

REMUNERATION REPORT DEAR SHARE- HOLDERS

2018 was yet another very successful year for Dufry with turnover, EBITDA and free cash flow reaching new all-time highs. Based on our sound business model and the vast opportunities that we see in the travel retail market, we plan to grow our Company and to further develop our market leadership position in the coming years. For details on our operational and financial performance in fiscal year 2018, please refer to the letters of the CEO and CFO on pages 14 and 106, respectively.

The Remuneration Committee, elected at the General Meeting of Shareholders on May 3, 2018, consists of Claire Chiang, Jorge Born and myself, all of us being non-executive and independent members of the Board of Directors. Our 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.

The Shareholders' Meeting approved the Board of Directors' proposal for the maximum aggregate amount of compensation for the Board of CHF 8.7 million from the AGM 2018 to AGM 2019 with a majority of 86.0%. The proposal for the maximum aggregate amount of compensation for the Global Executive Committee of CHF 37.1 million prospective for the fiscal year 2019 period was accepted with a majority of 80.2%. Our Remuneration Report 2017 was approved by the Shareholders' Meeting in a consultative, non-binding vote by 91.7% of the votes represented. This year's Remuneration Report 2018 will again be submitted to a consultative vote at our Shareholders' Meeting on May 9, 2019. In fiscal year 2018, the Remuneration Committee held four meetings, with average attendance ratio of 83%.

The following changes regarding compensation were applied in fiscal year 2018:

- Board of Directors: Certain members of Dufry AG's Board of Directors are also members of the Board of Directors of Hudson Ltd., our subsidiary listed on the New York Stock Exchange. Two Board members (Heekyung Jo Min and Joaquin Moya-Angeler Cabrera) received additional compensation for their services in the Board of Directors at Hudson Ltd. No other changes took place with regard to the Board compensation in 2018.
- Global Executive Committee: The measures regarding financial performance relevant for the annual bonus have been adjusted. The relevant metrics for 2018 were 50% EBITDA, 25% Business Operating Model Efficiency, 25% Free Cash Flow (2017: 60% EBITDA, 20% Organic growth, 20% Free Cash Flow). The changes and especially the introduction of the new Business Operating Model Efficiency were done in order to align the whole organization on this crucial project for Dufry. The successful implementation of the Business Operating Model will create the basis for further development of the Group going forward.

The adoption of IFRS 16, which becomes effective as of January 1, 2019, will affect the way we account for our concession agreements and lease agreements. This will have an impact on the balance sheets and income statements going forward. We will for example discontinue using EBITDA as a key performance indicator and our reported net earnings will also be different. The Remuneration Committee will examine in detail during 2019 what changes need to be made to the compensation measures and system for the Global Executive Committee remuneration in order to align compensation to new IFRS 16 accounting standard rules. For further details on this subject please see explanations on page 255 of this Report and in Note 4 of the Consolidated Financial Statements.

On behalf of the Remuneration Committee and the entire Board of Directors, I would like to thank you, our shareholders, for your contributions and continued trust in Dufry.

Yours Sincerely,



Lynda Tyler-Cagni
Chairwoman 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 Global Executive Committee for fiscal year 2018. 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 Global Executive Committee (formerly Group Executive Committee).

The Remuneration Report will be presented to the General Meeting of Shareholders on May 9, 2019, 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 Global Executive Committee. It approves the individual compensation of the members of the Board of Directors and of the Global Executive Committee.

Since January 1, 2015, the General Meeting of Shareholders has to approve the proposal of the Board of Directors in relation to the maximum aggregate amounts of compensation of the Board of Directors for the period until the next Ordinary General Meeting of Shareholders and of the Global Executive Committee for the following fiscal year. The vote at the Ordinary General 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 Global Executive Committee (within the limits approved by the General 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 Meeting of Shareholders held on May 3, 2018, re-elected Mr. Jorge Born and elected Ms. Claire Chiang and Ms. Lynda Tyler-Cagni (all individually elected) as members of the Remuneration Committee for a term of office until completion of the next Ordinary General Meeting of Shareholders in 2019. Lynda Tyler-Cagni has been appointed as Chairwoman of the Remuneration Committee.

COMPENSATION COMPARISONS

During the course of 2018, the Board of Directors of Dufrey consulted PricewaterhouseCoopers AG (PwC) for its annual review on the structure and level of executive compensation arrangements, including both short- and long-term components. As part of this annual review process, PwC again conducted a benchmark analysis on compensation levels for members of the Global Executive Committee using third party compensation survey data and disclosed information from 20 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 Group 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 2018:

- Fixed fee in cash as members of the Board of Directors and members of Board Committees;
- For two members their fixed fee in cash as members of the Board of Directors of Hudson Ltd. (listed subsidiary); 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 2018 was a target growth of 5% (2017: 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 2018 is capped at 150% of the target bonus. The target bonus for fiscal year 2018 was set at 100% of the Chairman's board fee (2017: target bonus was also set at 100% of Chairman's board fee; with the cap at 150%). With the exception of the variable compensation of the Chairman and of the Group CEO (each in their capacity as Chairman and Group 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 2018 (2017: 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 Group 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 (Group CEO compensation reviewed and decided separately as described in the section Remuneration of the members of the Global Executive Committee).

