

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 2017 to you.

2017 was another successful year for Dufrey with the synergies from the integration of World Duty Free being fully reflected in our 2017 financials. Furthermore, we were able to accelerate our organic growth and have launched the implementation of the new Business Operating Model. For further details on our operational and financial performance, please refer to the letters of the CEO and CFO on pages 15 and 103, respectively.

At the 2017 Shareholders' Meeting, Ms. Heekyung (Jo) Min, Mr. Xavier Bouton and myself, all three being non-executive independent members of the Board of Directors, were re-elected by the shareholders as members of the Remuneration Committee. The shareholders also approved the proposed maximum aggregate amount of compensation for the Board of CHF 8.4 million for the period from AGM 2017 to AGM 2018 with a majority of 89.2%. The proposal for the maximum aggregate amount of compensation for the Group Executive Committee of CHF 53.5 million for the fiscal year 2018 period was accepted with a majority of 88.2%. The Remuneration Report 2016 was approved by the Shareholders' Meeting in a consultative, non-binding vote by 90.7% of the votes represented. The current Remuneration Report 2017 will again be submitted to a consultative vote at the Shareholders' Meeting on May 3, 2018.

In fiscal year 2017, our Remuneration Committee held three meetings, with attendance ratio of 100% for all meetings.

PricewaterhouseCoopers was also mandated in 2017 to carry out a compensation benchmarking for the

Group Executive Committee. The benchmarking continued to represent a group of 18 companies, all of them being comparable in size, geographic reach and market profile.

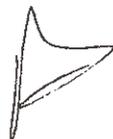
The Board of Directors, upon proposal of the Remuneration Committee, decided on the following changes to the compensation system for fiscal year 2017:

- Board of Directors: For the bonus of the Chairman, which is based on the growth of reported Cash EPS, a minimum threshold (of 50%) and a maximum threshold (of 150%) were introduced. The cap for the maximum pay-out for the Chairman's bonus was set at 150% of the target bonus. The board fee for the Chairman was raised by TCHF 96 and for the Vice-Chairman by TCHF 100.
- Group Executive Committee: Pay-out of the short-term annual bonus was done 100% in cash. Regarding the achievement of financial performance concerning the 2017 bonus, this will be based on three components with the following weights: Organic growth with 20%, EBITDA with 60% and Free Cash Flow with 20%. Furthermore, the maximum vesting of the Performance Share Units (PSU) was set at 1.5 shares per PSU.

The Remuneration Committee reviews the remuneration system, including the bonus scheme and long-term incentive plans (Performance Share Unit plans) on an annual basis to ensure alignment with shareholders' interests and best practices, and to provide fair management compensation. Over time, 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 you, our shareholders, for your contributions and continued trust in 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 for fiscal year 2017. 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 May 3, 2018, 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 Committee (within the limits approved by the Meeting of Shareholders) is with the Board of Directors.

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 Meet-

ing of Shareholders held on April 27, 2017 re-elected Ms. Heekyung (Jo) Min, Mr. Jorge Born and Mr. 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 2018. Jorge Born has been appointed as Chairman of the Remuneration Committee.

COMPENSATION COMPARISONS

During the course of 2017, 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 members 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 OF 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 of 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 2017:

- 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 reported Cash EPS for the year under review, which for fiscal year 2017 was a target growth of 5%. The bonus has a minimum threshold (50% of target growth) that must be achieved otherwise no bonus will be paid and a maximum threshold (150% of target growth). The bonus for fiscal year 2017

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2017

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 2017, please refer to section 3.5 Internal

Organizational Structure of the Corporate Governance Report.

is capped at 150 % of the target bonus. The target bonus for fiscal year 2017 was set at 100 % of the Chairman's board fee (2016: target bonus was also set at 100 % of Chairman's board fee; cap at 130 %). With the exception of the variable compensation of the Chairman and of the CEO (each in their capacity as Chairman and Chief Executive Officer), the compensation of 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/her 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 2017 (2016: 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 discusses the annual compensation (board fees, committee fees, target bonus for Chairman) in separate 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 the section

Remuneration of the members of the Group Executive Committee).

