

# 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

Dufry is  
committed to  
good Corporate  
Governance,  
Openness and  
Transparency.

and within the Remuneration Report (see page 175) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2014. The Ordinary General Meeting of Shareholders held on April 29, 2014 approved comprehensive changes to the Articles of Incorporation in connection with the new Swiss Company Law.

The Articles of Incorporation are available on the Company website [www.dufry.com](http://www.dufry.com) section Investor Relations – Articles of Incorporation.

Direct link:  
<http://www.dufry.com/en/Investors/Articlesofincorporation/index.htm>.

## 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 15 of this Annual Report.

#### Listed company

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##### COMPANY

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

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##### LISTING

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

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##### MARKET CAPITALIZATION

CHF 5,349,853,344 as of December 31, 2014

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##### PERCENTAGE OF SHARES HELD BY DUFY AG

0.262% of Dufry AG share capital as of December 31, 2014

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##### SECURITY NUMBERS

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

Brazilian Depositary Receipts (BDRs):  
ISIN-Code BRDAGBDDR008  
Ticker Symbol DAGB33

#### Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 142 in 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 Swiss Stock Exchange Act during 2014, the following significant shareholders disclosed positions of more than 3% of the voting rights as of December 31, 2014<sup>(1)</sup>.

SHAREHOLDER	DISCLOSURE OF PURCHASE POSITIONS		DISCLOSURE OF SALE POSITIONS <sup>(3)</sup>
	Through registered shares	Through other financial instruments <sup>(2)</sup>	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. <sup>(4)</sup>	26.8%	2.9%	29.7%
Morgan Stanley Group <sup>(5)</sup>	0.11%	10.87%	10.98%
Credit Suisse Group <sup>(6)</sup>	7.1%	1%	8.11%
Group of shareholders represented by			
Tarpon Gestora de Recursos S.A. <sup>(7)</sup>	3.13%	–	3.13%
T. Rowe Price Associates, Inc. <sup>(8)</sup>	3.01%	–	3.01%
Dufry Financial Services B.V. <sup>(9)</sup>	0.01%	–	0.01%

(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 20 of the Swiss Stock Exchange Act is crossed.

(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. 3) Mr. Julián Díaz González (Lachen/Switzerland).

b) Mr. Julián Díaz González holds certain shares directly.

c) Mr. Juan Carlos Torres holds certain shares directly.

d) Petrus Pte. Ltd., Grupo Industrial Omega, S.A. de C.V. (Ciudad 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) Credit Suisse Group AG (Zurich/Switzerland) holds the shares and financial instruments indirectly through several subsidiaries.

(7) Shares held through various Tarpon Funds, which are investment funds discretionarily managed by Tarpon Gestora de Recursos S.A. (São Paulo/Brazil) as investment advisor. Tarpon Gestora de Recursos S.A. is a wholly-owned subsidiary of Tarpon Investimentos S.A. (São Paulo/Brazil), a Brazilian publicly listed company, controlled by the following individuals: José Carlos Reis de Magalhães Neto, Eduardo Silveira Mufarej, Fernando Shayer, Marcelo Guimarães Lopo Lima, Miguel Gomes Ferreira, Antonio Augusto Torres de Bastos Filho, Philip Vincent Reade.

(8) T. Rowe Price Associates, Inc. (Baltimore, MD/USA) serves as investment advisor to its clients.

(9) Sale position is in connection with the Mandatory Convertible Notes 2015, issued by Dufry Financial Services B.V. (convertible into 1,809,210 registered shares of Dufry AG, which represents 5.04% of the voting rights registered in the commercial register as at December 31, 2014). These sale position figures reflect those of the actual issuance, while the SIX publication made prior to the issuance reflects the maximum possible amount of shares able to be issued. Dufry Financial Services B.V. is indirectly owned by Dufry AG.

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosures notices in 2014 are available on the website of SIX Swiss Exchange on:

[http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en.html](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html)

### 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 among 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.

The group of shareholders represented by Tarpon Gestora de Recursos S.A. have an agreement to act in concert.

## 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, 2014 the Company's capital structure is as follows:

#### ORDINARY SHARE CAPITAL

CHF 179,525,280 (nominal value) divided in 35,905,056 fully paid registered shares with nominal value of CHF 5 each

#### CONDITIONAL SHARE CAPITAL

CHF 13,488,100 (nominal value) divided in 2,697,620 fully paid registered shares with nominal value of CHF 5 each

#### AUTHORIZED SHARE CAPITAL

None

### 2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

#### Conditional share capital

Article 3bis of the Articles of Incorporation, dated July 8, 2014, reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 13,488,100 by the issuance of up to 2,697,620 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, 2014, the Company has no authorized share capital.

### 2.3 CHANGES IN CAPITAL OF DUFYR AG

#### NOMINAL SHARE CAPITAL

December 31, 2012	CHF 148,369,115
December 31, 2013	CHF 154,525,280
December 31, 2014	CHF 179,525,280

#### CONDITIONAL SHARE CAPITAL

December 31, 2012	CHF 13,488,100
December 31, 2013	CHF 13,488,100
December 31, 2014	CHF 13,488,100

#### AUTHORIZED SHARE CAPITAL

December 31, 2012	CHF 13,488,105
December 31, 2013	CHF 7,331,940
December 31, 2014	None

#### Changes in capital in 2012

At the Ordinary General Meeting of Shareholders on May 2, 2012, shareholders approved the Board of Directors' proposal to increase the amount of the previously existing conditional capital from CHF 2,836,480 (567,296 registered shares with nominal value of CHF 5 each) to CHF 13,488,100 (2,697,620 registered shares with nominal value of CHF 5 each).

At the same Ordinary General Meeting, shareholders also approved the Board of Directors' proposal to create authorized share capital in an amount CHF 26,976,205 (5,395,241 registered shares with nominal value of CHF 5 each), for a period of two years and expiring on May 2, 2014.

On October 10, 2012, Dufry issued 2,697,620 shares with nominal value of CHF 5 from the authorized capital. Hence, the existing authorized share capital decreased from CHF 26,976,205 to CHF 13,488,105 and the ordinary share capital increased from CHF 134,881,015 to CHF 148,369,115.

#### Changes in capital in 2013

On December 13, 2013, Dufry issued 1,231,233 shares with nominal value of CHF 5 from the authorized capital. Hence, the existing authorized share capital decreased from CHF 13,488,105 to CHF 7,331,940, and the ordinary share capital increased from CHF 148,369,115 to CHF 154,525,280.

#### 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.

### 2.4 SHARES

As of December 31, 2014, the share capital of Dufry AG is divided into 35,905,056 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 ("Partizipations-scheine") 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 registered 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 in terms of nominees.
- 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 entries 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. (“Depositary 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 Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Dufrey AG shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution.