CHANGES IN THE REMUNERATION SYSTEM IN 2018 - BOARD OF DIRECTORS

- No changes took place in terms of Board fees during fiscal year 2018 compared with 2017.
- Certain members of Dufrey AG's Board of Directors are also members of the Board of Directors of Hudson Ltd., Dufrey's subsidiary which has been separately listed on the New York Stock Exchange as of February 1, 2018. The compensation of the Board of Directors as shown in the table on page 249 includes such remuneration. Heekyung Jo Min and Joaquin Moya-Angeler Cabrera were the only Board members who received additional compensation for their services on the Board of Directors of Hudson Ltd. during fiscal year 2018.

COMMITTEES AND COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2018

MEMBER OF THE BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE
Juan Carlos Torres Carretero, Chairman	-	-	Committee Member
Jorge Born, Vice-Chairman ¹	Committee Member	Committee Chairman	Committee Chairman ¹
Claire Chiang, Director	Committee Member	-	-
Julián Díaz González, Director / Group CEO	-	-	-
Andrés Holzer Neumann, Director ¹	-	-	Committee Member ¹
Heekyung Jo Min, Director	-	Committee Member	-
Steven Tadler, Director	-	Committee Member	-
Lynda Tyler-Cagni, Director	Committee Chairwoman	-	-

¹ Andrés Holzer Neumann temporarily renounced his additional functions 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.

For further details regarding the responsibilities of the Remuneration Committee and the meetings held in fiscal year 2018, please refer to section 3.5 Internal

Organizational Structure of the Corporate Governance Report.

POSITION / RESPONSIBILITY	FEE 2018 IN THOUSANDS OF CHF	FEE 2017 IN THOUSANDS OF CHF
Chairman	2,010.5	2,010.5
Vice-Chairman	350.0	350.0
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 Group CEO does not receive additional compensation as a Board member.

SUMMARY OF REMUNERATION IN FISCAL YEARS 2018 AND 2017

For 2018, each member of the Board of Directors (except the Chairman, the Vice-Chairman and the Group CEO) received a Board membership fee of TCHF 250 in cash and an additional TCHF 50 in cash for each membership in a Board Committee. The level of these Board fees remained unchanged for the last four years, i.e. since the Ordinary General Meeting of Shareholders in April 2015. The Board fees for the Chairman and Vice-Chairman were last increased in 2017 and remained unchanged in fiscal year 2018. The Chairman of the Board of Directors will receive a cash bonus of TCHF 2,763.0 (2017: TCHF 3,015.7). The bonus amounts to 137% of the Chairman's board fee (2017: 150% of board fee).

On December 31, 2018, the Board of Directors comprised 8 members (December 31, 2017: 9 Board members). For fiscal years 2018 and 2017, 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 with the previous year is mainly due to the changes in the total number of Board members and the composition of the Board of Directors and of its Committees, inclusion of Board compensation for services on the Board of Directors of Hudson Ltd. (if any) as well as the different amount of bonus for the Chairman.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2018 and 2017, no other compensation was paid directly or indirectly to current 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	2018			2017		
	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁸	TOTAL	REMUNERATION	POST- EMPLOYMENT BENEFITS ⁸	TOTAL
Juan Carlos Torres Carretero, Chairman ^{1,6}	4,773.4	243.0	5,016.4	5,026.2	256.8	5,283.0
Jorge Born, Vice-Chairman ²	383.1	22.4	405.5	350.0	20.6	370.6
Andrés Holzer Neumann, Director ²	400.0	19.6	419.6	351.4	17.1	368.5
Xavier Bouton, Director ³	119.6	5.8	125.4	350.0	17.1	367.1
Claire Chiang, Director	300.0	14.5	314.5	300.0	14.5	314.5
Julián Díaz González, Director and CEO ^{4,6}	-	-	-	-	-	-
George Koutsolioutsos, Director ⁵	119.4	7.1	126.5	250.0	15.0	265.0
Heekyung Jo Min, Director ⁶	499.7	-	499.7	300.0	-	300.0
Joaquín Moya-Angeler Cabrera, Director ^{3,6}	186.2	5.8	192.0	350.0	17.1	367.1
Steven Tadler, Director ⁷	198.3	-	198.3	-	-	-
Lynda Tyler-Cagni, Director ⁷	198.3	11.7	210.0	-	-	-
Total	7,178.0	329.9	7,507.9	7,277.6	358.2	7,635.8

¹ The remuneration for Mr. Torres Carretero includes Board fee of CHF 2.01 million and bonus of CHF 2.76 million (2017: CHF 2.01 million Board fee and CHF 3.02 million bonus).

² Mr. Holzer Neumann was Vice-Chairman and Chairman of the Nomination Committee in fiscal year 2017 and until October 30, 2018. Mr. Born assumed these duties as of October 31, 2018.

³ Director until the AGM held on May 3, 2018.

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

⁵ Mr. Koutsolioutsos resigned from the Board of Directors on June 22, 2018.

