

# 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 245) refers to the Company Organization, Internal Regulations and Articles of Incorporation that were in effect as of December 31, 2018 (if not specifically mentioned otherwise).

The Articles of Incorporation are available on the Company website, [www.dufrey.com](http://www.dufrey.com), section Investors – Corporate Governance – Articles of Incorporation.

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

Link:  
[www.dufrey.com/en/investors/corporate-governance/page/section/featured-downloads-articles-of-incorporation](http://www.dufrey.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 18 of this Annual Report.

## Listed company as of December 31, 2018

### COMPANY

Dufrey AG, Brunneggässlein 12, 4052 Basel, Switzerland (hereinafter "Dufrey AG" or the "Company")

### LISTING

Registered shares: SIX Swiss Exchange

### MARKET CAPITALIZATION

CHF 5,016,533,356 as of December 31, 2018

### PERCENTAGE OF SHARES HELD BY DUFREY AG

7.74% of Dufrey AG share capital as of December 31, 2018. This includes 3,304,541 registered shares (6.13% of share capital) purchased as part of a share buyback program of CHF 401 million, which was successfully completed by October 31, 2018. The Company will propose to the Annual General Meeting of Shareholders in May 2019 to cancel these shares held as a result of the share buyback program.

### SECURITY NUMBERS

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

## Listed consolidated subsidiary as of December 31, 2018

As of February 1, 2018, Hudson Ltd. is separately listed on the New York Stock Exchange.

### COMPANY

Hudson Ltd., 2 Church Street, Hamilton, HM 11, Bermuda

### LISTING

Class A common shares: New York Stock Exchange

### MARKET CAPITALIZATION

USD 1,586,565,022 as of December 31, 2018

### PERCENTAGE OF SHARES HELD BY DUFREY AG

53,093,315 Class B common shares, being 57.39% of Hudson Ltd. share capital (93.1% of voting rights) as of December 31, 2018

### SECURITY NUMBERS

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

## Non-listed consolidated entities as of December 31, 2018

For a table of the operational non-listed consolidated entities please refer to page 206 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 2018, the following shareholders disclosed significant positions as of December 31, 2018<sup>1</sup>.

SHAREHOLDER	Through shares	Long position through financial instruments <sup>2</sup>	Short positions <sup>3</sup>	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. <sup>4</sup>	16.34%	1.51%	-5.09%	12.76%
Hainan Province Cihang Foundation <sup>5</sup>	20.92%	-	-20.92%	-
State of Qatar <sup>6</sup>	6.92%	-	-	6.92%
Franklin Resources, Inc. <sup>7</sup>	5.09%	-	-	5.09%
Government of Singapore <sup>8</sup>	5.05%	-	-	5.05%
Compagnie Financiere Rupert <sup>9</sup>	5.00%	-	-	5.00%
BlackRock, Inc. <sup>10</sup>	3.25%	0.02%	-0.67%	2.60%
Morgan Stanley <sup>11</sup>	0.48%	6.13%	-2.64%	3.97%
JP Morgan Chase & Co. <sup>12</sup>	0.77%	24.79%	-7.42%	18.14%

<sup>1</sup> 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.

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

<sup>3</sup> 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).

<sup>4</sup> Beneficial owners of these shares are: Andrés Holzer Neumann, Wilen (Sarnen)/Switzerland, Julián Díaz González, Altendorf/Switzerland, Juan Carlos Torres Carretero, Meggen/Switzerland, James S. Cohen, Alpine NJ/USA, James S. Cohen Family Dynasty Trust, Teaneck, NJ/USA, Dimitrios Koutsolioutsos, Agios Stephanos/Greece and Nucleo Capital Co-Investment Fund I Ltd, Grand Cayman/Cayman Islands. Shares are directly held by the following companies and legal entities: 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, Teaneck, NJ/USA, Hudson Media, Inc., Teaneck, NJ/USA, Folli Follie Commercial Industrial and Technical S.A., Agios Stephanos/Greece, and Strenaby Finance Ltd., Tortola/British Virgin Islands.