CHANGES IN THE REMUNERATION SYSTEM IN 2017 - BOARD OF DIRECTORS

- The bonus of the Chairman is based on the growth of reported Cash EPS for the year under review, which for fiscal year 2017 was a target growth rate of 5%. For this bonus, a minimum threshold of 50 % and a maximum threshold of 150 % of the target growth rate have been introduced in 2017. The minimum threshold must be reached to achieve any bonus pay-out and the cap for the fiscal year 2017 bonus has been set at 150 % of the target bonus (2016: 130 %). Linear calculation will be applied, if the growth of reported Cash EPS is between the minimum and maximum threshold.
- The annual board fee for the Chairman was raised by TCHF 96 to TCHF 2,010.5 and for the Vice-Chairman by TCHF 100 to TCHF 350.0.

POSITION / RESPONSIBILITY	FEE 2017 IN THOUSANDS OF CHF	FEE 2016 IN THOUSANDS OF CHF
Chairman	2,010.5	1,914.8
Vice-Chairman	350.0	250.0
Member of the Board of Directors ¹	250.0	250.0
Member of the Remuneration Committee	50.0	50.0
Member of the Audit Committee	50.0	50.0
Member of the Nomination Committee	50.0	50.0

¹ The CEO does not receive additional compensation as a Board member.

In 2017, each member of the Board of Directors (except the Chairman, Vice-Chairman and the CEO) received a Board membership fee of TCHF 250 in cash and an additional TCHF 50 in cash as a member of a Board Committee. The level of these Board fees remained unchanged for the last three years, i.e. since the Ordinary General Meeting of Shareholders in April 2015. The Board fee for the Chairman was slightly increased to TCHF 2,010.5. For fiscal year 2017, the Chairman of the Board of Directors will receive a cash bonus of TCHF 3,015.7 (2016: TCHF 2,489). The bonus amounts to 150% of the Chairman's board fee (2016: 130.0% of board fee).

SUMMARY OF REMUNERATION FOR FISCAL YEARS 2017 AND 2016

On December 31, 2017, the Board of Directors comprised 9 members (December 31, 2016: also 9 Board members). For fiscal years 2017 and 2016, 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 increases of the Chairman's and the Vice-Chairman's board fees and the different amount of bonus for the Chairman.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2017 and 2016, there was no other compensation paid directly or indirectly to active or former members of the Board of Directors, or to their related parties. There are also no loans or guarantees received or provided to these Board members, nor to their related parties.

COMPENSATION OF THE BOARD OF DIRECTORS (AUDITED)

NAME, FUNCTION IN THOUSANDS OF CHF	2017			2016		
	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁵	TOTAL	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁵	TOTAL
Juan Carlos Torres Carretero, Chairman ¹	5,026.2	256.8	5,283.0	4,403.9	224.6	4,628.5
Andrés Holzer Neumann, Vice-Chairman	351.4	17.1	368.5	287.9	14.2	302.1
Jorge Born, Director	350.0	20.6	370.6	350.0	20.6	370.6
Xavier Bouton, Director	350.0	17.1	367.1	321.5	15.6	337.1
Claire Chiang, Director ²	300.0	14.5	314.5	202.5	9.7	212.2
James S. Cohen, Director ³	-	-	-	98.3	5.8	104.1
Julián Díaz González, Director and CEO ⁴	-	-	-	-	-	-
José Lucas Ferreira de Melo, Director ³	-	-	-	98.3	5.8	104.1
George Koutsolioutsos, Director	250.0	15.0	265.0	250.0	15.0	265.0
Heekyung (Jo) Min, Director ²	300.0	-	300.0	202.5	-	202.5
Joaquín Moya-Angeler Cabrera, Director	350.0	17.1	367.1	321.5	15.6	337.1
Total	7,277.6	358.2	7,635.8	6,536.4	326.9	6,863.3

¹ The remuneration for Mr. Torres Carretero includes Board fee of CHF 2,010.5 million and bonus of CHF 3,015.7 million (2016: CHF 1,915 million Board fee and CHF 2,489 million bonus).

² Director since 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 FISCAL YEAR 2017 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2017 UNTIL THE AGM 2018

The Ordinary Meeting of Shareholders held on April 27, 2017 approved a maximum aggregate amount of compensation of the Board of Directors for the term of office from the AGM 2017 to the AGM 2018 of CHF 8.4 million. The following table shows the reconciliation between the reported Board compensation for fiscal year 2017 and the amount approved by the shareholders at the AGM 2017.

