

REMUNERATION REPORT DEAR SHARE- HOLDERS

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

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

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

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

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

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

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

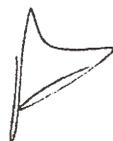
- The pay-out of the short-term annual bonus for the fiscal year 2015 was changed from 100 % in cash to 50 % in cash and 50 % in rights to receive shares vesting after three years
- Regarding the achievement of financial performance concerning the 2016 bonus, this will be measured with weightings of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

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

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

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

Yours Sincerely,



Jorge Born
Chairman of the Remuneration Committee

INTRODUCTION

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

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

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

GOVERNANCE

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

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

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

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2016

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

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

Organizational Structure of the Corporate Governance Report.

COMPENSATION COMPARISONS

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

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS

REMUNERATION SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

CHANGES IN THE REMUNERATION SYSTEM IN 2016 - BOARD OF DIRECTORS

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

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

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016 AND 2015

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

COMPENSATION TO THE BOARD OF DIRECTORS (AUDITED)

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

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

² Director as of AGM on April 28, 2016.

³ Director until AGM on April 28, 2016.

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

⁵ Amount includes mandatory employer social security contributions.

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

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

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

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

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

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

REMUNERATION TO THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

REMUNERATION SYSTEM

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

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

BASIC SALARY

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

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

ANNUAL BONUS

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

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

REMUNERATION COMPONENTS

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

PERFORMANCE OBJECTIVES

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

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

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

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

RANGE OF BONUS COMPONENTS

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

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

SHARE-BASED INCENTIVES (PSU)

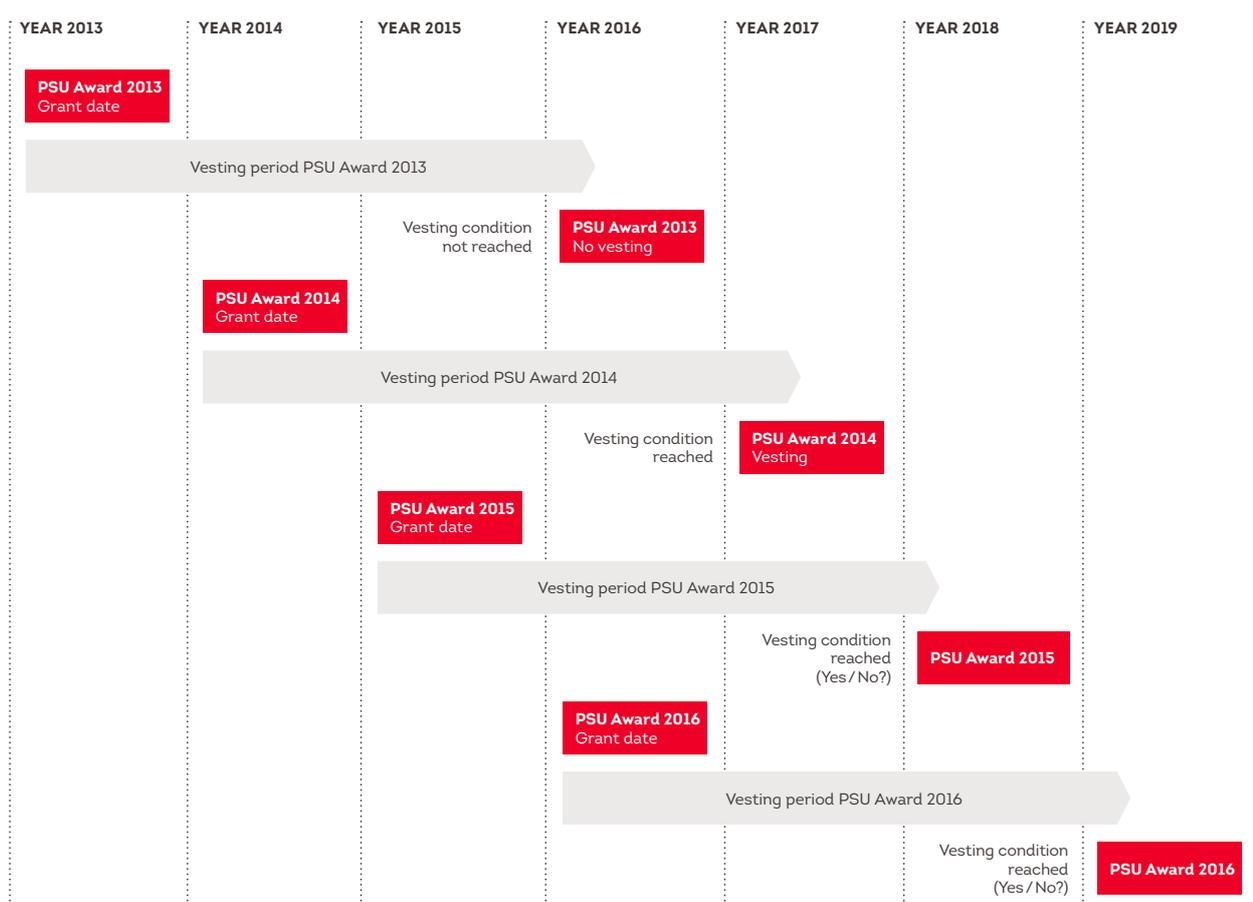
In 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. The purpose of the plan is to provide the members of the Group Executive Committee (and since fiscal year 2015 also selected members of the Senior Management team) with an incentive to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