<sup>5</sup> Shares directly held by Hong Kong Huihaisheng 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 Huihaisheng 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. On February 1, 2019, the Hainan Province Cihang Foundation disclosed that it no longer held any Company securities or financial instruments.

<sup>6</sup> Shares directly held by 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.

<sup>7</sup> Shares directly held by Franklin Mutual Advisors, LLC, Short Hills, NJ/USA and Franklin Advisers, Inc., San Mateo, CA/USA. The indirect holder of the shares is Franklin Resources, Inc., San Mateo, CA/USA. Of the total share position of 5.09%, 0.01% relate to delegated voting rights.

<sup>8</sup> Shares directly held by GIC Private Limited ("GIC"), Singapore/Singapore. The indirect holder of the shares is the Government of Singapore, Singapore/Singapore. GIC is wholly owned by the Government of Singapore ("GoS") and manages the reserves of Singapore. GIC acts as the fund manager for GoS and the Monetary Authority of Singapore.

<sup>9</sup> Shares directly held by Richemont Luxury Group Ltd, St Heller/Jersey. The indirect holder of the shares is Compagnie Financiere Rupert, Geneva/Switzerland.

<sup>10</sup> BlackRock, Inc., New York, NY/USA. Of the total share position of 3.27%, 0.2% relate to securities lending and similar transactions, and 0.61% to delegated voting rights.

<sup>11</sup> Shares and financial instruments held through several affiliates. The indirect holder of the shares and financial instruments is Morgan Stanley, Wilmington, DE/USA. Of the total share position of 0.48%, 0.24% relate to securities lending and similar transactions, and 0.002% to delegated voting rights.

<sup>12</sup> Shares and financial instruments directly held by J.P. Morgan Securities PLC, London/UK and JPMorgan Chase Bank, N.A., Ohio/USA. 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 2018 are available on the website of SIX Swiss Exchange at:

[www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html](http://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, 2018, the Company's capital structure is as follows:

#### ORDINARY SHARE CAPITAL

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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

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

#### AUTHORIZED SHARE CAPITAL

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None

For the website link regarding the Articles of Incorporation referred to in the following chapters please see page 244 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 issued ordinary share capital of the Company registered in the commercial register as of December 31, 2018.

#### Authorized share capital

As of December 31, 2018, the Company has no authorized share capital.

### 2.3 CHANGES IN CAPITAL OF DUFREY AG

#### NOMINAL SHARE CAPITAL

December 31, 2016	CHF	269,358,535
December 31, 2017	CHF	269,358,535
December 31, 2018	CHF	269,358,535

#### CONDITIONAL SHARE CAPITAL

December 31, 2016	CHF	4,442,160
December 31, 2017	CHF	4,442,160
December 31, 2018	CHF	4,442,160

#### AUTHORIZED SHARE CAPITAL

December 31, 2016	None
December 31, 2017	None
December 31, 2018	None

#### Changes in capital

The capital of Dufrey AG remained unchanged in fiscal years 2016, 2017 and 2018.

### 2.4 SHARES

As of December 31, 2018, 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 ("Partizipationscheine") 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 General 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 General 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 General 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 was registered as a foreign issuer with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM) until December 28, 2018 and had listed its shares in the form of Brazilian Depositary Receipts (BDRs) on the São Paulo Stock Exchange (B3 - Brasil, Bolsa, Balcão S.A.). Each BDR issued by Itaú Unibanco S.A. ("Depositary Institution") of the BDR program represented one share issued by the Company and was held in custody by Bank of New York Mellon Depository (Nominees) Limited, in London ("Custodian").