IN THOUSANDS OF CHF	BOARD COMPENSATION IN FISCAL YEAR 2017 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2017 TO THE AGM ON APRIL 27, 2017 (4 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2018 TO THE AGM ON MAY 3, 2018 (4 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2017 TO AGM 2018	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2017 FOR PERIOD OF AGM 2017 TO AGM 2018	COMPEN- SATION RATIO
Total Board of Directors	7,635.8	1,469.7	1,504.4	7,670.5	8,400.0	91.3%

REMUNERATION OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

REMUNERATION SYSTEM

Dufrey 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 2017, the Group Executive Committee consisted of 12 members, unchanged compared to the previous year (CEO, CFO, GCOO, GC, GCCO, CRO, five Divisional CEOs and one GM Brazil&Bolivia: see also Corporate Governance Report on page 227).

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 as a 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 the event 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 cash in the second quarter of the following year. An exception to this was in fiscal year 2016, when 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 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. The bonus pay-outs for fiscal year 2016 and 2017 are in cash.

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 2015 / 2016 / 2017: 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	GROUP RESULTS		DIVISION / COUNTRY RESULTS	
	FY 2017	FY 2016	FY 2017	FY 2016
Chief Executive Officer				
Chief Financial Officer				
Global Chief Operating Officer	20% Organic growth	50% EBITDA	n/a	n/a
Global Chief Corporate Officer	60% EBITDA	25% Free Cash Flow		
Chief Resources Director	20% Free Cash Flow	25% Synergies		
General Counsel				
5 Division Chief Executive Officers	20% Organic growth	25% Free Cash Flow	60% EBITDA	50% EBITDA
1 General Manager BRA / BOL	20% Free Cash Flow	25% Synergies		

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 2017 (fiscal year 2016: 150% for the CEO and between 45% and 150% for the other members of the Group Executive Committee).

The bonus is mainly related to measures regarding financial performance: in 2017, the relevant weightings for the CEO, CFO, GCOO, GCCO, CRD and GC were 20% Organic growth, 60% EBITDA and 20% Free Cash Flow of the Group results. For the five Division CEOs and the GM Brazil & Bolivia it was 60% EBITDA of their respective division (of the 2 countries in the case of the GM BRA / BOL), as well as 20% Organic growth and 20% Free Cash Flow of the Group results. In addition, exceptional individual performance may be rewarded. The bonus matrix for fiscal year 2016 included 25% of Synergies, 50% EBITDA and 25% Free Cash Flow.

The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2017 between 41% and 217% of their basic salary and amounted to CHF 11.1 million in the aggregate (2016: between 39% and 148% of their basic salary and an amount of CHF 9.0 million in the aggregate). The achievement ratio regarding the Group results' targets of the three elements Organic growth, EBITDA and Free Cash Flow combined was 91.6% for fiscal year 2017 (2016: achievement ratio 98.7%).

RANGE OF BONUS COMPONENTS

IN % OF BASIC SALARY	2017	2016	2015
Group Executive Committee	41 - 217%	39 - 148%	61 - 203%

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, CRD 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)