⁶ Mr. Torres Carretero, Mr. Díaz González, Ms. Min and Mr. Moya-Angeler Cabrera also serve as members of the Board of Directors of Hudson Ltd., which has been separately listed on the New York Stock Exchange as of February 1, 2018. Included in the above table are for Ms. Min a Board fee of USD 0.20 million (Jan-Dec) and for Mr. Moya-Angeler Cabrera Board fee of USD 0.07 million (Jan-Apr) for the services as members of the Board of Directors of Hudson Ltd. Mr. Torres Carretero, and Mr. Díaz González did not receive additional fees for their services as Hudson Board members.

⁷ Director since the AGM held on May 3, 2018.

⁸ Amount includes mandatory employer social security contributions.

RECONCILIATION BETWEEN REPORTED BOARD COMPENSATION FOR FISCAL YEAR 2018 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2018 UNTIL THE AGM 2019

The Ordinary General Meeting of Shareholders held on May 3, 2018 approved a maximum aggregate amount of compensation of the Board of Directors for the term of office from the AGM 2018 to the AGM 2019 of CHF 8.7 million. The following table shows the reconciliation between the reported Board compensation for fiscal year 2018 and the amount approved by the shareholders at the AGM 2018.

IN THOUSANDS OF CHF	BOARD COMPENSATION FOR FISCAL YEAR 2018 AS REPORTED	LESS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2018 TO THE AGM ON MAY 3, 2018 (4 MONTHS)	PLUS BOARD COMPENSATION TO BE ACCRUED FOR THE PERIOD JANUARY 1, 2019 TO THE AGM ON MAY 9, 2019 (4 MONTHS)	TOTAL BOARD COMPENSATION FOR THE PERIOD FROM AGM 2018 TO AGM 2019	TOTAL MAXIMUM AMOUNT AS APPROVED BY SHAREHOLDERS AT THE AGM 2018 FOR PERIOD OF AGM 2018 TO AGM 2019	COMPEN- SATION RATIO
Total Board of Directors	7,507.9	1,644.8	1,462.6	7,325.7	8,700.0	84.2%

REMUNERATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE

On January 11, 2018, Dufrey announced a new organizational structure of its previous Group Executive Committee with immediate effect. The Committee was replaced with the newly created Global Executive Committee, which consisted of 7 members as of December 31, 2018 (previous Group Executive Committee consisted of 12 members as of December 31, 2017). Members of the Global Executive Committee in fiscal year 2018 were the Group Chief Executive Officer, Chief Financial Officer, Deputy Group Chief Executive Officer, Global Chief Corporate Officer, Group General Counsel, Chief Executive Officer Operations and Strategy, and the Global Marketing and Digital Innovation Officer.

REMUNERATION SYSTEM

Dufrey aims to provide internationally competitive compensation to the members of its Global Executive Committee (GEC) that reflects the experience and the area of responsibility of each individual member. The members of the Global 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.

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.

Salary increases for members of the Global Executive Committee are generally done in line with increases for the broader workforce. In case of promotions, typically a more substantial salary increase may be warranted. Nevertheless, a newly promoted GEC member would get a base salary at the lower end of the expected range with a view to get above-average increases alongside his growing experience and with a view to get into the upper half of the target range within 3-5 years. Also, higher salary increases may be warranted when there is an increase in responsibilities.

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 Global 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

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"> - For FY 2018: Achievement of financial results of the Group - For FY 2017: Achievement of financial results of the Group and of specific Divisions / Countries (for the DCEOs and the GM BRA / BOL)
Share-based incentives PSU	<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 2016 / 2017 / 2018: 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

FISCAL YEAR 2018	FISCAL YEAR 2017
OBJECTIVES FOR THE GLOBAL EXECUTIVE COMMITTEE	OBJECTIVES FOR THE GROUP EXECUTIVE COMMITTEE
50% EBITDA	60% EBITDA ¹
25% Business Operating Model Efficiency	20% Organic growth
25% Free Cash Flow	20% Free Cash Flow

¹ For fiscal year 2017, EBITDA for the 5 Division Chief Executive Officers and the General Manager Brazil/Bolivia was based on the EBITDA of their respective division (or of the two countries in the case of the GM BRA/BOL, respectively).

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 Global Executive Committee, including the Group CEO.

The targets for the annual bonus are set to be stretching but achievable and focus on key operational metrics and metrics related to key strategic initiatives. The Remuneration Committee considers the financial targets for the annual bonus are commercially sensitive and that it would be detrimental to disclose details.

The annual bonus is usually paid out in cash in the second quarter of the following year. As an exception, the Board of Directors (upon proposal by the Remuneration Committee) decided in 2016 that the bonus for fiscal year 2015 shall be settled 50% in cash and 50% in rights to receive shares, which will vest if the GEC member is still employed on January 1, 2019. The shares that were used to settle the 2015 bonus payment had no dilutive effect, as they were sourced exclusively from treasury shares. The bonus pay-outs for fiscal years 2016, 2017 and 2018 are in cash.