BDR holders did not own, from a legal point of view, the Dufrey AG shares underlying their BDRs. As a consequence, BDR holders were 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 were not entitled to personally participate in the General Meetings of the Company. However, BDR holders were 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 had entered into arrangements with the Depositary Institution and the Custodian in 2010 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. BDR holders who wished 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 had to 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.

The Company terminated its BDR program on November 27, 2018 and completed its delisting from the Brazilian market pursuant to the approval by the CVM granted on December 28, 2018.

No other exceptions have been granted during the year under review.

#### 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 General 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, 2018, 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 245 ff.

### 3. BOARD OF DIRECTORS

#### 3.1 MEMBER OF THE BOARD OF DIRECTORS

As of December 31, 2018, the Board of Directors comprised eight Board members compared with nine members as of December 31, 2017.

The members of the Board of Directors are elected individually and for a term of office extending until com-

pletion of the next Ordinary General Meeting of Shareholders. The Chairman of the Board of Directors and the members of the Remuneration Committee are directly elected by the General 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, 2018

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFREY	DATE OF FIRST ELECTION
Juan Carlos Torres Carretero	Chairman of Dufrey AG	Spanish	Chairman	2003
Jorge Born	CEO of Bomagra S.A	Argentinian	Vice-Chairman <sup>1</sup>	2010
Claire Chiang	Senior Vice President of Banyan Tree Holdings Limited	Singaporean	Director	2016
Julián Díaz González	Group CEO of Dufrey AG	Spanish	Director, Group CEO	2013
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Director <sup>2</sup>	2004
Heekyung Jo Min	Executive Vice President of CJ Cheiljedang	American	Director	2016
Steven Tadler	Managing Partner Advent International	American	Director	2018
Lynda Tyler-Cagni	CEO of Tyler Cagni Consulting Ltd	British and Italian	Director	2018

<sup>1</sup> Vice-Chairman as of October 31, 2018

<sup>2</sup> Vice-Chairman until October 30, 2018

#### Changes in the Board of Directors in fiscal year 2018

Xavier Bouton and Joaquín Moya-Angeler Cabrera, both long-time Board members of the Company since 2005, decided not to stand for re-election at the Ordinary General Meeting of Shareholders held on May 3, 2018. Steven Tadler and Lynda Tyler-Cagni were elected as new members of the Board of Directors by the same General Meeting of Shareholders. George Koutsolioutsos resigned from the Board of Directors on June 22, 2018, in order to focus on his other activities. As of October 31, 2018, Jorge Born has assumed the duties of Vice-Chairman of the Board of Directors from Andrés Holzer Neumann.



### 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**

Dufry AG, Moncler S.p.A., and Hudson Ltd.



**JORGE BORN**  
Vice-Chairman, 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 Dufry AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.

**Current Board Mandates**

Dufry AG, Hochschild Mining, Ltd. 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.



**CLAIRE CHIANG**  
Director, born 1951, Singaporean

**Education**

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

**Professional Background**

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

**Current Board Mandates**

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



**JULIÁN DÍAZ GONZÁLEZ**  
Director, 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 Dufry AG.

**Current Board Mandates**

Dufry AG, Distribuidora Internacional de Alimentación, S.A. (DIA), and Hudson Ltd.



**ANDRÉS HOLZER NEUMANN**

Director, 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**

Dufre AG and Inversiones (SOHO) Amilena, Inc.



**HEEKYUNG JO MIN**

Director, born 1958,  
American

**Education**

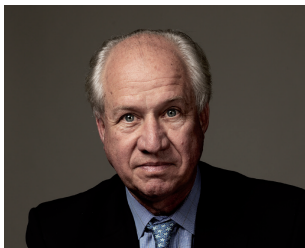
Master in Business Administration from Columbia Graduate School of Business (Columbia University of New York) and an Undergraduate Degree from Seoul National University.

**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**

Dufre AG, Asia New Zealand Foundation (Honorary Advisor), CJ Welfare Foundation, and Hudson Ltd.



