

CORPORATE GOVERNANCE

INTRODUCTION

This Report is prepared in accordance with the Corporate Governance Directive (DCG) of the SIX Swiss Exchange. All information within this Corporate Governance Report and within the Remuneration Report (see page 237) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2017 (if not specifically mentioned otherwise).

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

www.dufry.com

Link:

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

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

For an overview of the management organizational chart and operational Group structure, please refer to page 19 of this Annual Report (organizational structure as of January 11, 2018). For the Group structure as of December 31, 2017, please refer to the comments regarding the Group Executive Committee on page 227 as well as Note 5 of the Financial Statements on page 134.

Listed company as of December 31, 2017

COMPANY

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

LISTING

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

MARKET CAPITALIZATION

CHF 7,806,010,344 as of December 31, 2017

PERCENTAGE OF SHARES HELD BY DUFY AG

0.16% of Dufry AG share capital as of December 31, 2017

SECURITY NUMBERS

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

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

Listed subsidiary as of February 1, 2018

As of February 5, 2018, Dufry AG has sold part of its subsidiary Hudson Ltd. to institutional and private shareholders through an initial public offering of Hudson Ltd. As of February 1, 2018, Hudson Ltd. is separately listed on the New York Stock Exchange.

COMPANY

Hudson Ltd., Conyers Corporate Services (Bermuda) Limited,
Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda

LISTING

Class A common shares: New York Stock Exchange

MARKET CAPITALIZATION

USD 693,752,664 as of February 1, 2018 (first trading day)

PERCENTAGE OF SHARES HELD BY DUFY AG

57.4% of Hudson Ltd. share capital (93.1% of voting rights)
as of February 5, 2018

SECURITY NUMBERS

Class A common shares:
ISIN-Code BMG464081030, Ticker Symbol HUD

Non-listed companies

For a table of the operational non-listed consolidated entities please refer to page 196 in the section Financial Statements of this Annual Report*.

* Including the company names, locations, percentage of shares held, share capital. The list of consolidated entities does not include all subsidiaries of the Company, but the most important subsidiaries in terms of sales for Retail and Distribution Center companies and total assets for Holding companies.

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2017, the following shareholders disclosed significant positions as of December 31, 2017¹.

SHAREHOLDER	Through shares	Long position through financial instruments ²	Short positions ³	Net long position
Group of shareholders consisting of various companies and legal entities including Travel Retail Investment S.C.A., Folli Follie Commercial Industrial and Technical S.A. and Hudson Media, Inc., such group representing the interests of Andrés Holzer Neumann, Julián Díaz González, Juan Carlos Torres Carretero, James S. Cohen, James S. Cohen Family Dynasty Trust, Dimitrios Koutsolioutsos and Nucleo Capital Co-Investment Fund I Ltd. ⁴	18.27%	2.09%	-7.31%	13.05%
Hainan Province Cihang Foundation ⁵	20.92%	-	-20.92%	-
State of Qatar ⁶	6.92%	-	-	6.92%
Paul E. Singer ⁷	5.57%	-	-	5.57%
Compagnie Financiere Rupert ⁸	5.00%	-	-	5.00%
Norges Bank (the Central Bank of Norway) ⁹	3.30%	-	-0.01%	3.29%
BlackRock, Inc. ¹⁰	2.64%	0.63%	-0.67%	2.60%
Morgan Stanley ¹¹	0.42%	7.75%	-2.95%	5.22%
JP Morgan Chase & Co. ¹²	0.28%	21.21%	-0.88%	20.61%

¹ The percentage of voting rights has to be read in context with the relevant and applicable stock exchange and disclosure rules. The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders if one of the thresholds defined in Article 120 of the Financial Market Infrastructure Act is crossed.