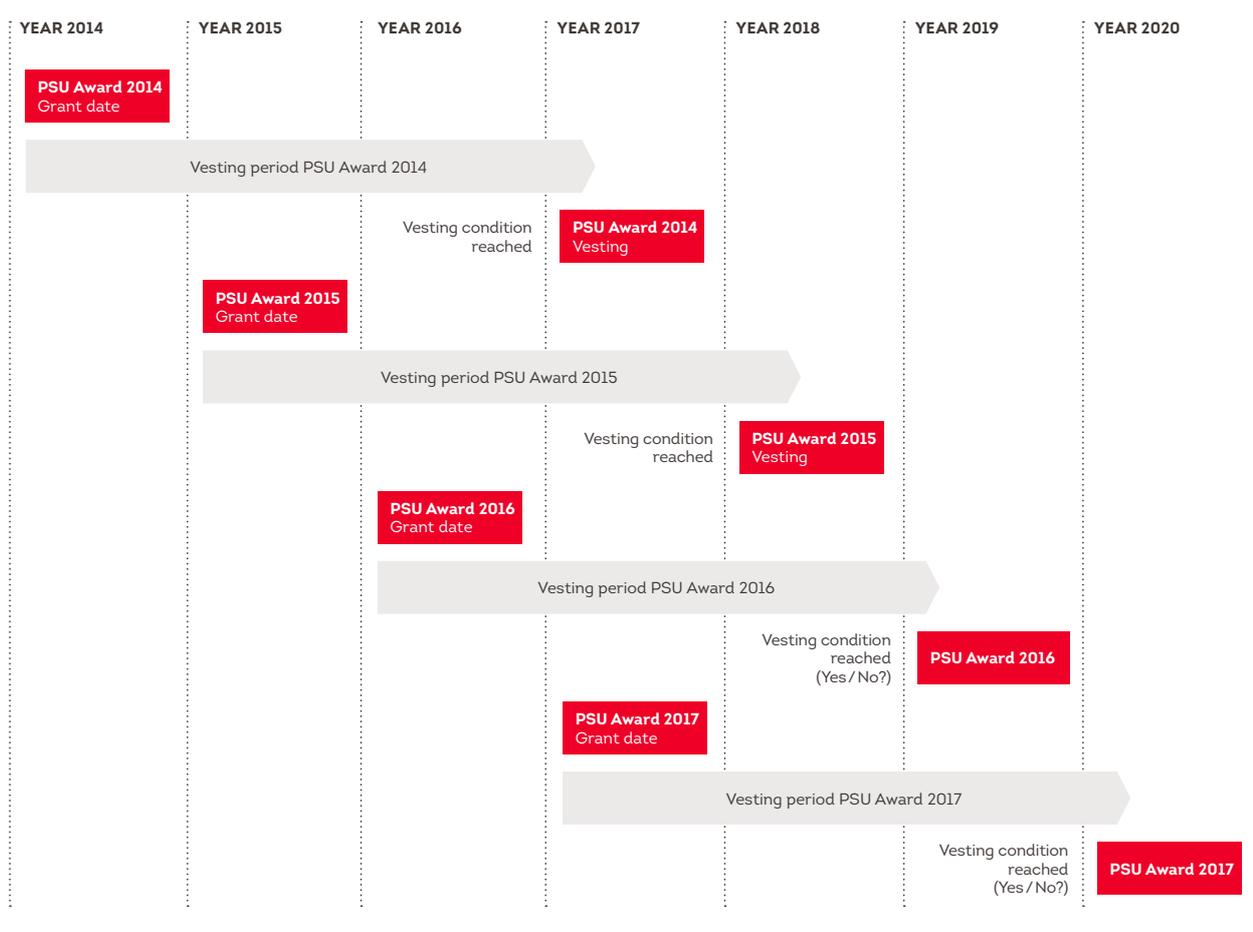
In 2013, the Company introduced a Performance Share Unit (PSU) plan for the members of the Group Executive Committee. The purpose of the plan is to provide the members of the Group Executive Committee (and since fiscal year 2015 also selected members of the Senior Management team) with an incentive to 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 basic salary as well as the prevailing share price and assumes that the target will be achieved, i.e.

TIMING OF THE PSU PLANS



that one share vests for each PSU. The accrued value of the PSU awards 2017 represented about 136% of the basic salary for the CEO and between 110% and 139% of the basic salary for the other members of the Group Executive Committee (2016: 160% for the CEO and between 70% and 150% for the other members of the Group Executive Committee). The PSU awards will only vest in the third year of the award period 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 2017 and 2016 PSU grants

The number of shares allocated for each PSU for the 2017 and the 2016 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:

- For the 2017 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cash EPS of the previous financial year 2016 and applied a growth rate of 5% per annum. This amount which is CHF 25.97, and the derived figures below are subject to change from year to year by the Remuneration Committee.
- For the 2016 grants, the Target Cumulative Cash EPS has been set at a nominal amount in Swiss Francs that was based on the cash EPS of the previous financial year 2015 and applied a growth rate of 7% per annum (an amount of CHF 24.59).

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.

PSU VESTING

PSU GRANTS 2017		PSU GRANTS 2016	
CUMULATIVE CASH EPS	PSU VESTING	CUMULATIVE CASH EPS	PSU VESTING
< minimum threshold (50% of target)	No vesting	< minimum threshold (50% of target)	No vesting
at target	100% vesting (1 share per PSU)	at target	100% vesting (1 share per PSU)
≥ maximum threshold (150% of target)	Maximum vesting (1.5 shares 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 1.5 shares per PSU)	Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per 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 the 2017 grants, this level has been set at 1.5 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 usually capped at two shares per vested PSU. For the 2017 grants, this level has been set at 1.5 shares per vested PSU.