To facilitate voting by BDR holders, the Company entered into arrangements with the Depositary 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

### Convertible bonds

As of December 31, 2014, the Company had the following Mandatory Convertible Notes ("MCN") outstanding:

#### MANDATORY CONVERTIBLE NOTES

Issuer	Dufry Financial Services B.V.
Listing	SIX Swiss Exchange
Size of issue	CHF 275 million
Principle amount	CHF 200,000 per MCN
Interest rate	2.0% p.a., payable semi-annually (December 18 and June 18)
Maturity	June 18, 2015
Convertible into	Registered shares of Dufry AG (1,809,210 registered shares)
Conversion price	CHF 152
Conversion ratio	1,315.78947 shares per MCN
Conversion period	June 17, 2014 up to and including June 9, 2015
Source of shares	Conditional capital and/or issued and outstanding shares
ISIN-No.	CH0244695356
Ticker symbol	DUF14
Bloomberg symbol	DUFNSW Corp

The conversion of the Mandatory Convertible Notes into shares of the Company can have a dilutive effect on the earnings per share. If the entire 1,809,210 shares from the conversion were issued out of today's available conditional capital, they would represent 5.04 % of the current outstanding share capital.

### Options

As of December 31, 2014, there are no outstanding warrants or options to acquire shares issued by or on behalf of the Company. Dufry has a Performance Share Unit (PSU) plan, the essentials of which are disclosed in the "Remuneration Report" on page 179.

### 3. BOARD OF DIRECTORS

#### 3.1 MEMBERS OF THE BOARD OF DIRECTORS

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFRY	DATE OF FIRST ELECTION	OTHER POSITIONS WITH DUFRY <sup>1</sup>
Juan Carlos Torres Carretero	Executive at Advent International	Spanish	Chairman	2003	AC   NRC
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Vice-Chairman	2004	NRC
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010	AC
Xavier Bouton	Consultant	French	Director	2005	None
James S. Cohen	CEO of Hudson Media Inc	American	Director	2009	NRC
Julián Díaz González	CEO of Dufry AG	Spanish	Director, CEO	2013	None
José Lucas Ferreira de Melo	Consultant	Brazilian	Director	2010	AC
George Koutsolioutsos	CEO of Folli Follie Group	Greek	Director	2014	None
Joaquín Moya-Angeler Cabrera	Consultant	Spanish	Director	2005	AC

<sup>1</sup> AC: Audit Committee/NRC: Nomination and Remuneration Committee

#### 3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS



##### JUAN CARLOS TORRES CARRETERO

Chairman, born 1949

##### 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. Since 1995 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.

##### Current Board Mandates

Dufry AG, Latin American Airport Holding, Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., International Meal Company Holdings, S.A., TCP Participações S.A., InverCap Holdings, S.A. de C.V., Grupo Biotoscana, S.L.U.



##### ANDRÉS HOLZER NEUMANN

Vice-Chairman, born 1950

##### 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

Dufry AG, Latin American Airport Holding, Ltd. and Opequimar, S.A. de C.V.



##### JORGE BORN

Director, born 1962

##### 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 Dufry AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

##### Current Board Mandates

Dufry AG, Hochschild Mining, Ltd., Latin American Executive Board at Wharton Business School, 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 Dufry South America, Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.



**XAVIER BOUTON**

Director, born 1950

**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 Digoin & Vitry le François) based in Paris, France.

**Current Board Mandates**

Dufrey AG, ADL Partners and F.S.D.V. (Fayenceries de Sarreguemines, Digoin & Vitry le François) (Chairman of the Supervisory Board).



**GEORGE KOUTSOLIOUTSOS**

Director, born 1968

**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**

Dufrey AG, Folli Follie Group.



**JAMES S. COHEN**

Director, born 1958

**Education**

Bachelor's degree in economics from the Wharton School of the University of Pennsylvania.

**Professional Background**

Since 1980 various positions at Hudson Media Inc. (President and CEO since 1994).

**Current Board Mandates**

Dufrey AG, Hudson Media, Inc.



**JOAQUÍN MOYA-ANGELER CABRERA**

Director, born 1949

**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**

Dufrey AG, Corporación Teype (Chairman of Audit and Remuneration Committees), La Quinta Group (Chairman), Palamon Capital Partners, Corporación Tecnológica Andalucía (Chairman), Board of Trustees of the University of Almeria (Chairman), Fundación Mediterránea (Chairman), Redsa S.A. (Chairman), Inmoan SL (Chairman), Avalon Private Equity (Chairman), Spanish Association of Universities Governing Bodies (Chairman) and Corporación Grupo Leche Pascual (Vice Chairman).



**JULIÁN DÍAZ GONZÁLEZ**

Director, Chief Executive Officer, born 1958

**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 Dufrey AG.

**Current Board Mandates**

Dufrey AG, Distribuidora Internacional de Alimentación, S.A. (DIA).



**JOSÉ LUCAS FERREIRA DE MELO**

Director, born 1956

**Education**

Bachelor's degree in accounting from Associação de Ensino Unificado do Distrito Federal, Brazil.

**Professional Background**

1979–1991 various positions at Pricewaterhouse Coopers Auditores Independentes. 1992 Director of Brazilian Exchange Commission (CVM). 1993–1997 Partner at PricewaterhouseCoopers Auditores Independentes. 1998 Partner at Global Control Consultoria. 1999–2009 Executive Director and later Vice-President at Unibanco – União de Bancos Brasileiros, S.A. and Unibanco Holdings, S.A.

**Current Board Mandates**

Dufrey AG, International Meal Company Holdings, S.A., Cetip S.A. – Balcão Mercados Organizados and Restoque Comércio e Confecções de Roupas S.A.

Mr. Ferreira de Melo 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.



Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (Vice-Chairman), Julián Díaz González, James S. Cohen and George Koutsolioutsos are members of a group of shareholders, which held a 29.7% purchase position of Dufry AG as of December 31, 2014 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 158 of this Annual Report.

Except for Mr. Julián Díaz González, who acts as CEO 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 Dufry in 2013. Otherwise, none of the members of the Board of Directors have ever been in a managerial position at Dufry AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 36 on page 128 and to the information provided in the Remuneration Report on page 175 of this Annual Report.

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

In accordance with Article 24 para. 2 of the Articles of Incorporation, dated July 8, 2014, 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 July 8, 2014:

- The Board of Directors shall consist of at least three and at most nine members.

- Members of the Board of Directors 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 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, 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 29, 2014. The same General Meeting elected Juan Carlos Torres Carretero as Chairman of the Board of Directors and Messrs. James Cohen, Juan Carlos Torres Carretero and Andrés Holzer Neumann as members of the Nomination and Remuneration Committee.