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 Beneficial owners of these shares are: Andrés Holzer Neumann, Feusisberg/Switzerland, Julián Díaz González, Altendorf/Switzerland, Juan Carlos Torres, Meggen/Switzerland, James S. Cohen, Alpine NJ/USA, James S. Cohen Family Dynasty Trust, East Rutherford, NJ/USA, Dimitrios Koutsolioutsos, Agios Stephanos/Greece and Nucleo Capital Co-Investment Fund I Ltd, Grand Cayman/Cayman Islands. Shares are held through different companies and legal entities including: Travel Retail Investment S.C.A., Luxembourg/Grand Duchy of Luxembourg, Petrus PTE Ltd, Singapore/Singapore, Witherspoon Investments LLC, Wilmington, DE/USA, Petrus AG, Basel/Switzerland, Laguna Partners AG, Luzern/Switzerland, JDG Partners AG, Luzern/Switzerland, JLC Investments, LLC, East Rutherford, NJ/USA, Hudson Media, Inc., East Rutherford, NJ/USA, Folli Follie Commercial Industrial and Technical S.A., Agios Stephanos/Greece, Strenaby Finance Ltd., Tortola/British Virgin Islands.

⁵ Shares held through Hong Kong Huihaiseng Investment Co. Limited, Hong Kong/Hong Kong and Success Horizon Limited, Hong Kong/Hong Kong. The indirect holder of the shares is Hainan Province

Cihang Foundation, Haikou, Hainan Province/People's Republic of China. The only donor of Hainan Province Cihang Foundation is the Hainan Airlines Company Limited Employees Union Committee, Haikou, Hainan Province/People's Republic of China. Hong Kong Huihaiseng Investment Co. Limited and Success Horizon Limited are indirectly fully owned by HNA Group Co., Ltd., Haikou, Hainan Province/People's Republic of China, which in turn is indirectly controlled by Hainan Province Cihang Foundation.

⁶ Shares held through Qatar Holding LLC, Doha/Qatar. The indirect holder of the shares is the State of Qatar, Doha/Qatar. Qatar Holding LLC is owned by the Qatar Investment Authority, which was founded and is controlled by the State of Qatar.

⁷ Shares held through The Liverpool Limited Partnership, Hamilton/Bermuda and Elliott International, L.P., George Town, Cayman Islands/British West Indies. The indirect holder of the shares is Paul E. Singer, New York, NY/USA.

⁸ Shares held through Richemont Luxury Group Ltd, St Heller/Jersey. The indirect holder of the shares is Compagnie Financiere Rupert, Geneva/Switzerland.

⁹ Norges Bank (the Central Bank of Norway), Oslo/Norway.

¹⁰ BlackRock, Inc., New York, NY/USA.

¹¹ Shares and financial instruments held through several affiliates. The indirect holder of the shares and financial instruments is Morgan Stanley, Wilmington, DE/USA.

¹² Shares and financial instruments held through J.P. Morgan Securities PLC, London/UK. The indirect holder of the shares and financial instruments is JPMorgan Chase & Co., New York, NY/USA.

Further details regarding these shareholders and shareholder groups as well as additional information regarding the individual disclosure notices in 2017 are available on the website of SIX Swiss Exchange at:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Shareholders' agreements

The type of understanding among the members of 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 is one or more shareholder agreements.

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, 2017, the Company's capital structure is as follows:

ORDINARY SHARE CAPITAL

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

CONDITIONAL SHARE CAPITAL

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

AUTHORIZED SHARE CAPITAL

None

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 236 of this Corporate Governance Report.

2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

Conditional share capital

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

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

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

The conditional share capital of CHF 4,442,160 represents 1.65% of the outstanding ordinary share capital of the Company as of December 31, 2017.

Authorized share capital

As of December 31, 2017, the Company has no authorized share capital.

2.3 CHANGES IN CAPITAL OF DUFREY AG

NOMINAL SHARE CAPITAL

December 31, 2015	CHF 269,358,535
December 31, 2016	CHF 269,358,535
December 31, 2017	CHF 269,358,535

CONDITIONAL SHARE CAPITAL

December 31, 2015	CHF 4,442,160
December 31, 2016	CHF 4,442,160
December 31, 2017	CHF 4,442,160

AUTHORIZED SHARE CAPITAL

December 31, 2015	None
December 31, 2016	None
December 31, 2017	None

Changes in capital in 2015

At the Ordinary General Meeting of Shareholders on April 29, 2015, shareholders approved the Board of Directors' proposal to increase the ordinary share capital of the Company from CHF 179,525,280 by up to CHF 157,142,860 to a maximum amount of up to CHF 336,668,140. This proposal by the Board of Directors was made in connection with the acquisition of the World Duty Free Group.