For fiscal year 2018, the target bonus amounted to 100% of the basic salary for the Group CEO and to between 38% and 100% of the basic salary for the other members of the Global Executive Committee (fiscal year 2017: 150% for the Group 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 2018, the relevant weightings

for all members of the Global Executive Committee were 50% EBITDA, 25% Business Operating Model Efficiency and 25% Free Cash Flow of the Group results. For the previous year 2017 these weightings were 60% EBITDA, 20% Organic growth and 20% Free Cash Flow of the Group results for the Group Chief Executive Officer, Chief Financial Officer, Global Chief Operating Officer, Global Chief Corporate Officer, Chief Resources Director and the General Counsel. For the five Division CEOs and the General Manager Brazil & Bolivia it was 60% EBITDA of their respective division (of the 2 countries in the case of the General Manager Brazil & Bolivia), as well as 20% Organic growth and 20% Free Cash Flow of the Group results.

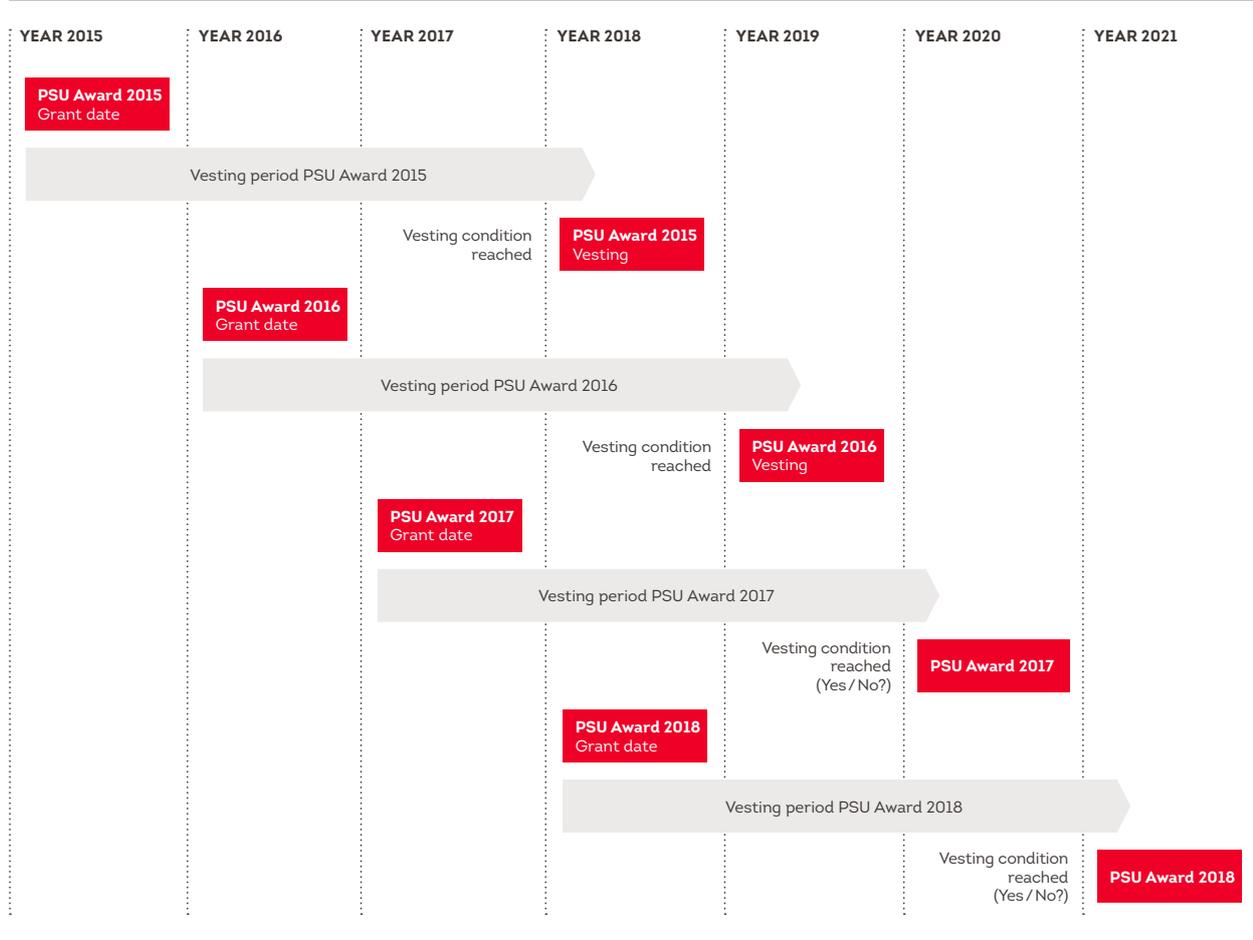
The bonus accrued as part of the compensation for the members of the Group Executive Committee represented in 2018 between 37% and 97% of their basic salary and amounted to CHF 4.97 million in the aggregate (2017: for the twelve members of the Group Executive Committee between 41% and 217% of their basic salary and an amount of CHF 11.11 million in the aggregate). The achievement ratio regarding the Group results' targets of the three elements EBITDA, Business Operating Model Efficiency and Free Cash Flow combined was 96.9% for fiscal year 2018 (2017: achievement ratio 91.6% for the elements EBITDA, Organic growth and Free Cash Flow). The achievement levels for each of the components were between 90% and 115% of target for metrics at Group level (Group EBITDA, Business Operating Model Efficiency and Free Cash Flow) in 2018.