### 3.5 INTERNAL ORGANIZATIONAL STRUCTURE

Except for the election of the Chairman of the Board of Directors and the members of the Nomination and 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 appoint a Secretary who does not need to be a member of the Board of Directors.

The Board of Directors has established two committees: the Audit Committee and the Nomination and Remuneration Committee. Both Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

### **Audit Committee**

Members: José Lucas Ferreira de Melo (Chairman Audit Committee), Jorge Born, Joaquín Moya-Angeler Cabrera, Juan Carlos Torres Carretero.

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 Dufrey Group in the last three years and does not have major 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 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 2014, during which the Audit Committee held 5 meetings. The auditors attended 3 meetings of the Audit Committee in 2014. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO 5 meetings, the CFO who acts as Secretary of the Audit Committee meetings 5 meetings.

### **Nomination and Remuneration Committee**

Members: James S. Cohen (Chairman Nomination and Remuneration Committee), Andrés Holzer Neumann, Juan Carlos Torres Carretero.

The members shall be appointed by the shareholders' meeting until the next Ordinary General Meeting of Shareholders and be re-eligible.

The Nomination and Remuneration Committee assists the Board of Directors in fulfilling its nomination and remuneration 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, as well as for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Nomination and Remuneration Committee makes proposals 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 Nomination and Remuneration Committee makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Nomination and Remuneration Committee meets as often as business requires. The 4 meetings held in the fiscal year 2014 lasted about 1 to 3 hours. Members of the Group Executive Committee attended meetings of the Nomination and Remuneration Committee as follows: CEO 3 meetings. External advisors attended 3 meetings of the Nomination and Remuneration Committee in 2014.

### **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 10 meetings during fiscal year 2014. 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 2014 as follows: CEO 10 meetings, CFO 10 meetings, GCOO 8 meetings, GC 10 meetings, COOs of the regions 1 meeting.

The Board of Directors also engages specific advisors to address specific matters when required. External advisors partially attended 1 meeting of the Board of Directors in 2014, in connection with the acquisition projects of the Company. The external Auditors attended 3 meetings of the Audit Committee in 2014.

### 3.6 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is the ultimate corporate body of Dufry 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 Dufry 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 compensation 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 Dufry 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.

- Dufry 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 business unit. 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 Dufry 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 Audit Committee or Nomination and Remuneration Committee please refer to section "3.5 Internal organizational structure" above.
- The Audit Committee met 5 times in 2014 with management to review the business, better understand laws, regulations and policies impacting the Dufry 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 3 meetings of the Audit Committee in 2014. Among these meetings some or part of them are also held without management.

- The Internal Audit provides independent and objective assessments of the effectiveness of the internal control environment globally. The selection of Internal Audit reviews to be executed during the year is based on a specific risk assessment methodology throughout the Dufry Group. In fiscal year 2014, the Internal Audit team conducted more than 50 reviews, examining operations in all regions, including the 3 major ones from newly acquired Nuance. A written report is compiled for every audit review and includes a defined implementation schedule and concrete steps for implementing the measures that have been determined. In 2014, a detailed assessment of risk to be audited was done for each review executed, additionally control procedures related to inventory and cash, were commonly assessed. The results of Internal Audit reviews are communicated to management in charge and the Group's senior management on an on-going basis, and to the Audit Committee on a quarterly basis. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.
- The Board of Directors and the Group Executive Committee regularly carry out risk assessments. The objective of the risk assessments is to make the principal risks to which Dufry is exposed more transparent and to improve the quality of the risk dialogue. The principal risks identified in 2014 are, amongst others, in the areas of alternative forms of retail distributions, relations with the airport authorities, product and service quality, acquisition projects and related integration capabilities, inventory valuation and management, currency fluctuations, compliance with debt covenants and tax accounting.
- Detailed information on the financial risk management is provided in Note 39 in the Financial Statements of this Annual Report.

## 4. GROUP EXECUTIVE COMMITTEE

### 4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2014, the Group Executive Committee (GEC) comprised nine 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
Pascal C. Duclos	Swiss	General Counsel (GC)	2005
Luis Marin	Spanish	Chief Corporate Officer (CCO)	2014
Xavier Rossinyol	Spanish	Chief Operating Officer (COO) Region EMEA & Asia	2004
René Riedi	Swiss	Chief Operating Officer (COO) Region America I	2000
José Carlos Costa da Silva Rosa	Portuguese	Chief Operating Officer (COO) Region America II	2006
Joseph DiDomizio	American	Chief Operating Officer (COO) Region United States & Canada	2008

On January 14, 2015, the Company announced that Mr. Xavier Rossinyol will leave the Company effective March 31, 2015.

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

#### 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).



### PASCAL C. DUCLOS

General Counsel, born 1967

#### 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.



### ANDREAS SCHNEITER

Chief Financial Officer, born 1970

#### 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.



### LUIS MARIN

Chief Corporate Officer, born 1971

#### 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 Chief Corporate Officer at Dufry AG.



### JOSÉ ANTONIO GEA

Global Chief Operating Officer, born 1963

#### Education

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

#### Professional Background

1989–1995 various positions at TNT Express Espana, 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.



### XAVIER ROSSINYOL

Chief Operating Officer,  
Region EMEA and Asia (until March 31, 2015),  
born 1970

#### Education

Bachelor's degree in Business Administration at ESADE (Spain), MBA at ESADE and at the University of British Columbia (Canada and Hong Kong), Master's degree in business law from Universidad Pompeu Fabra (Spain).

#### Professional Background

1995–2003 Various positions at Areas (member of the French group Elixir) with responsibility for finance, controlling, strategic planning. Left Areas as its Corporate Development Director. 2004–2012 Chief Financial Officer at Dufry AG. Since July 2012 Chief Operating Officer Region EMEA & Asia at Dufry AG.



**RENÉ RIEDI**  
Chief Operating Officer,  
Region America I, born 1960

**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 Dufry 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 Dufry AG. Since July 2012 Chief Operating Officer Region America I at Dufry AG.



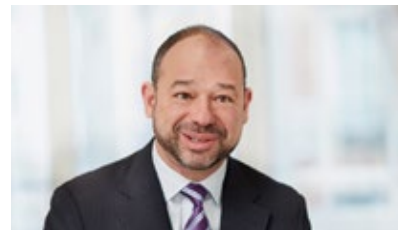
**JOSÉ CARLOS COSTA DA SILVA ROSA**  
Chief Operating Officer,  
Region America II, born 1955

**Education**

Military and Civil Engineer's degree from the Academia Militar of Portugal.