In June 2015, Mandatory Convertible Notes matured and were converted into 1,809,188 shares with nominal value of CHF 5. On June 18, 2015, the Company is-

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

Changes in capital in 2016

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

Changes in capital in 2017

The capital of Dufrey AG remained unchanged during fiscal year 2017.

2.4 SHARES

As of December 31, 2017, the share capital of Dufrey AG is divided into 53,871,707 fully paid in registered shares with a nominal value of CHF 5 each.

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

2.5 PARTICIPATION CERTIFICATES AND PROFIT SHARING CERTIFICATES

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

2.6 LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATION OF REGISTERED SHARES

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register the name and address of the

shareholders or usufructuaries is recorded. Changes must be reported to the Company.

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

Institution") of the BDR program represents one share issued by the Company and held in custody by Bank of New York Mellon Depository (Nominees) Limited, in London ("Custodian"). BDR holders do not own, from a legal point of view, the Dufrey AG shares underlying their BDRs. As a consequence, BDR holders are prevented from directly exercising any of the shareholders' rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the General Meetings of the Company. However, BDR holders are entitled to instruct the Depository Institution to vote the Dufrey AG shares underlying their BDRs, according to the instructions sent to them by the Depository Institution.

To facilitate voting by BDR holders, the Company entered into arrangements with the Depository Institution and the Custodian to enable, by way of exception, registration of the Custodian in the share register as nominee with voting rights for the number of registered shares corresponding to the total number of outstanding BDRs. This arrangement, upon decision by the Board of Directors, has been in place since 2010. No other exceptions have been granted during the year under review. BDR holders who wish to be in a position to directly exercise any of the shareholders' rights granted by Swiss corporate law or the Company's Articles of Incorporation must convert their BDRs into shares of Dufrey AG and ask to be registered in the share register of the Company, pursuant to Article 5 of the Company's Articles of Incorporation.

Required quorums for a change of the limitations of transferability

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

2.7 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2017, there are no outstanding bonds that are convertible into, or warrants or options to acquire shares issued by or on behalf of the Company. Dufrey has certain share-based payments, the essentials of which are disclosed in the "Remuneration Report" on page 237 ff.

3. BOARD OF DIRECTORS

3.1 MEMBER OF THE BOARD OF DIRECTORS

As of December 31, 2017, the Board of Directors comprised nine Board members, unchanged compared to the previous year.

The members of the Board of Directors are elected individually and for a term of office extending until completion of the next Ordinary Meeting of Shareholders. The Chairman of the Board of Directors and the members of the Remuneration Committee are directly elected by the Meeting of Shareholders.

The following table sets forth the name and year of first election as a member of the Board of Directors for each respective member, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

BOARD OF DIRECTORS AS OF DECEMBER 31, 2017

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

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS



**JUAN CARLOS TORRES
CARRETERO**
Chairman, born 1949, Spanish

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, TCP Participações S.A., Moncler S.p.A., Hudson Ltd. (listed as of February 1, 2018).



ANDRÉS HOLZER NEUMANN
Vice-Chairman, born 1950, Mexican

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Grupo Industrial Omega, S.A. de C.V., Opequimar, S.A. de C.V., Inversiones (SOHO) Amilena, Inc.



JORGE BORN
Director, born 1962, Argentinian

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Hochschild Mining, Ltd., Board of Governors of the Lauder Institute at Wharton Business School, USA, Fundación Bunge y Born (Chairman).

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



XAVIER BOUTON
Director, born 1950, French

Education

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

Professional Background

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

Current Board Mandates

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



CLAIRE CHIANG
Director, born 1951, Singaporean

Education

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

Professional Background

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

Current Board Mandates

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



JULIÁN DÍAZ GONZÁLEZ
Director, Chief Executive Officer, born 1958, Spanish

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Distribuidora Internacional de Alimentacion, S.A. (DIA), Hudson Ltd. (listed as of February 1, 2018).



GEORGE KOUTSOLIOUTSOS
Director, born 1968, Greek

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Folli Follie Commercial Manufacturing and Technical Societe Anonyme.