The bonus compensation for each of the members of the Global Executive Committee, other than the Group CEO bonus, is approved by the Remuneration Committee in coordination with the Group CEO. The Group 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 members of the Global Executive Committee on a yearly basis.

RANGE OF BONUS COMPONENTS

IN % OF BASIC SALARY	2018	2017	2016
Global (former Group) Executive Committee	37 - 97%	41 - 217%	39 - 148%

TIMING OF THE PSU PLANS



SHARE-BASED INCENTIVES (PSU)

In 2013, Dufry introduced a Performance Share Unit (PSU) plan for the members of the Global Executive Committee (formerly Group Executive Committee). The purpose of the plan is to provide the members of the Global 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 Dufry 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 Dufry Group to attract and retain persons of exceptional skills.

Since its separate listing on the New York Stock Exchange, Dufry's subsidiary Hudson Ltd. has its own long-term incentive (LTI) plan for members of the management of Hudson Ltd. Details of Hudson's LTI plan awards are available in the S-8 Securities documents, which can be downloaded from the Hudson

website www.hudsongroup.com - Download center (link: www.hudsongroup.com/download-center). The LTI plan awards granted by Hudson are directly vesting into Hudson shares and are therefore not part of the Dufry PSU plan.

From an economic point of view, Dufry's PSU 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 PSU allocated to each member of the Global 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. that one share vests for each PSU. The accrued value of the PSU awards 2018 represented about 89% of the basic salary for the Group CEO and between 74% and 92% of the basic salary for the other members of the Global Executive Committee (2017: 136% for the Group

PSU VESTING

PSU GRANTS 2018		PSU GRANTS 2017	
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 (2 shares per PSU)	≥ maximum threshold (150% of target)	Maximum vesting (1.5 shares per PSU)
Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 2 shares per PSU)	Between minimum threshold and maximum threshold	Linear calculation (between 0 and maximum 1.5 shares per PSU)

CEO and between 110% and 139% 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). Once PSU are vesting, the shares will become immediately unrestricted and available to the plan participants.

Vesting conditions of the PSU are:

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

Performance target for 2018 and 2017 PSU grants

The number of shares allocated for each PSU for the 2018 and the 2017 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 (Cumulative Cash EPS):

- For the 2018 grants, the Target Cumulative Cash EPS has been set at CHF 29.23, based on the cash EPS of the previous fiscal year 2017 and applying a growth rate of 5% per annum. This amount is subject to change from year to year by the Remuneration Committee.
- For the 2017 grants, the Target Cumulative Cash EPS has been set at CHF 25.97, based on the cash EPS of the previous fiscal year 2016 and applying a growth rate of 5% per annum.

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 the 2017 grants, this level had as an exception been set at 1.5 shares per vested PSU).
- For a Cumulative Cash EPS higher than the minimum threshold but lower than the maximum threshold, the number of shares allocated from vested PSU is calculated on a linear basis.
- The maximum number of shares allocated is capped at two shares per vested PSU (for the 2017 grants, the cap had as an exception been set at 1.5 shares per vested PSU).

In 2018, the seven members of Global Executive Committee have been granted, in the aggregate, 55,612 PSU (2017: 79,895 PSU to twelve members of the Group Executive Committee). Out of this amount, 16,823 PSU were granted to the Group CEO (2017: 16,823 PSU). The total number of shares that can be allocated to these seven members of the Global Executive Committee would amount to the following: At target, 55,612 shares for the PSU Award 2018, 54,073 shares for the PSU Award 2017 and 64,249 shares which will vest for the PSU Award 2016. At maximum (i.e. at 2 shares per vested PSU from the 2018 grant, and 1.5 shares per vested PSU from the 2017 grant) it would amount to 111,224 shares for the PSU Award 2018, 81,110 shares for the PSU Award 2017 and 64,249 shares for the PSU Award 2016.

Overall, the number of persons qualified to PSU awards includes (since fiscal year 2015) not only the members of the Global Executive Committee, but also further selected members of the Senior Management team of Dufrey (about 60 senior managers). In addition to the PSU

COMPENSATION OF THE MEMBERS OF THE GLOBAL EXECUTIVE COMMITTEE / FORMER GROUP EXECUTIVE COMMITTEE (AUDITED)

REMUNERATION COMPONENT IN THOUSANDS OF CHF	2018		2017	
	GEC (7 members)	CEO ¹	GEC (12 members)	CEO ¹
Basic salary	6,661.8	1,832.4	9,043.7	1,851.6
Bonus	4,966.0	1,775.6	11,113.5	2,543.0
Post-employment benefits ²	1,610.1	593.3	1,768.4	481.5
Other indirect benefits	330.9	23.1	1,136.2	23.1
Share-based payments accrued (3 years vesting period) ³	5,405.3	1,635.2	11,943.0	2,514.8
Total compensation accrued	18,974.2	5,859.5	35,004.6	7,414.1
Total compensation pay-out	20,021.6	6,611.5	26,065.9	5,950.5
Number of performance share units awarded (in thousands)	55.6	16.8	79.9	16.8

¹ The Group CEO is the highest paid member.