**Professional Background**

1978–1993 Officer with the Portuguese Army. 1993–1994 Director of Property Management of Richard Ellis Portugal. 1994–2000 General Director of AmoreirasGest. 2000–2006 Retail Director at ANA-Aeroportos de Portugal AS. 2006–2012 Chief Operating Officer Region South America at Dufry AG. July 2012–December 2014 Chief Operating Officer Region America II at Dufry AG.



**JOSEPH DIDOMIZIO**  
Chief Operating Officer,  
Region United States and Canada, born 1970

**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 CEO). Since October 2008 Chief Operating Officer Region United States & Canada at Dufry AG.

**Other activities and vested interests**

None of the members of the Group Executive Committee of Dufry 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 July 8, 2014, 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 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.

For definition of "mandate" please refer to section 3.3 above.

4.4 MANAGEMENT CONTRACTS

Dufry 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 PROGRAMMES

Detailed information to compensation, shareholdings and loans to active and former members of the Board of Directors and of the Group Executive Committee in fiscal year 2014 is included in the Remuneration Report on pages 175 to 183 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](http://www.dufrey.com) – section Investors – Articles of Incorporation. Direct link:

<http://www.dufrey.com/en/Investors/Articlesofincorporation/index.htm>.

## 6. SHAREHOLDERS' PARTICIPATION RIGHTS

### 6.1 VOTING RIGHTS AND REPRESENTATION

Each share recorded as 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 Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depository Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depository Institution. See section 2.6 above or the Articles of Incorporation on our website

<http://www.dufrey.com/en/Investors/Articlesofincorporation/index.htm>.

### 6.2 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

In accordance with Article 10 para. 3 of the Articles of Incorporation, dated July 8, 2014, 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 29, 2014 elected Buis Bürgi AG, Zurich as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2015. Buis Bürgi AG is independent from the Company and has no further mandates for Dufrey AG.

For the upcoming General Meeting of Shareholders on April 29, 2015, the Company will enable its shareholders to send their voting instructions electronically to the independent voting rights representative Buis Bürgi AG through the platform <https://www.netvote.ch/dufrey>. 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 DEFENCE MEASURES

### 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 32 SESTA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Article 22 SESTA).

### 7.2 CLAUSES ON CHANGE OF CONTROL

In case of change of control or in any event which would trigger a mandatory offer pursuant to the SESTA with respect to the Company, the Performance Share Units awarded to the PSU Plan Participants shall vest immediately.

In case of change of control, all amounts drawn under the CHF 2,500,000,000, USD 1,010,000,000 and EUR 500,000,000 multicurrency term and revolving credit facilities agreement 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 USD 500,000,000 Senior Notes due 2020 and the EUR 500,000,000 Senior Notes due 2022 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest.

While not directly containing a change of control clause, the contracts of the CEO, GCOO and one RCOO provide for a severance payment corresponding to the gross salary of 24 months unless the agreement is terminated for cause. In connection with the new Swiss company law, this clause will be reviewed and adjusted during fiscal year 2015.

## 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. Patrick Fawer has been the Lead Auditor in charge for the consolidated financial statements of the Company and the statutory financial statements as of December 31, 2014. Mr. Fawer took the existing auditing mandate in 2011.

### 8.2 AUDITING FEE

During fiscal year 2014, Dufrey agreed with Ernst & Young Ltd to pay a fee of CHF 3.2 million for services in connection with auditing the statutory annual financial statements of Dufrey AG (including quarterly reviews) and its subsidiaries, as well as the consolidated financial statements of Dufrey Group and a fee of CHF 0.5 million for audit related services.

### 8.3 ADDITIONAL FEES

Additional fees amounting to CHF 0.7 million were paid to Ernst & Young Ltd for transaction services and CHF 0.3 million for tax 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 to the Audit Committee on a quarterly basis.

During the fiscal year 2014, the Audit Committee held 5 meetings. The Auditors were present at 3 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 2011.

## 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:

[www.dufrey.com](http://www.dufrey.com)

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

<https://www.shab.ch>

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

<http://www.dufrey.com/en/OurCompany/NewsandMedia/Latestnews/index.htm>

<http://www.dufrey.com/en/OurCompany/NewsandMedia/Mediareleasesubscription/index.htm>

Web-links regarding the filings made by the Company with the CVM or BM&FBOVESPA are:

<http://www.dufrey.com/en/Investors/CVMFilings/QuarterlyFinancialStatementsITR/index.htm>

<http://www.cvm.gov.br>

<http://www.bovespa.com.br>

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

<http://www.dufrey.com/en/Investors/Articlesofincorporation/index.htm>

The financial reports are available under:

<http://www.dufrey.com/en/Investors/FinancialReports/index.htm>

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2015 please refer to pages 186/187 of this Annual Report.

Company's website:



Latest news:



Articles of incorporation:



Financial reports:



# REMUNERATION REPORT

## INTRODUCTION

The success of Dufry is dependent on its ability to attract, motivate and retain outstanding individuals. It is Dufry's aim 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 2014. 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.

## GOVERNANCE

Based on Dufry'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. As of 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 Nomination and Remuneration Committee supports the Board of Directors in fulfilling its nomination and remuneration related matters. The Committee consists of non-executive members of the Board of Directors. The General Meeting of Shareholders held on April 29, 2014, individually elected Messrs. James Cohen, Juan Carlos Torres Carretero and Andrés Holzer Neumann as members of the Nomination and Remuneration Committee for a term of office until completion of the next Ordinary Meeting of Shareholders in 2015.

## COMPENSATION COMPARISONS

During the course of 2014, the Board of Directors of Dufry consulted PricewaterhouseCoopers AG on the structure and level of Executive compensation arrangements, with a particular focus on the RSU and PSU arrangements. PwC provided benchmark data on compensation levels for both Board members and the members of the GEC using disclosed information from Swiss based public companies within the SMI and SMIM indices. Based on this information and data, PwC conducted a benchmark study. Other divisions of this firm also provided services as Tax and HR Advisors for other internal projects.

## COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2014

MEMBER OF THE BOARD OF DIRECTORS	NOMINATION & REMUNERATION COMMITTEE	AUDIT COMMITTEE
Juan Carlos Torres Carretero, Chairman	•	•
Andrés Holzer Neumann, Vice-Chairman	•	–
Jorge Born, Director	–	•
Xavier Bouton, Director	–	–
James S. Cohen, Director	• (Committee Chairman)	–
Julián Díaz González, Director/CEO	–	–
José Lucas Ferreira de Melo, Director	–	• (Committee Chairman)
George Koutsolioutsos, Director	–	–
Joaquín Moya-Angeler Cabrera, Director	–	•

For further details regarding the responsibilities of the Nomination and Remuneration Committee and the meetings held in fiscal year 2014, please refer to section 3.5 Internal Organizational Structure of the Corporate Governance Report.