HEEKYUNG (JO) MIN
Director, born 1958, American

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Asia New Zealand Foundation (Honorary Advisor), CJ Welfare Foundation, Hudson Ltd. (listed as of February 1, 2018).



JOAQUÍN MOYA-ANGELER CABRERA
Director, born 1949, Spanish

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, La Quinta Group (Chairman), Corporación Tecnológica Andalucía (Honorary Chairman), Board of Trustees of the University of Almeria (Honorary Chairman), Fundación Mediterránea (Honorary Chairman), Redsa S.A. (Chairman), Inmoan SL (Chairman), Avalon Private Equity (Chairman), Spanish Association of Universities Governing Bodies (Honorary Chairman), AGS Nasoft (Board of Advisors), Palamon Capital Partners (Board of Advisors), MCH Private Equity (Board of Advisors), Corporación Grupo Leche Pascual (Vice Chairman), Hudson Ltd. (listed as of February 1, 2018).

Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann (Vice-Chairman), Julián Díaz González and George Koutsolioutsos are members of a group of shareholders, which held a 20.36% purchase position of Dufrey AG as of December 31, 2017 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 214 of this Annual Report.

Due to his intense involvement with the Company's management the Chairman of the Board of Directors, Mr. Juan Carlos Torres Carretero is considered an executive Chairman. Mr. Julián Díaz González acts as Chief Executive Officer of the Company. All other members of the Board of Directors are non-executive members. Mr. George Koutsolioutsos, in his function as CEO of the Follie Follie Group, oversaw the operations of Hellenic Duty Free Shops SA prior to its acquisition by Dufrey in 2013 (no executive function for Dufrey AG or any of its subsidiaries since 2014). Otherwise, none of the members of the Board of Directors have ever been in a managerial position at Dufrey AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 35 on page 179 and to the information provided in the Remuneration Report on page 237 ff. of this Annual Report.

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

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 236 of this Corporate Governance Report.

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

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

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

3.4 ELECTION AND TERMS OF OFFICE

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

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

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

All members of the Board of Directors were re-elected in individual elections at the Ordinary General Meeting of Shareholders held on April 27, 2017. The same General Meeting re-elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Mr. Jorge Born, Mr. Xavier Bouton and Ms. Heekyung (Jo) Min

were re-elected in individual elections as members of the Remuneration Committee.

3.5 INTERNAL ORGANIZATIONAL STRUCTURE

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

As of December 31, 2017, Dufry AG has three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. All three Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

Audit Committee

Members as of December 31, 2017: Joaquín Moya-Angeler Cabrera (Chairman Audit Committee), Xavier Bouton, Claire Chiang.

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

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as

THE BOARD COMMITTEES AS OF DECEMBER 31, 2017

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman	-	-	-
Andrés Holzer Neumann	Vice-Chairman	-	Committee Chairman	-
Jorge Born	Director	-	Committee Member	Committee Chairman
Xavier Bouton	Director	Committee Member	-	Committee Member
Claire Chiang	Director	Committee Member	-	-
Julián Díaz González	Director / CEO	-	-	-
George Koutsolioutsos	Director	-	-	-
Heekyung (Jo) Min	Director	-	-	Committee Member
Joaquín Moya-Angeler Cabrera	Director	Committee Chairman	Committee Member	-
Number of meetings in fiscal year 2017	12	4	2	3
Average attendance ratio ¹	95%	100%	100%	100%

¹ The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in Committee meetings are not included in the percentage calculations.

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 (usually 4-5 times per year), 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 2017, during which the Audit Committee held 4 meetings. The auditors attended 3 meetings of the Audit Committee in 2017. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of the Group Executive Committee attended meetings of the Audit Committee as follows: CEO 4 meetings, the CFO (who acts as Secretary of the Audit Committee meetings) 4 meetings.

Nomination Committee

Members as of December 31, 2017: Andrés Holzer Neumann (Chairman Nomination Committee), Jorge Born, Joaquín Moya-Angeler Cabrera.

