

## 2. Corporate Governance Report

### 2.1. Commitment to the Code of Corporate Governance

The Austrian Code of Corporate Governance is a set of regulations for responsible corporate governance and management in Austria and was written in accordance with international standards.

DO & CO has been committed to full compliance with the rules of the Austrian Code of Corporate Governance (available for perusal at [www.corporate-governance.at](http://www.corporate-governance.at)) since February 2007. It satisfies not only the legal requirements ("L Rules"), but also all comply-or-explain requirements ("C Rules").

As regards corporate governance, a management goal at DO & CO is to increase the value of the Company on a sustainable, long-term basis. DO & CO adheres to strict principles of management and transparency while constantly refining its efficient system of corporate governance in the interest of all stakeholders. The ultimate priority is a corporate culture that engenders trust and enables the company to achieve lasting gains in value.

DO & CO has had an independent external institution conduct regular and voluntary evaluations of its compliance with the Austrian Code of Corporate Governance since the 2007/2008 business year in accordance with Rule 62 of this Code. The evaluation for the 2014/2015 business year was performed by Ullrich Saurer, a lawyer with Held Berdnik Astner & Partner Rechtsanwälte GmbH. The report on this external evaluation can be viewed on DO & CO's website at [www.doco.com](http://www.doco.com).

### 2.2. The Management Board

#### **Attila DOGUDAN**

Chairman, born in 1959

First appointed to the Board on 3 June 1997

End of the current term of office: 31 July 2015

Holds no other memberships of supervisory boards or comparable positions

#### **Haig ASENBAUER**

Member of the Board, born in 1967

First appointed to the Board on 16 July 2012

End of the current term of office: 31 July 2015

Membership of supervisory boards or comparable positions in non-Group companies:

- Member of the Supervisory Board of MOUVI Holding AG

#### **Gottfried NEUMEISTER**

Member of the Board, born in 1977

First appointed to the Board on 16 July 2012

End of the current term of office: 31 July 2015

Holds no other memberships of supervisory boards or comparable positions

#### **Klaus PETERMANN**

Member of the Board, born in 1966

First appointed to the Board on 16 July 2012

End of the current term of office: 31 July 2015

Memberships in supervisory boards or comparable positions in non-Group companies:

- Member of the Board of Directors of Indivis S.A., Luxembourg
- Member of the Board of Directors of Libidama International S.A. SPF, Luxembourg
- Member of the Board of Directors of Immobilière Kockelscheurer S.A., Luxembourg

During the 2014/2015 business year, Jaap Roukens (born in 1965) was a member of the Management Board of DO & CO Aktiengesellschaft from 5 May to 3 October 2014, acting as Chief Sales Officer for sales and distribution in the airline and hospitality businesses.

### **Workings of the Management Board**

Business responsibilities and powers are laid down in the Articles of Association and the Internal Rules of Procedure, as is the nature of collaboration within the Management Board.

The Chairman of the Management Board is responsible for the overall management of the Company and for coordinating the work of the Management Board. All members of the Management Board must report to the Chairman and each other on all important business events that occur in their assigned area of business.

Chairman of the Management Board Attila Dogudan is responsible for the strategy and organisation of the Company, the central units, personnel and procurement, and he takes the lead in all of the operational business.

Board Member Haig Asenbauer is in charge of M&A, legal, IT, the regional business of Ukraine and Poland; he takes the lead in growth and development of the retail business and airport gastronomy, and moreover supports the Chairman of the Management Board in developing the Group's strategy and organisation.

Board Member Gottfried Neumeister is responsible for all production locations worldwide, airline catering distribution and railway catering, and moreover supports the Chairman of the Management Board in developing the Group's strategy and organisation.

Board Member Klaus Petermann is in charge of finances, controlling and investor relations, and moreover supports the Chairman of the Management Board in developing the Group's strategy and organisation.

The Internal Rules of Procedure contain the information and reporting duties of the Management Board and a list of actions requiring the approval of the Supervisory Board.

### **Shares Held by Members of the Management Board**

On 31 March 2015, Haig Asenbauer and Gottfried Neumeister each held 10,000 no-par value shares of DO & CO Aktiengesellschaft. On the same date, Klaus Petermann held 13,800 no-par value shares of DO & CO Aktiengesellschaft.