## 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.

Members of the Board of Directors receive a fixed compensation, except for the Chief Executive Officer who does not receive any compensation in relation to his position as member of the Board. The Chairman of the Board of Directors may also receive a performance bonus. With the exception of the variable compensation to the Chairman and to 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. The

Nomination and Remuneration Committee makes proposals in relation to the compensation of the individual members of the Board of Directors. Thereafter, the Board of Directors decides on the compensation of its members once per year. The performance bonus for the Chairman is related to financial performance and his base fee and is capped at 130 %.

In fiscal year 2014, each member of the Board of Directors received a Board membership fee of TCHF 175 and an additional TCHF 50 as a member of a Board Committee, except the Chairman and the CEO. These fees remained unchanged compared to the previous year 2013. For fiscal year 2014, the Chairman of the Board of Directors will receive a cash bonus of TCHF 1,595, based on profit targets of the Group. The bonus amounts to 96 % of the Chairman's board fee (2013: TCHF 1,397 and 93 % of board fee). The bonus was approved by the Board of Directors upon proposal by the Nomination and Remuneration Committee.

POSITION/RESPONSIBILITY	FEE 2014 IN THOUSANDS OF CHF	FEE 2013 IN THOUSANDS OF CHF
Chairman <sup>1</sup>	1,665.0	1,500.0
Vice-Chairman	175.0	175.0
Member of the Board of Directors <sup>2</sup>	175.0	175.0
Member of the Audit Committee	50.0	50.0
Member of the Nomination and Remuneration Committee	50.0	50.0

<sup>1</sup> The Chairman receives no fees as a member of Committees.

<sup>2</sup> The CEO does not receive additional compensation as a Board member.

The compensation for the members of the Board of Directors is paid in cash (including social charges). Extraordinary assignments or work which a member of the Board of Directors performs for the Company outside of his activity as a Board member is specifically remunerated and is approved by the Board of Directors. In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

#### CHANGES IN THE REMUNERATION SYSTEM FOR 2015

The Nomination and Remuneration Committee has initiated a project which aims to include a share-based remuneration by granting shares of Dufrey AG to the members of the Board of Directors. It is contemplated to grant shares in the amount of TCHF 75 per Board member. The allocation of shares is not based on performance targets. The shares are expected to have a vesting period of 3 years.

#### SUMMARY OF REMUNERATION IN FISCAL YEAR 2014 AND 2013

On December 31, 2014, the Board of Directors comprised 9 Board members (December 31, 2013: 8 Board members). For fiscal year 2014 and 2013, covering the period between January 1 and December 31, the remuneration for the members of the Board of Directors is shown in the table below. The remuneration difference compared to the previous year mainly arises from the fact that the Board was extended by one more member, changes in memberships of Board Committees and the increase in remuneration to the Chairman.

#### OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2014 and 2013, 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.

#### COMPENSATION TO THE BOARD OF DIRECTORS (AUDITED)

NAME, FUNCTION IN THOUSAND OF SWISS FRANCS	2014			2013		
	Remuneration	Post-employment benefits <sup>6</sup>	Total	Remuneration	Post-employment benefits <sup>6</sup>	Total
Juan Carlos Torres Carretero, Chairman <sup>1</sup>	3,260.2	169.5	3,429.7	2,896.5	151.4	3,047.9
Andrés Holzer Neumann, Vice-Chairman	225.0	13.5	238.5	225.0	13.5	238.5
Jorge Born, Director	213.7	12.8	226.5	175.0	10.6	185.6
Xavier Bouton, Director <sup>2</sup>	425.0	10.6	435.6	425.0	10.6	435.6
James S. Cohen, Director	225.0	13.5	238.5	208.3	12.5	220.8
Julián Díaz González, Director and CEO <sup>3</sup>	–	–	–	–	–	–
José Lucas Ferreira de Melo, Director	225.0	13.5	238.5	208.3	12.5	220.8
George Koutsolioutsos, Director <sup>4</sup>	117.6	7.2	124.8	–	–	–
Joaquin Moya-Angeler Cabrera, Director	225.0	12.8	237.8	225.0	13.5	238.5
<b>Subtotal for active members as at Dec 31</b>	<b>4,916.5</b>	<b>253.4</b>	<b>5,169.9</b>	<b>4,363.1</b>	<b>224.6</b>	<b>4,587.7</b>
Ernest George Bachrach, Vice-Chairman <sup>5</sup>	–	–	–	75.0	4.5	79.5
Mario Fontana, Director <sup>5</sup>	–	–	–	75.0	4.5	79.5
Maurizio Mauro, Director <sup>5</sup>	–	–	–	58.3	3.5	61.8
<b>Total</b>	<b>4,916.5</b>	<b>253.4</b>	<b>5,169.9</b>	<b>4,571.4</b>	<b>237.1</b>	<b>4,808.5</b>

<sup>1</sup> The remuneration for Mr. Torres Carretero includes fees of CHF 1.67 million and bonus of CHF 1.60 million (2013: CHF 1.50 million Board fee and CHF 1.40 million bonus). The presentation of the prior year's figures was changed to make them comparable with this year's presentation, which is required by the OaEC.

<sup>2</sup> The remuneration for Mr. Bouton includes fees for consulting services of CHF 0.25 million (2013: CHF 0.25 million). These consulting services have been terminated as per December 31, 2014.

<sup>3</sup> Director as of May 1, 2013. Mr. Díaz González does not receive any additional compensation as Board member.

<sup>4</sup> Director as of April 29, 2014.

<sup>5</sup> Director until April 30, 2013.

<sup>6</sup> Amount includes employer social security contributions and pension contributions.

## 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 (CEO, CFO, GCOO, GC, CCO and RCOOs) that reflects the experience and the area of responsibility of each individual member. 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 cash bonus and share-based incentive plans.

### 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.

### PERFORMANCE OBJECTIVES

GROUP EXECUTIVE COMMITTEE (2014)	EBITDA	NON-FINANCIAL
Chief Executive Officer		
Group Chief Operating Officer		
Chief Financial Officer	100%	–
General Counsel		
Chief Corporate Officer		
1 Regional Chief Operating Officer		
3 Regional Chief Operating Officers	50%	50%

The target bonus amounted to 200% of the basic salary for the CEO and to between 60% and 200% of the basic salary for the other members of the Group Executive Committee in fiscal year 2014. The main part of the bonus is related to measures regarding financial performance, which in fiscal year 2014 and 2013 was based on EBITDA, for both, the Group and the respective Region in the case of the Regional Chief Operating Officers. Such financial measures were weighted for the CEO, GCOO, CFO, GC, CCO and 1 of the 4 RCOOs as follows: 100% EBITDA; for 3 of the 4 RCOOs 50% EBITDA and 50% non-financial oriented targets in form of individual and general performance of the business as evaluated by the CEO (Fiscal Year 2013: 100% EBITDA for the CEO, GCOO, CFO, GC and 2 of the 4 RCOOs. 50% EBITDA and 50% non-financial oriented targets for 2 of the 4 RCOOs).