² Amount includes employer social security contributions and pension contributions.

³ For valuation details see Note 24 of the consolidated financial statements. The accrued values in the table reflect the different valuations of the PSU in the different reporting years.

awarded to the members of the Global Executive Committee as shown above, this further group of Senior Managers received in aggregate 80,831 PSU from the Award 2018 (2017: about 80 managers and 90,581 PSU from the Award 2017; in 2016: about 70 managers and 101,340 PSU which will vest for the PSU Award 2016). The conditions of the PSU plans are identical for all plan participants (whether members of the Global Executive Committee or Senior Managers). The total number of shares that can be allocated to the Senior Management team members would amount to the following: At target, 80,831 shares for the PSU Award 2018, 90,581 shares for the PSU Award 2017 and 101,340 shares which will vest for the PSU Award 2016. At maximum, 161,662 shares for the PSU Award 2018, 135,872 shares for the PSU Award 2017 and 101,340 shares for the PSU Award 2016.

For the PSU plan 2014 that vested in May 2017, 44.9% of the target number of shares were allocated to the plan participants. For the PSU plan 2015 that vested in May 2018, 92.6% of the target number of shares were allocated to the plan participants.

The total number of shares that can be allocated to all participants of the PSU Awards 2018, 2017, the vested and allocated 165,589 shares from the PSU Award 2016 and the vested rights to receive shares from the 2015 bonus (which was split into 50% cash and 50% in rights to receive shares, equivalent to 82,536 shares in total, and which vested on January 1, 2019) would amount to the following: At target 529,222 shares, representing a total of 0.98% of outstanding shares as at December 31, 2018. At maximum (i.e. at 2 shares per

vested PSU from the 2018 grant, and 1.5 shares per vested PSU from the 2017 grant) 737,993 shares, representing a total of 1.37% of outstanding shares as at December 31, 2018.

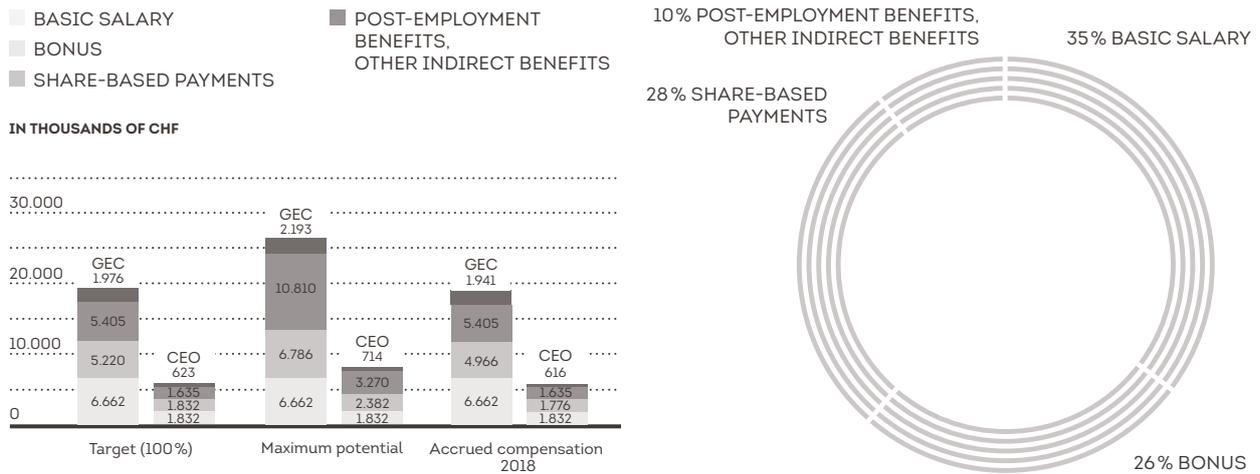
Historically, Dufrey has always sourced its share-based compensation from treasury shares, so that no dilutive effect is expected from the PSU.

For a description of the performance targets of PSU grants in fiscal years 2015 and 2016 (with vesting in 2018 and 2019, respectively), please refer to the details in the Remuneration Report 2016 on page 235 of the Annual Report 2016.

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 Group 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 Group 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

REMUNERATION STRUCTURE GROUP EXECUTIVE COMMITTEE IN 2018



Committee. The grants made to the Group 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 Global Executive Committee. The total amounted to CHF 0.3 million in the aggregate in fiscal year 2018 (2017: CHF 1.1 million in aggregate for certain members of the Group Executive Committee).