## **2.3. The Supervisory Board**

### **Waldemar JUD**

Chairman, independent, born in 1943

Current term runs until the 21<sup>st</sup> Ordinary General Meeting of Shareholders (2019), first appointed on 20 March 1997

Other supervisory board positions in listed companies:

- Chairman of the Supervisory Board of Ottakringer Getränke AG, Vienna
- Member of the Supervisory Board of Bank für Tirol und Vorarlberg AG
- Member of the Supervisory Board of BKS Bank AG
- Member of the Supervisory Board of CA Immobilien Anlagen Aktiengesellschaft (until 8 May 2014)
- Member of the Supervisory Board of Oberbank AG

### **Werner SPORN**

Deputy Chairman, independent, born in 1935

Representative of shareholders holding shares in free float

Current term runs until the 21<sup>st</sup> Ordinary General Meeting of Shareholders (2019), first appointed on 20 March 1997

No further seats on supervisory boards of listed companies

### **Georg THURN-VRINTS**

Member, independent, born in 1956

Current term runs until the 21<sup>st</sup> Ordinary General Meeting of Shareholders (2019), first appointed on 20 March 1997

No further seats on supervisory boards of listed companies

### **Christian KONRAD**

Member, independent, born in 1943

Current term runs until the 21<sup>st</sup> Ordinary General Meeting of Shareholders (2019), first appointed on 10 July 2002

Other supervisory board positions in listed companies:

- Chairman of the Supervisory Board of AGRANA-Beteiligungs-Aktiengesellschaft, Vienna (until 4 July 2014)
- Deputy Chairman of the Supervisory Board of Südzucker AG Mannheim/Ochsenfurt, Mannheim (until 17 July 2014)

### **Workings of the Supervisory Board**

The actions of the Supervisory Board have their legal basis in the Austrian Stock Corporation Act (AktG), the Articles of Association, the Internal Rules of Procedure for the Supervisory Board and the Austrian Code of Corporate Governance, to which the Supervisory Board has expressly committed itself.

In the 2014/2015 business year, the Supervisory Board performed all its responsibilities under the law and Articles of Association within the scope of five meetings and adopted four resolutions in writing by a circulation procedure. Its discussions focused on deliberating on the strategic direction to be taken by the Company and acquisitions, expansion of the distribution network and development of new business fields, especially the acquisition of Hédiard SA in Paris, the acquisition and sale of own shares, the formation of a catering venture in South Korea and the acquisition of the real estate property at Stephansplatz 12.

### **Independence**

The Supervisory Board of DO & CO has no members who have either been former Management Board members or senior officers of the Company; similarly there are no interlocking directorates. Existing business relations to companies in which supervisory board members of DO & CO Aktiengesellschaft are active are handled on arm's length terms (see also the report on remuneration).

Adhering to Rules 39 and 53 and Annex 1 of the Austrian Code of Corporate Governance, the Supervisory Board in its meeting of 14 February 2007 adopted the following criteria for assessing the independence of its members and committee members:

A member of the Supervisory Board shall be deemed independent if said member does not have any business or personal relations with the Company or its Management Board that constitute a material conflict of interests and are therefore likely to influence the member's conduct.

Further criteria for the assessment of the independence of a member of the Supervisory Board:

1. The Supervisory Board member has not been a member of Management Board or senior officer of the Company or any of its subsidiaries in the past five years.

2. The Supervisory Board member has no current business relationship nor has had any business relationship within the last year with the Company or any of its subsidiaries of an extent that is material for such Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member has a considerable economic interest. Approval of any individual business matters by the Supervisory Board member in line with L Rule 48 does not automatically cause him/her to be qualified as non-independent.

3. For the past three years, the Supervisory Board member has not been an auditor of the Company or stakeholder or employee of the company auditing DO & CO.
4. The Supervisory Board member is not a management board member of another company in which a Management Board member of the Company serves as a supervisory board member.
5. The Supervisory Board member is no direct family member (direct descendant, spouse, domestic partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of any person who is in any one of the positions described above.

The members of the Supervisory Board each declare that they are independent within the meaning of the above criteria.