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

The Nomination Committee assists the Board of Directors in fulfilling its nomination related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the CEO and the Board of Directors, reviewing the curriculum vitae, credentials and experience of the candidates proposed by the Board of Directors to fill vacancies on the Board of Directors or for the position of the CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the CEO at least once a year, and reviewing the adequacy of the selection system and criteria used for the appointment of the members of the Group Executive Committee. The Nomination Committee meets as often as business requires (usually 2 - 4 meetings per year). The 2 meetings held in the fiscal year 2017 lasted about 1 to 3 hours. The Chairman of the Board of Directors usually

participates as a guest in the Nomination Committee meetings. Members of the Group Executive Committee attended meetings of the Nomination Committee as follows: CEO 1 meeting.

Remuneration Committee

Members as of December 31, 2017: Jorge Born (Chairman Remuneration Committee), Xavier Bouton, Heekyung (Jo) Min.

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

The Remuneration Committee assists the Board of Directors in fulfilling its remuneration related matters. It is responsible for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Remuneration Committee makes recommendations regarding the proposals of the Board of Directors in relation to the maximum aggregate amount of compensation of the Board and of the Group Executive Committee to be submitted to the General Meeting of Shareholders of the Company for approval, as well as in relation to the remuneration package of the CEO and the members of the Board. The Remuneration Committee makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Remuneration Committee reviews and recommends to the Board of Directors the Remuneration Report. The Remuneration Committee meets as often as business requires (usually 2-4 meetings per year). The 3 meetings held in the fiscal year 2017 lasted about 2 to 3 hours. The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Group Executive Committee attended meetings of the Remuneration Committee as follows: CEO 1 meeting.

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 12 meetings during fiscal year 2017, of which 2 were held

as telephone conferences. 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 2017 as follows: CEO 11 meetings, CFO 10 meetings, GCOO 5 meetings, GCCO 1 meeting, CRD 1 meeting, GC 12 meetings, CEOs of the five divisions 1 meeting, GM Brazil & Bolivia 1 meeting.

The Board of Directors also engages specific advisors to address specific matters when required. External financial advisors attended pertinent portions of 2 meetings of the Board of Directors in 2017. The external Auditors attended 3 meetings of the Audit Committee in 2017.

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

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

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

- Ultimate direction of the business of the Company and the power to give the necessary directives;
- Determination of the organization of the Company;
- Administration of the accounting system, financial control and financial planning;
- Appointment and removal of the members of the committees installed by itself as well as the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;

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

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

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

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

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

- of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Chief Executive Officer information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.
 - The CEO reports at each meeting of the Board of Directors on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the CEO. Apart from the meetings, the CEO reports immediately any extraordinary event and any change within the Company and within the Dufrey Group to the Chairman.
 - For attendance of the members of the Group Executive Committee at meetings of the Board of Directors or meetings of the Board Committees please refer to section "3.5 Internal organizational structure" above.
 - The Audit Committee met 4 times in 2017 with management to review the business, better understand laws, regulations and policies impacting the Dufrey Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the CFO acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 3 meetings of the Audit Committee in 2017. Among these meetings some or part of them are also held without management.
 - The Global Internal Audit department provides independent risk-based and objective assurance reviews, loss prevention advice, and risk exposure analysis to group companies through 3 different activities streams: Internal Audit, Loss Prevention and Enterprise Risk Management.
 - Internal auditing is an independent function that provides objective assurance and consulting activity, aiming to improve the organization's operations. The selection of Internal Audit reviews to be executed during the year is based on specific methodology throughout the Dufrey Group and includes the consideration of internal and external factors. In fiscal year 2017, Internal Audit conducted over 60 reviews, examining Headquarters activities, Divisional functions and Distribution Centers in addition to more than 30 operations in all Divisions, representing a coverage of about 86 % of 2017 group net sales including non-consolidated entities. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.
 - The Global Loss Prevention activity was created to prevent losses and misappropriations within the group. The day-to-day work is designed to leverage profitability using advanced data mining and anti-fraud techniques. Currently, validations are performed monthly or bimonthly for all group companies and results are proven to provide valuable information for loss prevention purposes. Additionally, Dufrey is continuously trying to use new data mining techniques to establish validations that can enhance the coverage and create a higher assurance level over the key retail risks.
 - Dufrey has in place an Enterprise Risk Management program which sets out our approach for assessing compliance with: relevant laws, corporate policies and procedures, tax regulations, agreements or contracts and integrity policy, anticipating externally imposed guidelines and preventing losses. The program is sponsored by the Group Executive Committee and based on the concept of direct stakeholder assurance feedback, and is distributed among all operations and areas.
 - All the results of these Group Internal Audit activities are communicated to key management in charge and to the Group's senior management, including all the members of the Group Executive Committee on an on-going basis, and also to the Audit Committee.
 - Detailed information on the financial risk management is provided in Note 38 in the Financial Statements of this Annual Report.