**STEVEN TADLER**

Director, born 1949,  
American

**Education**

Master in Business Administration from Harvard Business School. B.S., with distinction, from the University of Virginia.

**Professional Background**

1985 Joined Advent International as Managing Partner. Serves as a Director of Advent International Corp (since 2002) and Bojangles', a restaurant operator and franchisor listed on the NASDAQ and wTe Corporation (since 1989). Previous board mandates include Dufre AG (2010 – 2013), Skill-soft (2020 – 2014) and Transunion (2012 – 2017).

**Current Board Mandates**

Dufre AG, Advent International Corp, Bojangles', and wTe Corporation.



**LYNDA TYLER-CAGNI**

Director, born 1956,  
British and Italian

**Education**

B.A. (Hons) in Languages, Economics & Politics from the University of Kingston, London.

**Professional Background**

Lynda Tyler-Cagni is the founder and CEO at Only the Best Agency Ltd, a consulting company advising and representing talent primarily in the fashion, retail and FMCG sectors since 2015. She also served as a Director at Atlantia SpA, an Italian listed global operator in the motorway and airport infrastructure sector until November 2018. Ms. Tyler-Cagni previously served on the Board of World Duty Free Group as a non-executive and independent member and chair of the HR & Remuneration Committee (from 2013 until the acquisition of World Duty Free Group by Dufre AG). She was also an advisor to the management Board of Bonpoint and held various management positions with Fast Retailing Group, Uniqlo and Ermenegildo Zegna.

**Current Board Mandates**

Dufre AG and EDHEC Paris.



Messrs. Juan Carlos Torres Carretero (Chairman), Andrés Holzer Neumann and Julián Díaz González (Directors) are members of a group of shareholders, which held a 17.85% purchase position of Dufrey AG as of December 31, 2018 (participation mentioned includes financial instruments). See for details the disclosure under "1.2 Significant Shareholders" on page 224 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 Group Chief Executive Officer. All other members of the Board of Directors are non-executive members. None of the current members of the Board of Directors (except Julián Díaz González as Group CEO) 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 41 on page 203 and to the information provided in the Remuneration Report on page 245 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 244 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 of Directors shall be elected for a term of office extending until completion of the next Ordinary General Meeting of Shareholders.
- The members of the Board of Directors and the Chairman 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 General Meeting of Shareholders.
- Except for the election of the Chairman of the Board of Directors and the members of the Remuneration Committee by the General Meeting of Shareholders, the Board of Directors determines its own organization. The Board of Directors shall elect a Vice-Chairman. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

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

All members of the Board of Directors were elected in individual elections at the Ordinary General Meeting of Shareholders held on May 3, 2018. The same General Meeting re-elected Juan Carlos Torres Carretero as Chairman of the Board of Directors. Mr. Jorge Born was re-elected, and Ms. Claire Chiang and Ms. Lynda Tyler-Cagni were elected in individual elections as members of the Remuneration Committee.

## THE BOARD COMMITTEES AS OF DECEMBER 31, 2018

MEMBER OF THE BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Juan Carlos Torres Carretero	Chairman	-	Committee Member	-
Jorge Born <sup>1</sup>	Vice-Chairman	Committee Chairman	Committee Chairman <sup>1</sup>	Committee Member
Claire Chiang	Director	-	-	Committee Member
Julián Díaz González	Director / Group CEO	-	-	-
Andrés Holzer Neumann <sup>1</sup>	Director	-	Committee Member <sup>1</sup>	-
Heekyung Jo Min	Director	Committee Member	-	-
Steven Tadler <sup>2</sup>	Director	Committee Member	-	-
Lynda Tyler-Cagni <sup>2</sup>	Director	-	-	Committee Chairwoman
<b>Number of meetings in fiscal year 2018</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>4</b>
<b>Average attendance ratio<sup>3</sup></b>	<b>94%</b>	<b>89%</b>	<b>100%</b>	<b>83%</b>

<sup>1</sup> Andrés Holzer Neumann temporarily renounced his additional function as Vice-Chairman of the Board of Directors and Chairman of the Nomination Committee as of October 30, 2018. He continues to serve as a Board member. The Board of Directors has elected Jorge Born to assume the duties of Vice-Chairman of the Board as well as Chairman of the Nomination Committee from Mr. Holzer Neumann as of October 31, 2018.