### REMUNERATION COMPONENTS

	INSTRUMENT	PURPOSE	INFLUENCED BY
<b>Basic salary</b>	<ul style="list-style-type: none"> <li>– Basic compensation</li> <li>– Paid in cash on monthly basis</li> </ul>	<ul style="list-style-type: none"> <li>– To attract and retain management</li> </ul>	<ul style="list-style-type: none"> <li>– Position</li> <li>– Competitive market environment</li> <li>– Experience of the person</li> </ul>
<b>Bonus</b>	<ul style="list-style-type: none"> <li>– Annual bonus</li> <li>– Paid in cash after completion of the relevant year</li> </ul>	<ul style="list-style-type: none"> <li>– Pay for performance</li> </ul>	<ul style="list-style-type: none"> <li>– Achievement of financial results of the Group and of specific Regions and of defined goals by each individual person</li> </ul>
<b>Share-based incentives PSUs and RSUs (until 2013)</b>	<ul style="list-style-type: none"> <li>– Performance Share Units (PSU) and Restricted Stock Units (RSU) if any, vesting conditional on performance</li> </ul>	<ul style="list-style-type: none"> <li>– Rewarding long-term performance</li> <li>– Aligning compensation to shareholder interests</li> </ul>	<ul style="list-style-type: none"> <li>– PSU: Core EPS growth over 3 years</li> <li>– RSU: Share price of Dufry AG</li> </ul>
<b>Other indirect benefits, post-employment benefits</b>	<ul style="list-style-type: none"> <li>– Allowances in kind</li> <li>– Social pension and insurance prerequisites</li> </ul>	<ul style="list-style-type: none"> <li>– To attract and retain management</li> </ul>	<ul style="list-style-type: none"> <li>– Market practice and position</li> <li>– Legal requirements of social benefits</li> </ul>

The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2014 between 55% and 201% of their basic salary and amounted to CHF 9.9 million in the aggregate (2013: between 17% and 100% of their basic salary and an amount of CHF 4.26 million in the aggregate).

The bonus compensation for each of the members of the Group Executive Committee, other than the CEO bonus, is approved by the CEO in coordination with the Nomination and Remuneration Committee. The CEO's bonus compensation is determined based on achieved targets and proposed by the Nomination and Remuneration Committee and decided by the Board of Directors once per year. The Nomination and Remuneration Committee and the Board of Directors review the compensation of the CEO, CFO, GCOO, CCO and the GC yearly. The compensation of the RCOOs is reviewed once per year by the CEO.

#### SHARE-BASED INCENTIVES (PSU/RSU)

In 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. Up to 2013, Dufrey also had a Restricted Share Unit (RSU) plan in place. The purpose of both plans is to provide the members of the Group Executive Committee (and in case of the RSU 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, both the RSUs and the PSUs are stock options with an exercise price of nil. However, they have no dilutive effect, as they are sourced from treasury shares, held by the Company.

#### 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 PSU awards 2014 represented about 89% of the basic salary for the CEO and between 62% and 90% of the basic salary for the other members of the Group Executive Committee. The PSU awards 2014 will vest only in 2017 and are furthermore linked to specific performance criteria. The awards will only vest in 2017 in case these criteria are met (see below).

Vesting conditions of the PSUs are:

a) the participant's ongoing contractual relationship on the vesting date; and

b) the achievement of the performance target as described below.

The number of shares allocated for each PSU directly depends on the average growth rate reached of the Company's basic earnings per share adjusted for acquisition-related amortization and normalized for non-recurring effects. For the calculation of the relevant EPS growth for the PSU, the Cash EPS of the fiscal year preceding the grant date is used as a basis and is compared to the Cash EPS of the year preceding the vesting date (final year Cash EPS). The basis for the PSU Awards 2014 is the Cash EPS of 2013 (PSU Award 2013: Cash EPS of 2012), which will be compared to the respective metric in 2016 (PSU Award 2013: respective metric in 2015).

Depending on the average growth achieved, each PSU will convert according to the following grid:

- Minimum threshold of average Cash EPS growth of 3.5% per annum 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 Cash EPS growth of 7% per annum (target), the participant shall be allocated one share for every PSU that has vested.
- For a Cash EPS growth of 10.5% per annum or above (maximum threshold), the participant shall be allocated two shares for every PSU that has vested.
- For a Cash EPS growth of between 3.5% and 7% per annum or between 7% and 10.5% per annum 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.

CASH EPS GROWTH PER ANNUM	PSU VESTING
< 3.5%	No vesting
Between 3.5% and 7% = 7%	Linear between 0% and 100% vesting 100% vesting (1 share per PSU)
Between 7% and 10.5% ≥ 10.5%	Linear between 100% and 200% vesting 200% vesting (2 shares per PSU)

The total maximum number of shares that can be allocated (maximum 2 shares per vested PSU) would amount to 102,972 shares for the PSU Award 2014 and to 85,914 shares for the PSU Award 2013, representing together a total of 0.53% of outstanding shares as at December 31, 2014.

In 2014, the members of the Group Executive Committee have been granted, in the aggregate, 51,486 PSU and the vesting date for the relevant PSU will be May 1, 2017 (PSU Award 2013: grant of 42,957 PSUs in aggregate with vesting date May 1, 2016).

### Restricted Share Units (RSU)

In 2013, the company also offered awards under the RSU plan. The program expired in 2014 and no RSUs were offered in 2014. The RSU plan 2013 was awarded to members of the Group Executive Committee and selected members of Senior Management.

The RSU award 2013 approved by the Nomination and Remuneration Committee contained two vesting conditions:

- a) the participants must be employed by the Company for the full calendar year 2013, respectively (or, if later, from the individual employment entry date); and
- b) the average closing price of Dufry's shares on the SIX Swiss Exchange of the ten previous trading days prior to vesting date must be 1% higher than at grant date. Subject to certain adjustment mechanisms due to corporate events such as a share split, spin-off and capital increase. If the vesting conditions are met, one RSU represents one share of Dufry AG.