CHANGES IN THE REMUNERATION SYSTEM IN 2018 – GLOBAL EXECUTIVE COMMITTEE

The Board of Directors, upon proposal by the Remuneration Committee, has decided on the following change to the remuneration system in fiscal year 2018:

- The measures regarding the financial performance relevant for the annual bonus have been adjusted. In 2018, the relevant metrics are 50 % EBITDA, 25 %

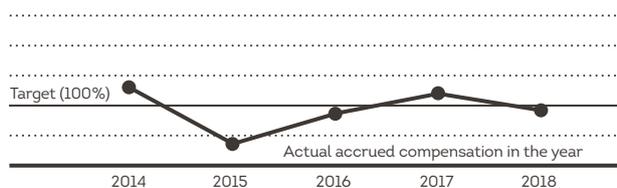
Business Operating Model Efficiency and 25 % Free Cash Flow (see also explanation under section “Annual bonus – performance objectives” on page 251). In fiscal year 2017, the relevant metrics were 60 % EBITDA, 20 % Organic growth and 20 % Free Cash Flow. The change and especially the introduction of the new metric Business Operating Model Efficiency was done in order to focus the organization on this key project for 2018. The Business Operation Model initiative (BOM) was launched in 2017 in order to streamline, standardize procedures, organization, and systems to create the basis for Dufry’s future development. The efficiency target for the full programme is CHF 50 million to be fully reflected in the 2019 financials. The efficiencies are measured based on the BOM related action plan and tracked specifically against the 2017 cost base.

EXPECTED ADJUSTMENTS TO THE REMUNERATION SYSTEM IN FUTURE, DUE TO THE IMPLEMENTATION OF THE NEW FINANCIAL REPORTING STANDARD IFRS 16

In fiscal year 2019, Dufry Group will adopt the new International Financial Reporting Standard IFRS 16, which became effective as of January 1, 2019. IFRS 16 is the new standard on lease accounting and will affect the accounting of concession agreements, rent agreements for office and warehouse buildings and other lease agreements. Dufry has hundreds of concession agreements and lease agreements and the introduction of IFRS 16 will impact a number of items in the balance sheet, the statement of income and the cash flow statement. For further explanation of IFRS 16 and its expected impacts on Dufry’s financial

GEC REMUNERATION (ACCRUED) IN PERIODS 2014–2018

Maximum potential



YE 2014: 9 GEC members; YE 2015: 7 GEC members;
 YE 2016/2017: 12 GEC members; YE 2018: 7 GEC members.

statements 2019 please refer to Note 4 in the Consolidated Financial Statements.

The adoption of IFRS 16 is also expected to have certain consequences on Dufrey's remuneration system as of 2018:

- Under IFRS 16, EBITDA will not be reported in the income statement any longer and Dufrey will not use it as a key performance indicator any longer. The Remuneration Committee is evaluating alternative metric(s) to replace the EBITDA performance objective in the short-term incentive (annual bonus).
- For the Performance Share Units (PSU) granted in the years 2017 and 2018 with nominal amounts expressed in Swiss Francs of CHF 29.93 for the 2018 grant and CHF 25.97 for the 2017 grant, it is planned that the target values will remain unchanged and the calculation of the Cumulative Normalized Cash EPS will be reconciled to the accounting framework of 2018 and before (i.e. as if IFRS 16 had only been put in place after the time of the vesting). This reconciliation will be applied to reflect the old accounting rules and its impact on the income statement.
- The Remuneration Committee is evaluating to either recalibrate the PSU performance targets by using new Cash EPS metrics or to identify new KPIs and to carefully redesign the share-based incentive for 2019 and the following years.

COMPARISON AND COMPOSITION OF REMUNERATION OF THE GLOBAL EXECUTIVE COMMITTEE FOR FISCAL YEAR 2018

The charts on the previous page 255 reflect the composition of the different remuneration components as well as the actual remuneration of the seven members of the Global Executive Committee for fiscal year 2018. In the chart, this actual remuneration is also compared to the potential 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 2018

For fiscal year 2018, the achievement ratio in conjunction with the Group result targets for the three ele-

ments EBITDA, Business Operating Model Efficiency and Free Cash Flow combined was 96.9%. Based on this, the pay-out of the bonus component for the Group CEO amounts to CHF 1.78 million, which represents 97% of the Group CEO's basic salary. The PSU Awards 2016 will vest in fiscal year 2019 at a ratio of 104%. This will lead to 165,589 shares being vested, of which 22,748 reflect the shares vested for the Group CEO.

The pay-out for the entire Global Executive Committee for fiscal year 2018 amounts to a total of CHF 20.02 million, of which CHF 6.61 million is the pay-out to the Group CEO.

SUMMARY OF REMUNERATION FOR FISCAL YEAR 2018

For fiscal year 2018, the remuneration of the Global Executive Committee includes the compensation of the seven GEC members (2017: twelve Group Executive Committee members). The remuneration for fiscal years 2018 and 2017, mentioned in the table on page 254 covers the period between January 1 and December 31.

The remuneration difference compared with the previous year is mainly due to the change in the number of members of the Global Executive Committee compared to the former Group Executive Committee, 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.