In 2017, the twelve members of Group Executive Committee have been granted, in the aggregate, 79,895 PSU (2016: 92,319 PSU). Out of this amount, 16,823 PSU were granted to the CEO (2016: 21,873 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, 79,895 shares for the PSU Award 2017, 92,319 shares for the PSU Award 2016 and 62,554 shares which will vest for the PSU Award 2015. At maximum (i.e. at 1.5 shares per vested PSU from the 2017 grant and 2 shares per vested PSU from the earlier grants) it would amount to 119,843 shares for the PSU Award 2017, 184,638 shares for the PSU Award 2016 and 62,554 shares for the PSU Award 2015.

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 Dufry (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 64,759 PSU from the Award 2017 (2016: 70 managers and 66,900 PSU from the Award 2016; 2015: 60 managers and 50,466 PSU which will vest for the PSU 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 number of shares that can be allocated to the current Senior Management team members would amount to the following: At target, 64,759 shares for the PSU Award 2017, 66,900 shares for the PSU Award 2016 and 50,466 shares which will vest for the PSU Award 2015. At maximum, 97,138 shares for the PSU Award 2017, 133,800 shares for the PSU Award 2016 and 50,466 shares for the PSU Award 2015.

The total number of shares that can be allocated to all participants of the PSU Awards 2017, 2016, the vested and allocated 113,020 shares from the PSU Award 2015 and the rights to receive shares from the 2015 bonus (which was split into 50% cash and 50% in rights to receive shares, equivalent to 85,015 shares in total) would amount to the following: At target 501,908 shares, representing a total of 0.93% of outstanding shares as at December 31, 2017. At maximum (i.e. at 1.5 shares per vested PSU from the 2017 grant and 2 shares per vested PSU from the earlier grants) 733,454 shares, representing a total of 1.36% of outstanding shares as at December 31, 2017.

Historically, Dufry 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 2014 and 2015 (with vesting in 2017 and 2018, respectively), please refer to the details in the Remuneration Report 2016 on page 235 of the Annual Report 2016.

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

REMUNERATION COMPONENT IN THOUSANDS OF CHF	2017		2016	
	GEC (12 members)	CEO ¹	GEC (12 members)	CEO ¹
Basic salary	9,043.7	1,851.6	8,361.1	1,730.8
Bonus	11,113.5	2,543.0	8,996.0	2,561.1
Post-employment benefits ²	1,768.4	481.5	1,721.3	420.1
Other indirect benefits	1,136.2	23.1	1,310.1	37.0
Share-based payments accrued (3 years vesting period) ³	11,943.0	2,514.8	11,678.4	2,766.9
Total compensation accrued	35,004.6	7,414.1	32,066.9	7,516.0
Total compensation pay-out	26,065.9	5,950.5	20,388.5	4,749.1
Number of performance share units awarded (in thousands)	79.9	16.8	92.3	21.9

¹ The CEO has the highest compensation of the Group Executive Committee.

² Amount includes employer social security contributions and pension contributions.

³ 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.

Link to the Annual Report 2016:
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 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

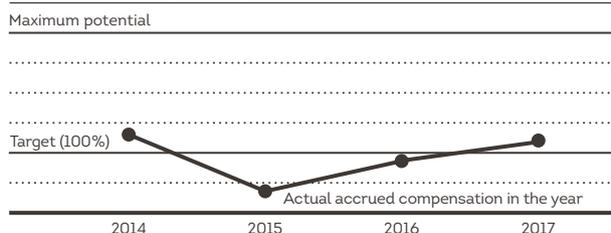
The Company limits further benefits to a minimum. Fringe benefits such as health insurance, company car, or housing allowances have been granted to certain members of the Group Executive Committee. The total amounted to CHF 1.14 million in the aggregate in fiscal year 2017 (2016: CHF 1.31 million).