The participants of Dufry's RSU plan 2013 have been granted the right to receive on January 1, 2014, free of charge, 117,104 RSUs on aggregate (of which 40,854 RSUs were granted to members of the Group Executive Committee). The RSU 2013 Awards vested on January 1, 2014 with the relevant average price prior to vesting being CHF 155.44.

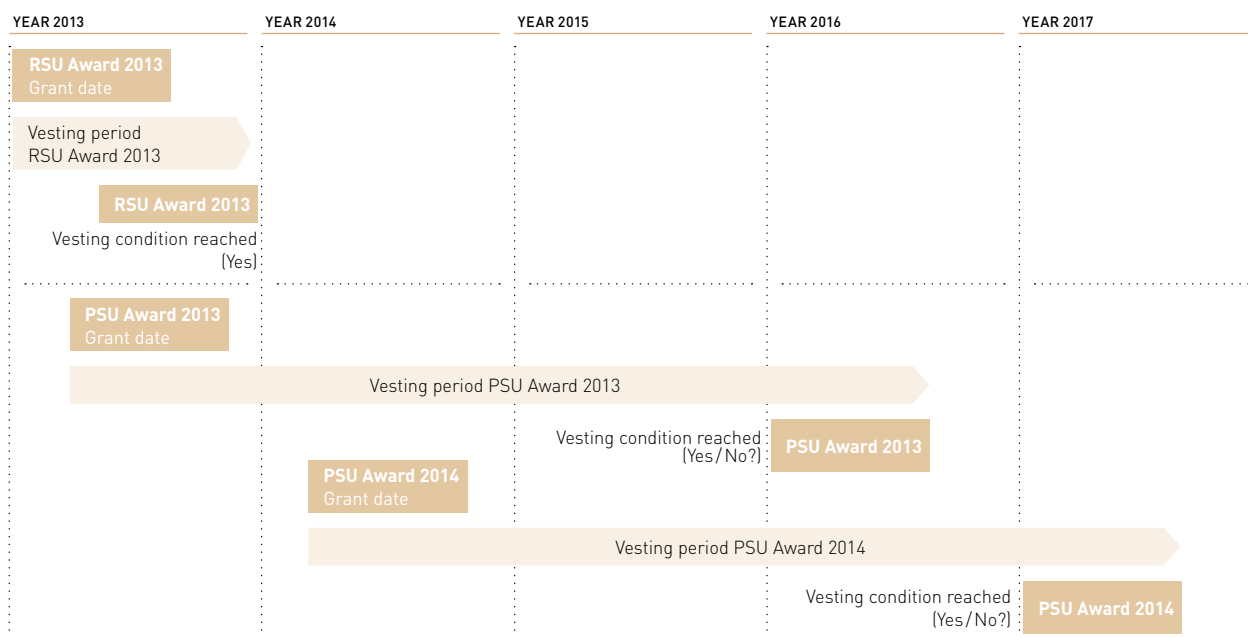
The total amount of the RSUs (to all plan participants) granted in fiscal year 2013 represented 0.08% of outstanding shares as at December 31, 2013.

The PSU and RSU plans have been approved by the Nomination and Remuneration Committee and the Board of Directors. The Nomination and Remuneration Committee reviews achievement of the respective performance target at a specific grant 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. As plan administrator, the CEO is also responsible for the amount of each specific grant to each individual plan participant. The grants made to the CEO are decided by the Chairman.

### 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 0.68 million in the aggregate in fiscal year 2014 (2013: CHF 0.55 million).

### Timing of the RSU/PSU plans





#### CHANGES IN THE REMUNERATION SYSTEM IN 2014 AND FOR 2015

The Nomination and Remuneration Committee has decided on some changes to the remuneration system in fiscal year 2014.

The RSU program has been terminated and no award was made in 2014. The Nomination and Remuneration Committee currently considers an alternative program going forward, which is expected to be implemented in fiscal year 2015. Once the new program will be implemented in 2015, the Nomination and Remuneration Committee will also review the basis of payout of the cash bonus.

Based on the compensation comparison, the Nomination and Remuneration Committee is considering to adapt the metrics for the PSU plan from 2015 onwards. The adapted plan is expected to be based on achievement targets of the cumulative normalized Cash EPS over the three years period instead of a growth target. The change is intended to reduce the volatility of the PSU plan and also to reward continuous and sustainable improvements in the Cash EPS generation. The overall size and duration of the PSU plan is expected to remain unchanged.

#### COMPOSITION OF REMUNERATION TO THE GROUP EXECUTIVE COMMITTEE IN FISCAL YEAR 2014

The chart below reflects the composition of the different remuneration components to the Group Executive Committee for fiscal year 2014.

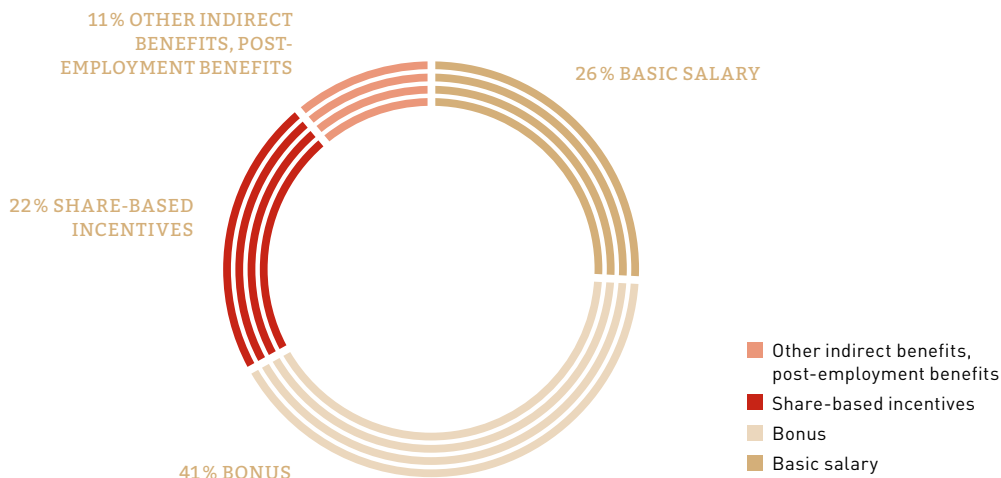
#### SUMMARY OF REMUNERATION IN FISCAL YEAR 2014

On December 31, 2014, the Group Executive Committee comprised 9 Executives (December 31, 2013: 8 Executives). The remuneration for fiscal years 2014 and 2013, mentioned in the table below covers the period between January 1 and December 31.

The remuneration difference compared to the previous year are mainly due to one more executive, regular salary increases based on annual performance review and individual bonus payments based on achievement of yearly objectives set in advance, and additional social charges due to the vesting of the previous RSU plan.

### COMPENSATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2014

IN %



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

REMUNERATION COMPONENT IN THOUSAND OF SWISS FRANCS	2014		2013 <sup>1</sup>	
	GEC	CEO <sup>2</sup>	GEC	CEO <sup>2</sup>
Basic salary	6,264.0	1,675.1	5,483.9	1,525.3
Bonus	9,935.0	3,209.9	4,260.5	1,409.0
Post-employment benefits <sup>3</sup>	1,896.9	527.3	2,050.5	573.3
Other indirect benefits	660.7	35.0	549.7	34.8
Share-based payments <sup>4</sup>	5,370.9	1,497.7	8,226.7	2,302.1
<b>Total compensation</b>	<b>24,127.5</b>	<b>6,945.0</b>	<b>20,571.3</b>	<b>5,844.5</b>
Number of restricted stock units awarded (in thousands)	-	-	40.8	10.8
Number of performance share units awarded (in thousands)	51.5	14.4	43.0	12.5

<sup>1</sup> The presentation of the prior year's figures was changed to make them comparable with this year's presentation, which is required by the OaEC.

<sup>2</sup> The CEO has the highest compensation of the Group Executive Committee.

<sup>3</sup> Amount includes employer social security contributions and pension contributions.

<sup>4</sup> For valuation details see Note 29 of the consolidated financial statements.

## OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2014 and 2013, 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

As of December 31, 2014, the contracts of the CEO, GCOO and one RCOO provide for a severance payment corresponding to the gross salary of 24 months unless the agreement is terminated for cause. In connection with the new Swiss company law (OaEC), this clause will be reviewed and adjusted during fiscal year 2015.

## 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, 2014 or December 31, 2013:

IN THOUSANDS	DECEMBER 31, 2014			DECEMBER 31, 2013		
	Shares	Financial instruments <sup>1</sup>	Particip.	Shares	Financial instruments <sup>1</sup>	Particip.
<b>MEMBERS OF THE BOARD OF DIRECTORS</b>						
Juan Carlos Torres Carretero, Chairman	743.0	164.4	2.53%	540.0	–	1.75%
Andrés Holzer Neumann, Vice-Chairman	3,708.8	468.2	11.63%	3,294.6	–	10.66%
Jorge Born, Director	–	30.9 <sup>2</sup>	0.09%	–	–	0.00%
James S. Cohen, Director	2,089.0	93.4	6.08%	1,506.7	–	4.88%
Julián Díaz González, Director and CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
George Koutsolioutsos, Director <sup>3</sup>	1,536.1	272.3	5.04%	–	–	0.00%
Joaquin Moya-Angeler Cabrera, Director	6.0	–	0.02%	6.0	–	0.02%
<b>Total Board of Directors</b>	<b>8,369.8</b>	<b>1,073.0</b>	<b>26.31%</b>	<b>5,557.6</b>	<b>10.8</b>	<b>18.02%</b>
<b>MEMBERS OF THE GROUP EXECUTIVE COMMITTEE</b>						
Julián Díaz González, CEO	286.9	43.8	0.92%	210.3	10.8	0.72%
Andreas Schneider, CFO	6.1	–	0.02%	3.6	2.5	0.02%
Jose Antonio Gea, GCOO	4.1	–	0.01%	3.0	6.5	0.03%
Pascal Duclos, General Counsel	–	–	0.00%	–	4.7	0.02%
Luis Marin, CCO <sup>4</sup>	1.5	–	0.00%	–	–	0.00%
Xavier Rossinyol, COO Region EMEA & Asia	27.0	–	0.08%	20.4	6.6	0.09%
Rene Riedi, COO America I	–	–	0.00%	–	2.3	0.01%
Jose C. Rosa, COO America II	4.6 <sup>5</sup>	–	0.01%	–	2.2	0.01%
Joseph DiDomizio, COO United States & Canada	9.5	–	0.03%	9.5	5.2	0.05%
<b>Total Group Executive Committee</b>	<b>339.7</b>	<b>43.8</b>	<b>1.07%</b>	<b>246.8</b>	<b>40.8</b>	<b>0.93%</b>

<sup>1</sup> The detailed terms of the various financial instruments disclosed below are as disclosed to the SIX Swiss Exchange and published on November 26, 2014.

<sup>2</sup> 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.

<sup>3</sup> Director as of April 29, 2014.

<sup>4</sup> Member as of January 1, 2014.

<sup>5</sup> Includes 4.5 shares and 0.1 BDRs.

In addition to the above, the shareholders' group consisting of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González, James S. Cohen, James S. Cohen Family Dynasty Trust and Dimitrios Koutsolioutsos holds sale positions of 10.80% through options (3,877,480 voting rights).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on November 26, 2014.

Disclosure notices are available on the SIX Swiss Exchange website:

[http://www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_de.html](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_de.html)



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To the General Meeting of  
**Dufry AG, Basel**

Basel, 4 March 2015

## **Report of the statutory auditor on the remuneration report**

We have audited the remuneration report dated 4 March 2015 of Dufry AG for the year ended 31 December 2014 (sections included in pages 177 and 182 marked as audited).

### **Responsibility of the Board of Directors**

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 against Excessive Compensation in Stock Exchange Listed Companies (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 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 2014 of Dufry AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

A handwritten signature in blue ink, appearing to read 'P. Fawer'.

Patrick Fawer  
Licensed audit expert  
(Auditor in charge)

A handwritten signature in blue ink, appearing to read 'O. Reich'.

Olaf Reich  
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:SW

## 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

## MANDATORY CONVERTIBLE NOTES

Issuer	Dufry Financial Services B.V.
Listing	SIX Swiss Exchange
Type of security	Mandatory Convertible Notes
Ticker symbol	DUF14
Size of issue	CHF 275 million
Interest rate	2.0% p.a., paid semi-annually
Maturity	June 18, 2015
Convertible into	Registered shares of Dufry AG
Conversion price	CHF 152
ISIN-No.	CH0244695356
Bloomberg	DUFNSW Corp

## SENIOR NOTES

Issuer	Dufry Finance SCA
Listing	ISE Irish Stock Exchange
Type of security	Senior Notes
Size of issue	USD 500 million
Interest rate	5.5% p.a., paid semi-annually
Maturity	October 15, 2020
ISIN-No.	USL2660RAA25 (Serie REG S) US26433UAA34 (Serie 144A)
Bloomberg	DUFSCA

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

## KEY DATES IN 2015

March 12, 2015	Results Fiscal Year 2014, Publication of Annual Report
April 29, 2015	Annual General Meeting
May 5, 2015	Results First Three Months 2015
July 30, 2015	Results First Half Year 2015
November 3, 2015	Results First Nine Months 2015

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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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