4. GROUP EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2017, the Group Executive Committee comprised twelve executives. On January 11, 2018, Dufrey announced a new, simplified organizational structure with immediate effect, replacing the Group Executive Committee with the newly created Global Executive Committee.

The Global Executive Committee (former 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 two tables show the new organizational structure of the Global Executive Committee as of January 11, 2018, and the previous structure as of December 31, 2017, and until January 10, 2018. Both tables set forth the name and year of appointment of the respective members, followed by their Curricula Vitae with a short description of each member's business experience, education and activities.

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

GLOBAL EXECUTIVE COMMITTEE AS OF JANUARY 11, 2018 (NEW STRUCTURE)

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Julián Díaz González	Spanish	Group Chief Executive Officer (Group CEO)	2004
Andreas Schneider	Swiss	Chief Financial Officer (CFO)	2012
José Antonio Gea	Spanish	Deputy Group Chief Executive Officer (Deputy Group CEO)	2004
Luis Marin	Spanish	Global Chief Corporate Officer (GCCO)	2014
Pascal C. Duclos	Swiss	General Counsel (GC)	2005
Eugenio Andrades	Spanish	Chief Executive Officer Operations and Strategy	2016
Javier Gonzalez	Spanish	Global Marketing and Digital Innovation Director	2018

GROUP EXECUTIVE COMMITTEE AS PER DECEMBER 31, 2017 AND UNTIL JANUARY 10, 2018 (PREVIOUS STRUCTURE)

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

4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

Members of Global Executive Committee (as of January 11, 2018)



JULIÁN DÍAZ GONZÁLEZ
Group Chief Executive Officer,
born 1958, Spanish

Education

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

Professional Background

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

Current Board Mandates

Dufrey AG, Distribuidora Internacional de Alimentacion, S.A. (DIA), Hudson Ltd. (listed as of February 1, 2018).



ANDREAS SCHNEITER
Chief Financial Officer,
born 1970, Swiss

Education

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

Professional Background

1998 – 2003 various positions at UBS Warburg in Zurich in the area of Mergers and Acquisitions. Joined Dufrey in 2003 as Head Corporate Controlling. 2004 – 2012 Head Group Treasury and since 2005 additionally Investor Relations at Dufrey. Since 2012 Chief Financial Officer at Dufrey AG.



JOSÉ ANTONIO GEA
Deputy Group Chief Executive
Officer, born 1963, Spanish

Education

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

Professional Background

1989 – 1995 various positions at TNT Express Espana, S.A. Director of Blue Cow Division (1993 – 1995). 1995 – 2003 various managerial positions at Aldeasa. Left Aldeasa as Director of Operations. 2004 – 2017 Global Chief Operating Officer at Dufrey AG. Since 2018 Deputy Group Chief Executive Officer at Dufrey AG.



LUIS MARIN
Global Chief Corporate Officer,
born 1971, Spanish

Education

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

Professional Background

1995 – 1998 Auditor at Coopers & Lybrand. 1998 – 2001 Financial Controller at Derbi Motocicletas – Nacional Motor S.A. 2001 – 2004 Head of Finance and Administration of Spanish subsidiaries of Areas (member of the French group Elixir). Joined Dufrey in 2004, as Business Controlling Director and since 2012, also responsible for mergers and acquisitions. Since 2014 Chief Corporate Officer at Dufrey AG.



PASCAL C. DUCLOS
General Counsel, born 1967, Swiss

Education

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

Professional Background

1991-1997 Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994-1996). 1999-2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001-2002 Financial planner at UBS AG in New York. 2003-2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 General Counsel and Secretary to the Board of Directors at Dufrey AG.