RECONCILIATION BETWEEN REPORTED GLOBAL EXECUTIVE COMMITTEE COMPENSATION FOR FISCAL YEAR 2018 AND THE AMOUNT APPROVED BY THE SHAREHOLDERS AT THE AGM 2017 FOR FISCAL YEAR 2018

The Ordinary General Meeting of Shareholders held on April 27, 2017, approved a maximum aggregate amount of compensation for the members of the Global Executive Committee (former Group Executive Committee) for the fiscal year 2018 of CHF 53.5 million. The approved maximum aggregate amount reflects the maximum possible pay-out calculated for

COMPENSATION RATIO FOR REMUNERATION OF GLOBAL EXECUTIVE COMMITTEE FOR 2018

IN THOUSANDS OF CHF	GEC COMPENSATION FOR FISCAL YEAR 2018 AS REPORTED	TOTAL MAXIMUM AMOUNT FOR GEC COMPENSATION AS APPROVED BY SHAREHOLDERS AT THE AGM 2017 FOR FISCAL YEAR 2018	COMPENSATION RATIO
Total Global Executive Committee	18,974.2	53,500.0	35.5%

each compensation element and took into account the twelve members of the Group Executive Committee at the time the proposal to the AGM 2017 was made. The actual compensation ratio (accrued compensation) compared with the amount approved by the General Meeting of Shareholders was 35.5%.

For fiscal year 2019, the Ordinary General Meeting of Shareholders held on May 3, 2018, approved a maximum aggregate amount of compensation for the members of the Global Executive Committee of CHF 37.1 million. The compensation ratio for 2019 will again be disclosed in the Remuneration Report 2019.

OTHER COMPENSATION, LOANS OR GUARANTEES (AUDITED)

For the years 2018 and 2017, no other compensation was paid directly or indirectly to current or former members of the Global Executive Committee (former Group Executive Committee), or to their related parties. There are also no loans or guarantees received or provided to the Global Executive Committee (former 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 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. Of the current contracts with the members of the Global 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 Global Executive Committee of Dufrey AG (including related parties) directly or indirectly hold shares or share options of the Company as at December 31, 2018. The table for December 31, 2017 includes additional members of the then relevant Group Executive Committee. Members not listed in the tables do not hold any shares or options.

IN THOUSANDS	DECEMBER 31, 2018			DECEMBER 31, 2017		
	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.	SHARES	FINANCIAL INSTRUMENTS ¹	PARTICIP.
MEMBERS OF BOARD OF DIRECTORS						
J. C. Torres Carretero, Chairman	1,001.0	71.1 ¹	1.99%	970.3	118.3 ¹	2.02%
A. Holzer Neumann, Director (2017: Vice-Chairman)	4,334.4	55.2 ¹	8.15%	4,324.0	220.8 ¹	8.44%
J. Born, Vice-Chairman (2017: Director)	22.0	30.9 ²	0.10%	22.0	30.9 ²	0.10%
J. Díaz González, Director and Group CEO	230.0	35.1 ¹	0.49%	263.1	43.8 ¹	0.57%
H. Jo Min, Director	0.5	-	0.00%	-	-	0.00%
G. Koutsolioutsos (2017: Director)	n/a	n/a	n/a	1,608.4	200.0	3.36%
Total Board of Directors	5,587.9	192.3	10.73%	7,187.8	613.8	14.48%
MEMBERS OF GLOBAL EXECUTIVE COMMITTEE						
J. Díaz González, Director and Group CEO	230.0	35.1 ¹	0.49%	263.1	43.8 ¹	0.57%
A. Schneider, CFO	12.9	-	0.02%	7.5	-	0.01%
J. A. Gea, Deputy Group CEO	14.4	-	0.03%	4.1	-	0.01%
L. Marin, Global CCO	4.3	-	0.01%	1.8	-	0.00%
J. Gonzalez, Global Marketing and Digital Innovation Director	2.0	-	0.00%	n/a	n/a	n/a
ADDITIONAL MEMBERS OF FORMER GROUP EXECUTIVE COMMITTEE (IN 2017)						
J. Martin-Consuegra, CRD	n/a	n/a	n/a	1.1	-	0.00%
R. Riedi, Division CEO Latin America	n/a	n/a	n/a	0.9	-	0.00%
J. DiDomizio, Division CEO North America	n/a	n/a	n/a	1.0	-	0.00%
G. Magalhães Fagundes, GM Brazil and Bolivia	n/a	n/a	n/a	6.9	-	0.01%
Total Global Executive Committee (2017: Group Executive Committee)	263.6	35.1	0.55%	286.4	43.8	0.61%

¹ The detailed terms of the various financial instruments disclosed are as disclosed to the SIX Swiss Exchange and published on December 28, 2018, for the year 2018 and on December 28, 2017, for the year 2017.

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 for 2017) holds sale positions of 5.09% through options (2,739,430 voting rights) as of December 31, 2018 (as of December 31, 2017: sale positions of 7.31% through options (3,937,130 voting rights)).

The detailed terms of these financial instruments are as disclosed to the SIX Swiss Exchange and published on December 28, 2018 (for sale position as of December 31, 2017: publication of disclosure notice on December 28, 2017). 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, 6 March 2019

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Dufry AG for the year ended 31 December 2018. 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 249 to 254 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 2018 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