<sup>2</sup> Members of the Board of Directors since the Ordinary General Meeting of Shareholders held on May 3, 2018.

<sup>3</sup> The average attendance ratio regarding the Committees refers directly to the members of the respective Committee. Additional participants who participate as guests in Committee meetings are not included in the percentage calculations. For the newly elected Board members, their attendance ratios are calculated as of the date of their election at the Ordinary General Meeting of Shareholders in 2018.

### 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, 2018, Dufrey 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, 2018: Jorge Born (Chairman Audit Committee), Heekyung Jo Min, Steven Tadler.

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, who 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 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 (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 2018, during which the Audit Committee held 6 meet-

ings. The auditors attended 3 meetings of the Audit Committee in 2018. The Chairman of the Board of Directors usually participates as a guest in the Audit Committee meetings. Members of the Global Executive Committee attended meetings of the Audit Committee as follows: Group CEO 5 meetings, the CFO (who acts as Secretary of the Audit Committee) 6 meetings, and the Group Deputy CEO 1 meeting.

#### **Nomination Committee**

Members as of December 31, 2018: Jorge Born (Chairman Nomination Committee), Juan Carlos Torres Carretero, Andrés Holzer Neumann.

The members of the Nomination Committee, with exception of the executive Chairman of the Board of Directors, are 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, who 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 Group 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 Group CEO, making recommendations on Board composition and balance, presenting to the Board a proposal of succession plan for the position of the Group 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 Global 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 2018 lasted about 1 to 2 hours. Members of the Global Executive Committee attended meetings of the Nomination Committee as follows: Group CEO 2 meetings.

#### **Remuneration Committee**

Members as of December 31, 2018: Lynda Tyler-Cagni (Chairwoman Remuneration Committee), Jorge Born, Claire Chiang.

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, who 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 General Meeting of Shareholders 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 Global 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 Group 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 4 meetings per year). The 4 meetings held in the fiscal year 2018 lasted about 1 to 2 hours. The Chairman of the Board of Directors usually participates as a guest in the Remuneration Committee meetings. Members of the Global Executive Committee attended meetings of the Remuneration Committee as follows: Group CEO 4 meetings.

#### **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 8 meetings during fiscal year 2018, of which one was held as a telephone conference. The meetings of the Board of Directors usually lasted about 3 hours. 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 Group CEO, the CFO, the Deputy Group CEO and the Group General Counsel, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Global Executive Committee may attend meetings of the Board of Directors as and when required. Members of the Global

Executive Committee attended meetings of the Board of Directors in 2018 as follows: Group CEO 8 meetings, CFO 8 meetings, Deputy Group CEO 5 meetings, Group General Counsel 8 meetings, Global Marketing and Digital Innovation Director 2 meetings.

The Board of Directors also engages specific advisors to address specific matters when required. External financial advisors attended pertinent portions of 4 meetings of the Board of Directors in 2018. The external Auditors attended 3 meetings of the Audit Committee in 2018.

### 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, the Articles of Incorporation or the 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 Group 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 General Meetings of Shareholders and to carry out the resolutions adopted by the General 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 General 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 Group CEO information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.
- The Group 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 Group CEO. Apart from the meetings, the Group 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 Global 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 6 times in 2018 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 2018. 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 three different activities streams: Internal Audit, Investigations 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 Dufry Group and includes the consideration of internal and external factors. In fiscal year 2018, the Global Internal Audit conducted 17 reviews, examining Headquarters activities, Divisional functions and Distribution Centers in addition to 55 operations in all Divisions, representing a coverage of more than 90% of 2018 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 Investigations 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 bi-monthly for all group companies and results are proven to provide valuable information for loss prevention purposes. Additionally, Dufry 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.
- Dufry has in place an Enterprise Risk Management program which sets out the 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 Global 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 Global Internal Audit activities are communicated to key management in charge and to the Group’s senior management, including all the members of the Global Executive Committee on an on-going basis, and also to the Audit Committee.
  - Detailed information on the financial risk management is provided in Notes 36 to 40 in the Financial Statements of this Annual Report.