CHANGES IN THE REMUNERATION SYSTEM IN 2017 - 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 2017:

- Annual Bonus: The annual bonus for a particular year is usually paid out in cash in the second quarter of the following year. As an exception in fiscal year 2016, the Board of Directors decided, based on a proposal by the Remuneration Committee, to adapt the pay-out for the 2015 bonus (paid out in Q2 of 2016) 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 2016 and 2017 bonuses are being paid out again in cash.
- The measures regarding the financial performance relevant for the annual bonus have been changed as

GEC REMUNERATION (ACCRUED) IN PERIODS 2014-2017

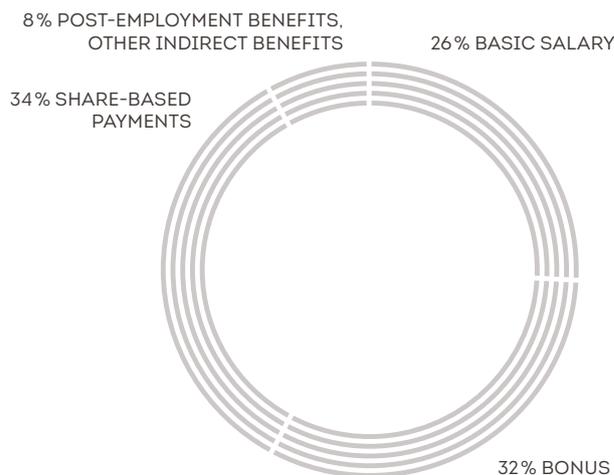
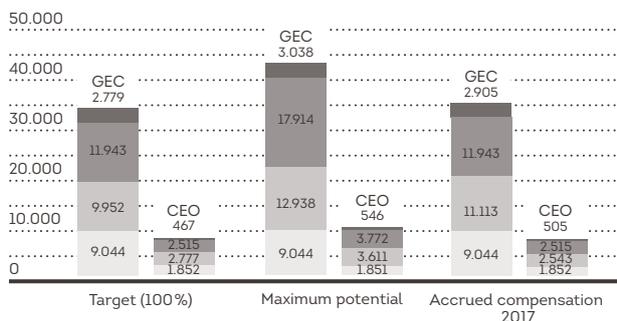


YE 2014: 9 GEC members; YE 2015: 7 GEC members;
YE 2016/2017: 12 GEC members.

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2017

BASIC SALARY
 BONUS
 SHARE-BASED PAYMENTS
 POST-EMPLOYMENT BENEFITS, OTHER INDIRECT BENEFITS

IN THOUSANDS OF CHF



well. In 2017, the relevant metrics are 20% Organic growth, 60% EBITDA and 20% Free Cash Flow (see also explanation under section “Annual bonus – performance objectives” on page 242). In fiscal year 2016, the relevant metric was 50% EBITDA, 25% Free Cash Flow and 25% Synergies.

- PSU Awards: The metrics for the PSU Awards have remained unchanged (i.e. the PSU plan depends on the Cumulative Normalized Cash EPS as described above). As a one-time change applicable for the 2017 PSU Awards, the maximum number of shares to be allocated has been capped at 1.5 shares per PSU (instead of 2 shares).

COMPARISON AND COMPOSITION OF REMUNERATION TO THE GROUP EXECUTIVE COMMITTEE FOR FISCAL YEAR 2017

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 2017. 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 2017

For fiscal year 2017, the achievement ratio in conjunction with the Group result targets for the three elements Organic growth, EBITDA and Free Cash Flow combined was 91.6%. Based on this, the pay-out of the bonus component for the CEO amounts to CHF 2.5 million, which represents 137% of the CEO’s basic salary. The PSU Awards 2015 will vest in fiscal year 2018 at a ratio of 92.6% vesting and this will lead to 62,554 shares being vested, of which 16,989 reflect the shares vested for the CEO.

The pay-out for the entire Group Executive Committee for fiscal year 2017 amounts to a total of CHF 26.1 million, of which CHF 6.0 million is the pay-out to the CEO.

COMPENSATION RATIO FOR REMUNERATION OF GROUP EXECUTIVE COMMITTEE IN 2017

IN THOUSANDS OF CHF	GEC COMPENSATION IN FISCAL YEAR 2017 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2016 FOR FISCAL YEAR 2017	COMPENSATION RATIO
Total Group Executive Committee	35,004.6	49,000.0	71.4%

SUMMARY OF REMUNERATION FOR FISCAL YEAR 2017

For fiscal year 2017, the remuneration of the Group Executive Committee includes the compensation of twelve GEC members (2016: also twelve GEC members). The remuneration for fiscal years 2017 and 2016, mentioned in the table on page 246 covers the period between January 1 and December 31.

The remuneration difference compared to the previous year is mainly due to regular salary increases based on annual performance review, 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 28, 2016, approved a maximum aggregate amount of compensation for the members of the Group Executive Committee for the financial year 2017 of CHF 49 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 2017. The actual compensation ratio (accrued compensation) compared to the amount approved by the Shareholders' Meeting was 71.4%.