EUGENIO ANDRADES
Chief Executive Officer Operations and Strategy, born 1968, Spanish

Education

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

Professional Background

Prior to 1996 Consultant at McKinsey & Co and Carboex, a subsidiary of Endesa. 1996-2001 Director of Strategy & Development and Investor Relations at Aldeasa. 2001 Chief Executive Officer Jordan and Middle East region at Aldeasa. 2002-2007 Director of Strategy & Development and Investor Relations at Aldeasa. 2007-2010 Commercial Director and Operations Coordinator at Aldeasa. 2011-2014 Chief Commercial Officer at World Duty Free Group. 2014-2015 Chief Executive Officer at World Duty Free Group. 2016-2017 Chief Executive Officer Division UK, Central and Eastern Europe at Dufrey AG. Since 2018 Chief Executive Officer Operations and Strategy at Dufrey AG.



JAVIER GONZALEZ
Global Marketing and Digital Innovation Director, born 1976, Spanish

Education

Executive MBA from La Salle University Philadelphia, Basel. Degree in Business Administration and Economics, EBS, Madrid.

Professional Background

1998-1999 Marketing Executive at Coca Cola. 1999-2001 In-Store & Events Manager at Lego Iberia. 2001-2002 In-Store Marketing Manager at British American Tobacco. 2002-2004 Sales Manager at British American Tobacco. 2004-2005 Business Unit Marketing Manager at British American Tobacco. 2005-2009 International Senior Brand Manager at British American Tobacco. 2009-2011 Senior Marketing Manager at Dufrey AG. 2011-2014 Global Marketing Director at Dufrey AG. 2014-2016 Global Retail Operations and Marketing Director at Dufrey AG. Since 2016 Global Marketing and Digital Innovation Director at Dufrey AG.

Other members of the Group Executive Committee (as per December 31, 2017 and until January 10, 2018)



JORDI MARTIN-CONSUEGRA
Chief Resources Director,
born 1972, Spanish

Education

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

Professional Background

1996 – 1998 Business Consultant at Burke in Madrid (today Burke is part of ALTEN Group in Spain). 1998 – 2000 Director of Consultancy Services at Burke. 2001 – 2002 Lawson Software Product Manager at Burke in Madrid. 2003 – 2005 Director of Business Solutions at Burke. 2005 – 2008 Global Information Technology Director at Dufre AG. 2008 – 2009 Global Integration Director at Dufre AG. 2009 – 2012 Global Organization and Human Resources Director at Dufre AG. 2012 – 2017 Chief Resources Director at Dufre AG. In 2018 new senior management position in Division North America at Dufre AG.



PEDRO J. CASTRO BENITEZ
Chief Executive Officer Division
Southern Europe and Africa, born
1967, Spanish

Education

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

Professional Background

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



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

Education

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

Professional Background

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



RENÉ RIEDI

Chief Executive Officer Division Latin America, born 1960, Swiss

Education

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

Professional Background

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



JOSEPH DIDOMIZIO

Chief Executive Officer Division North America, born 1970, American

Education

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

Professional Background

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

Current Board Mandates

Hudson Ltd. (listed as of February 1, 2018).



GUSTAVO MAGALHÃES

FAGUNDES

General Manager Brazil and Bolivia, born 1967, Brazilian

Education

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

Professional Background

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

Other activities and vested interests

As of December 31, 2017, none of the members of the Group Executive Committee of Dufrey AG has had other activities in governing and supervisory bodies of important Swiss or foreign organizations, institutions or foundations under private and public law with the exception of the Board mandates of Mr. Julián Díaz mentioned above. As of February 1, 2018, the business Division North America has been separately listed on the New York Stock Exchange under the name of Hudson Ltd. (see also comments about Hudson Ltd. in section 1.1 Group Structure). Joseph DiDomizio is the Chief Executive Officer of Division North America and therefore also Chief Executive Officer and a member of the Board of Directors of the listed entity Hudson Ltd. No member of the Group Executive Committee has permanent management or consultancy functions for important Swiss or foreign interest groups, nor holds any official functions and political posts.

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

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

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

For definition of "mandate" please refer to section 3.3 above. For the website link regarding the Articles of Incorporation please see page 236 of this Corporate Governance Report.