## 4. GLOBAL EXECUTIVE COMMITTEE

### 4.1 MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

As of December 31, 2018, the Global Executive Committee comprised seven executives compared to the former Group Executive Committee with twelve members as of December 31, 2017.

The Global Executive Committee under the control of the Group CEO, conducts the operational management of the Company pursuant to the Company's board regulations. The Group CEO reports to the Board of Directors on a regular basis.

The following table sets 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 Global Executive Committee are entered for an indefinite period of time.

#### GLOBAL EXECUTIVE COMMITTEE AS OF DECEMBER 31, 2018

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	Group General Counsel (GGC)	2005
Eugenio Andrades	Spanish	Chief Executive Officer Europe, Africa and Strategy	2016
Javier Gonzalez	Spanish	Global Marketing and Digital Innovation Director	2018

#### ADDITIONAL GLOBAL EXECUTIVE COMMITTEE MEMBERS AS OF JANUARY 18, 2019

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Andrea Belardini	Italian	Divisional Chief Executive Officer (Asia Pacific and Middle East)	2019
René Riedi	Swiss	Divisional Chief Executive Officer (Central and South America)	2019
Roger Fordyce	American	Divisional Chief Executive Officer (North America)	2019

#### ADDITIONAL GLOBAL EXECUTIVE COMMITTEE MEMBER AS OF APRIL 1, 2019

NAME	NATIONALITY	POSITION	GEC MEMBER SINCE YEAR
Yves Gerster	Swiss	Chief Financial Officer (CFO)	2019



## 4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

### Members of Global Executive Committee (as of December 31, 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 Dufre AG.

#### Current Board Mandates

Dufre AG, Distribuidora Internacional de Alimentación, S.A. (DIA), and Hudson Ltd.



**ANDREAS SCHNEIDER**  
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 Dufre in 2003 as Head Corporate Controlling. 2004 – 2012 Head Group Treasury and since 2005 additionally Investor Relations at Dufre. Since 2012 Chief Financial Officer at Dufre 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 España, 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 Dufre AG. Since 2018 Deputy Group Chief Executive Officer at Dufre 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 Elior). Joined Dufre in 2004, as Business Controlling Director and since 2012, also responsible for mergers and acquisitions. Since 2014 Chief Corporate Officer, since 2018 Global Chief Corporate Officer at Dufre AG.



**PASCAL C. DUCLOS**  
Group General Counsel,  
born 1967, Swiss

**Education**

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

**Professional Background**

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



**EUGENIO ANDRADES**  
Chief Executive Officer Europe,  
Africa 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 Dufry AG. 2018 Chief Executive Officer Operations and Strategy at Dufry AG. Since January 2019 Chief Executive Officer Europe, Africa and Strategy at Dufry 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 Dufry AG. 2011 - 2014 Global Marketing Director at Dufry AG. 2014 - 2016 Global Retail Operations and Marketing Director at Dufry AG. Since 2016 Global Marketing and Digital Innovation Director at Dufry AG.

## Additional members of the Global Executive Committee (as of January 18, 2019 and April 1, 2019)



**ANDREA BELARDINI**  
Chief Executive Officer Division Asia Pacific and Middle East, 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 2016, Chief Executive Officer Division Asia Pacific and Middle East at Dufry AG.



