTS (BDRS)

Issuer	Dufry AG
Listing	BM&FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker symbol	DAGB33
ISIN-No.	BRDAGBBDR008
Reuters	DAGB33.SA
Bloomberg	DAGB33:BZ

KEY DATES IN 2017

March 15, 2017	Results Fiscal Year 2016, Publication of Annual Report
April 27, 2017	Annual General Meeting
May 2, 2017	Results First Three Months 2017
July 31, 2017	Results First Half Year 2017
October 31, 2017	Results First Nine Months 2017

SENIOR NOTES

Issuer	Dufry Finance SCA
Listing	ISE Irish Stock Exchange
Type of security	Senior Notes
Size of issue	EUR 500 million
Interest rate	4.5% p.a., paid semi-annually
Maturity	July 15, 2022
ISIN-No.	XS1087753353 (Serie REG S) XS1087754245 (Serie 144A)
Bloomberg	DUFSCA

Issuer	Dufry Finance SCA
Listing	ISE Irish Stock Exchange
Type of security	Senior Notes
Size of issue	EUR 700 million
Interest rate	4.5% p.a., paid semi-annually
Maturity	August 1, 2023
ISIN-No.	XS1266592457 (Serie REG S) XS1266592705 (Serie 144A)
Bloomberg	DUFSCA

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Company's website:



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Articles of incorporation:



Financial reports:



This Annual Report contains certain forward-looking statements, which can be identified by terms like "believe", "assume", "expect" or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to Dufry at the time of preparation of this Annual Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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