4.4 MANAGEMENT CONTRACTS

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

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND SHAREHOLDING PROGRAMS

Detailed information of compensation, shareholdings and loans to active and former members of the Board of Directors and of the Group Executive Committee in fiscal year 2017 is included in the Remuneration Report on pages 237 to 249 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 regarding loans, credit facilities or post-employment benefits for the members of the Board of Directors and executive management. The rules regarding agreements with members of the Board of Directors and of the executive management in terms of duration and termination are stipulated in Article 23.

Dufrey's Articles of Incorporation are available on the Company website www.dufrey.com - section Investors - Corporate Governance - Articles of Incorporation. For the website link regarding the Articles of Incorporation please see page 236 of this Corporate Governance Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 236 of this Corporate Governance Report.

6.1 VOTING RIGHTS AND REPRESENTATION

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

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

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

6.2 THE INDEPENDENT VOTING RIGHTS REPRESENTATIVE

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

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

The Ordinary General Meeting of Shareholders held on April 27, 2017, re-elected Altenburger Ltd legal + tax, Kuesnacht-Zurich, as the independent voting rights representative until the completion of the Ordinary General Meeting of Shareholders in 2018. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufrey AG.

For the upcoming Ordinary General Meeting of Shareholders on May 3, 2018, the Company will enable its shareholders to send their voting instructions electronically to the independent voting rights representative Altenburger Ltd legal + tax through the platform:

www.netvote.ch/dufry

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

6.3 QUORUMS

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

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

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

6.4 CONVOCATION OF THE MEETING OF SHAREHOLDERS

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

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

6.5 AGENDA

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

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

6.6 REGISTRATION INTO THE SHARE REGISTER

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

7. CHANGE OF CONTROL AND DEFENSE MEASURES

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 236 of this Corporate Governance Report.

7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33¹/₃ % of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Article 135 Financial Market Infrastructure Act, FMIA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Article 125 para. 4 FMIA).

7.2 CLAUSES ON CHANGE OF CONTROL

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

In case of change of control, all amounts drawn under the USD 700,000,000, EUR 500,000,000 and EUR 1,300,000,000 multicurrency term and revolving credit facilities agreements shall become immediately due and payable. Furthermore, upon the occurrence of a change of control, Dufrey may be required to repurchase the EUR 800,000,000 Senior Notes due 2024 and the EUR 700,000,000 Senior Notes due 2023 at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest.

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

8. AUDITORS

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

Pursuant to the Articles of Incorporation, the Auditors shall be elected each year and may be re-elected. Ernst & Young Ltd acted as Auditor and has held the mandate as Auditor since 2004. Christian Krämer has been the Lead Auditor in charge of the consolidated financial statements and the statutory financial statements of the Company as of December 31, 2017. Mr. Krämer took the existing auditing mandate in 2017.

8.2 AUDITING FEE

During fiscal year 2017, Dufrey agreed with Ernst & Young Ltd to pay a fee of CHF 5.6 million for services in connection with auditing the statutory annual financial statements of Dufrey AG and its subsidiaries, as well as the consolidated financial statements of Dufrey Group (including quarterly reviews).

8.3 ADDITIONAL FEES

Additional fees amounting to CHF 5.2 million were paid to Ernst & Young Ltd for audit related work in connection with capital market transactions (such as the IPO of a subsidiary and the issuance of senior notes), CHF 0.4 million for tax services and CHF 0.1 million for other advisory services.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

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

Within the yearly approved budget, there is also an amount permissible for non-audit services that the Auditors may perform. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

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

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

In addition, the Audit Committee reviews regularly the internal audit plan. Internal Audit reports are communicated to management in charge and the Company's senior management on an on-going basis and 5 briefings were done to the Audit Committee in 2017.

During the fiscal year 2017, the Audit Committee held 4 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 2017.

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

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

www.shab.ch

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

www.dufrey.com/en/media/press-releases

www.dufrey.com/en/media/press-release-registration-form

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

www.dufrey.com/en/investors/corporate-governance
page section "Featured downloads - Articles of Incorporation"

The financial reports are available under:

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

For the Investor Relations and Corporate Communications contacts, the Corporate Headquarter address and a summary of anticipated key dates in 2018 please refer to pages 252 / 253 of this Annual Report.