**RENÉ RIEDI**  
Chief Executive Officer Division Central and South 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 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. 2012-2015 Chief Operating Officer Region America I at Dufry AG. Since 2016 Chief Executive Officer Division Central and South America at Dufry AG.



**ROGER FORDYCE**  
Chief Executive Officer Division North America, born 1955, American

**Education**

Bachelor of Arts in Psychology from SUNY Stony Brook.

**Professional Background**

Prior to 1988 positions as Manager at Dobbs/Aeroplex, WH Smith, and Greenman Bros. 1988 Joined Hudson Group as a District Manager. 1992-1996 Vice President of Operations at Hudson Group. 1996-2008 Senior Vice President of Operations at Hudson Group. 2008-2018 Executive Vice President and Chief Operating Office at Hudson Group. Since January 2019 Chief Executive Officer Division North America (Hudson Group) at Dufry AG.

**Current Board Mandates**  
Hudson Ltd.



**YVES GERSTER**  
Chief Financial Officer, born 1978, Swiss

**Education**

Degree in Business Administration & Finance, University of Basel.

**Professional Background**

1999-2003 Assistant Group Treasurer at Danzas Management AG. 2003-2006 Assistant Group Treasurer at Bucher Industries AG. Nov 2006-2019 Global Head Group Treasury at Dufry International AG. As of April 2019 Chief Financial Officer at Dufry AG.

#### Other activities and vested interests

As of December 31, 2018 none of the members of the Global 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. The business Division North America is 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). Roger Fordyce 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 Global 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 Global 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 Global 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 Global 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 244 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 Global Executive Committee in fiscal year 2018 is included in the Remuneration Report on pages 245 to 258 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 General 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](http://www.dufrey.com) - section Investors - Corporate Governance - Articles of Incorporation. For the website link regarding the Articles of Incorporation please see page 244 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 244 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 General 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 General Meeting of Shareholders and to exercise their votes at the General Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a General 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 General 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 General Meeting of Shareholders.

See section 2.6 above for the former BDR program, which was terminated in 2018.

### 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 General Meeting of Shareholders for a term of office extending until completion of the next Ordinary General 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 General 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 May 3, 2018, 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 2019. Altenburger Ltd legal + tax is independent from the Company and has no further mandates for Dufry AG.

For the upcoming Ordinary General Meeting of Shareholders on May 9, 2019, 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](http://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 of Shareholders.

### 6.3 QUORUMS

The General 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 General 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 General 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 CONVOCAATION OF THE GENERAL MEETING OF SHAREHOLDERS

The General 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 General 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 General 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 General 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 General 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 General 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 General 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 General 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 244 of this Corporate Governance Report.

### 7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33<sup>1</sup>/<sub>3</sub> % 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, Dufry 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 Global 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 Global 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 Auditors and has held the mandate as Auditors 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, 2018. Mr. Krämer took the existing auditing mandate in 2017.

### 8.2 AUDITING FEE

During fiscal year 2018, Dufry agreed with Ernst & Young Ltd to pay a fee of CHF 5.7 million for services in connection with auditing the statutory annual financial statements of Dufry AG and its subsidiaries, as well as the consolidated financial statements of Dufry Group (including quarterly reviews).

### 8.3 ADDITIONAL FEES

Additional fees amounting to CHF 0.2 million were paid to Ernst & Young Ltd for tax services during fiscal year 2018.

### 8.3 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 Dufry'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 Dufry 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 6 briefings were done to the Audit Committee in 2018.

During the fiscal year 2018, the Audit Committee held 6 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, and used to publish them in English and Portuguese. As a result of the termination of the BDR program on November 27, 2018, and the subsequent delisting on December 28, 2018, the Portuguese language version was discontinued. 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:

[www.shab.ch](http://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](http://www.dufrey.com/en/media/press-releases)

[www.dufrey.com/en/media/press-release-registration-form](http://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](http://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](http://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 2019 please refer to pages 260 / 261 of this Annual Report.