For fiscal year 2018, the Ordinary Meeting of Shareholders held on April 27, 2017, approved a maximum aggregate amount of compensation for the GEC members of CHF 53.5 million. The compensation ratio for 2018 will again be disclosed in the Remuneration Report 2018.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

In the years 2017 and 2016, 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 DUFREY AG

The following members of the Board of Directors or of the Group Executive Committee of Dufrey AG (including related parties) hold directly or indirectly shares or share options of the Company as at December 31, 2017 or December 31, 2016 (members not listed do not hold any shares or options):

IN THOUSANDS	DECEMBER 31, 2017			DECEMBER 31, 2016		
	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.
MEMBERS OF THE BOARD OF DIRECTORS						
Juan Carlos Torres Carretero, Chairman	970.3	118.3	2.02%	982.2	118.3	2.04%
Andrés Holzer Neumann, Vice-Chairman	4,324.0	220.8	8.44%	4,308.8	276.1	8.51%
Jorge Born, Director	22.0	30.9 ²	0.10%	-	30.9 ²	0.06%
Julián Díaz González, Director and CEO	263.1	43.8	0.57%	284.5	43.8	0.61%
George Koutsolioutsos, Director	1,608.4	200.0	3.36%	1,608.4	200.0	3.36%
Total Board of Directors	7,187.8	613.8	14.48%	7,183.9	669.1	14.58%
MEMBERS OF THE GROUP EXECUTIVE COMMITTEE						
Julián Díaz González, CEO	263.1	43.8	0.57%	284.5	43.8	0.61%
Andreas Schneider, CFO	7.5	-	0.01%	6.1	-	0.01%
José Antonio Gea, GCOO	4.1	-	0.01%	4.1	-	0.01%
Luis Marin, CCO	1.8	-	0.00%	1.2	-	0.00%
Jordi Martín-Consuegra, CRD	1.1	-	0.00%	1.1	-	0.00%
René Riedi, Division CEO Latin America	0.9	-	0.00%	-	-	-
Joseph DiDomizio, Division CEO North America	1.0	-	0.00%	-	-	-
Gustavo Magalhães Fagundes, GM Brazil and Bolivia	6.9	-	0.01%	6.9	-	0.01%
Total Group Executive Committee	286.4	43.8	0.61%	303.9	43.8	0.64%

¹ The detailed terms of the various financial instruments disclosed above are as disclosed to the SIX Swiss Exchange and published on December 28, 2017, for the year 2017 and on September 15, 2016, for the year 2016.

² European Capped Calls on 30,940 shares of Dufrey 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.

In addition to the above, the shareholders' group consisting, among others, of different legal entities controlled by Andrés Holzer Neumann, Juan Carlos Torres, Julián Díaz González and Dimitrios Koutsolioutsos holds sale positions of 7.31% through options (3,937,130 voting rights) as of December 31, 2017 (as of December 31, 2016: sale positions of 7.59% through options (4,087,520 voting rights)).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on December 28, 2017 (for sale position as of December 31, 2016: publication of disclosure notice on September 15, 2016).

Disclosure notices are available on the SIX Swiss Exchange website:

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



To the General Meeting of
Dufry AG, Basel

Basel, 7 March 2018

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended 31 December 2017. 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 237 to 249 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 2017 of Dufry AG complies with Swiss law and articles 14-16 of the Ordinance.

Ernst & Young Ltd

Christian Krämer
Licensed audit expert
(Auditor in charge)

Philipp Baumann
Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

REGISTERED SHARES

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

BRAZILIAN DEPOSITARY RECEIPTS (BDRS)

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

KEY DATES IN 2018

March 15, 2018	Results Fiscal Year 2017, Publication of Annual Report
May 3, 2018	Annual General Meeting
May 8, 2018	Results First Three Months 2018
August 3, 2018	Results First Half Year 2018
November 5, 2018	Results First Nine Months 2018

SENIOR NOTES

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

Issuer	Dufry One B.V.
Listing	The International Stock Exchange ("TISE")
Type of security	Senior Notes
Size of issue	EUR 800 million
Interest rate	2.5% p.a., paid semi-annually
Maturity	October 15, 2024
ISIN-No.	XS1699848914 (Serie REG S)
Bloomberg	DUFNSW

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Latest news:



Articles of incorporation:



Financial reports:



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

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Digital.