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

Details of the Performance Share Units (PSU)

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

TIMING OF THE PSU PLANS



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

Vesting conditions of the PSUs are:

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

Performance target for 2016 and 2015 PSU grants

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

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

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

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

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

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

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

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

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

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

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

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

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

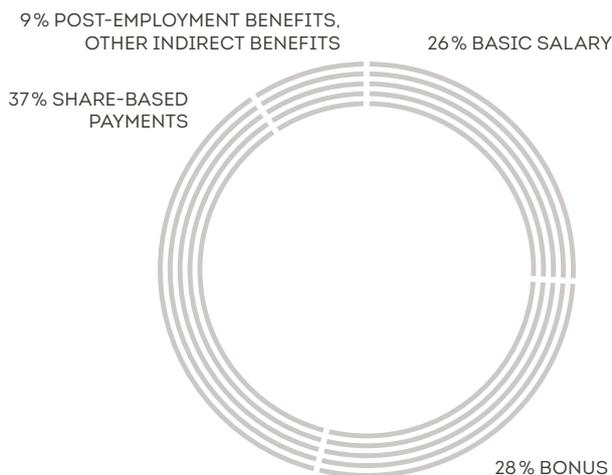
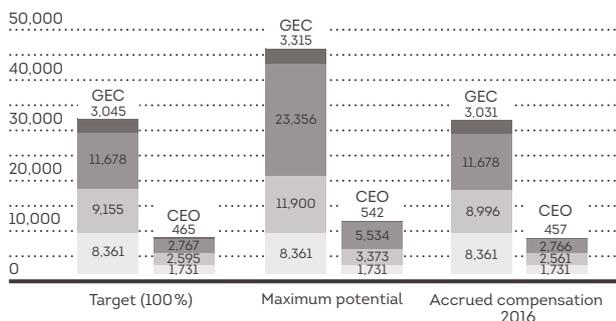
OTHER INDIRECT BENEFITS

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

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2016



IN THOUSANDS OF CHF



CHANGES IN THE REMUNERATION SYSTEM IN 2016 - GROUP EXECUTIVE COMMITTEE

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

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

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

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

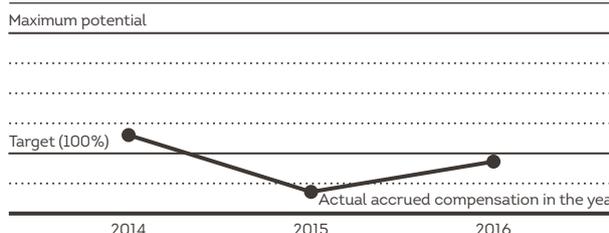
tential compensation if 100% of the target bonus was reached, and the maximum potential of compensation possible based on the capped bonus and the capped share-based compensation.

PAY-OUT COMPONENTS FOR FISCAL YEAR 2016

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

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

GEC REMUNERATION (ACCRUED) IN THE PERIODS 2014-2016



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

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

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

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

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

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

⁴ Amount includes employer social security contributions and pension contributions.

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

SUMMARY OF REMUNERATION IN FISCAL YEAR 2016

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

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

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

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

COMPENSATION RATIO FOR REMUNERATION OF GROUP EXECUTIVE COMMITTEE IN 2016

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

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

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

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

CONTRACTS OF EMPLOYMENT TERMS

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

PARTICIPATIONS IN DUFYR AG

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

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

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

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

³ Director until AGM on April 28, 2016.

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

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

Disclosure notices are available on the SIX Swiss Exchange website:

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



To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on pages 229 to 241 of the remuneration report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 - 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 - 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the remuneration report for the year ended 31 December 2016 of Dufry AG complies with Swiss law and articles 14 - 16 of the Ordinance.

Ernst & Young Ltd

Bruno Chiomento
Licensed audit expert
(Auditor in charge)

Christian Krämer
Licensed audit expert