### **Composition and Workings of the Committees**

#### **AUDIT COMMITTEE:**

Waldemar JUD: Chairman  
Werner SPORN: Deputy Chairman  
Georg THURN-VRINTS: member  
Christian KONRAD: member

The Audit Committee's brief includes supervising the reporting process, monitoring the effectiveness of the Company's internal control and risk management systems, supervising the audit of the Company's and Group's financial statements, investigating and monitoring the auditor's (Group auditor's) independence, especially with regard to additional services rendered for the audited company, checking the annual financial statements and preparing their approval, considering the proposal for profit distribution, annual report and corporate governance report, and reporting the audit findings to the Supervisory Board, examining the consolidated financial statements and consolidated annual report, submitting the report on the audit findings to the Supervisory Board, and preparing a proposal by the Supervisory Board for appointing the (Group) auditor.

The brief of the Audit Committee is currently discharged by the entire Supervisory Board. The Chairman of the Supervisory Board also chairs the Audit Committee and serves as its financial expert. The Deputy Chairman of the Supervisory Board also serves as Deputy Chairman of the Audit Committee.

In the 2014/2015 business year, the Audit Committee met twice with the auditor present as well as discussing issues with the auditor in the absence of the Management Board. During these meetings, it concentrated on discussing measures of the internal control system and the performance of risk management, as well as implementation of an internal audit and other audit activities to be performed under Para 4a of Section 92 Austrian Stock Corporation Act.

#### **COMMITTEE OF THE CHAIRMAN:**

Waldemar JUD: Chairman  
Werner SPORN: Deputy Chairman

The Committee of the Chairman is made up of the Chairman and Deputy Chairman.

The Committee of the Chairman is charged with acting as nominating committee, remuneration committee and committee authorised to make decisions in urgent cases.

In its capacity of nominating committee, the Committee of the Chairman submits proposals to the Supervisory Board for filling vacant seats on the Management Board and deals with issues of succession planning.

The Committee of the Chairman met once in its capacity of nominating committee, discussing the appointment of another member of the Management Board.

In its capacity of remuneration committee, the Committee of the Chairman discusses matters concerning relationships to the Company and members of the Management Board, remuneration of members of the Management Board and the content of employment contracts with members of the Management Board.

The Committee of the Chairman met once in its capacity of remuneration committee, reviewing the Company's remuneration policy and deliberating on the granting of variable salary components to members of the Management Board.

In its capacity of committee authorised to make decisions in urgent cases, the Committee of the Chairman is charged with taking decisions on matters that require its consent.

## Remuneration Report

The remuneration report summarises the principles applied in determining the remuneration for the Management Board and Supervisory Board of DO & CO Aktiengesellschaft.

### Remuneration of the Management Board

Total pay is divided into fixed and performance-linked components. The fixed component is geared to the tasks and areas of responsibility of the members. Another key element of Management Board compensation is a variable component similarly based on their scope of tasks and responsibilities and on the criteria of Rule 27 of the ÖCGK. As a result, the variable components are determined by long-term, sustainable criteria that extend over several years and that include non-financial parameters.

For the 2014/2015 business year, the variable remuneration was calculated on the basis of the EBITDA margin and EBIT margin, combined with the performance in terms of strategic company targets as well as personal performance targets.

This performance-linked component depends on measurable criteria and is subject to caps in terms of amount or percentages of fixed pay, not exceeding 100% of fixed pay.

Remuneration for the 2014/2015 business year was as follows:

<b>Remuneration Management Board 2014/2015</b>			
<b>in T€</b>	<b>Fixed Remuneration</b>	<b>Variable Remuneration</b>	<b>Total</b>
Attila Dogudan *	764	295	1,059
Haig Asenbauer **	520	490	1,010
Gottfried Neumeister ***	400	465	865
Klaus Petermann **	430	351	781
Jaap Roukens ****	318	0	318
<b>Total</b>	<b>2,432</b>	<b>1,601</b>	<b>4,033</b>

\*Including remuneration in kind and including € 34t for activities as deputy chairman of the Board of Directors and CEO of THY DO & CO Ikram Hizmetleri A.Ş.

\*\*Including € 30t for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.

\*\*\*Including € 75t special bonus

\*\*\*\*Including € 165t signing bonus

In the 2014/2015 business year, Jaap Roukens received a once-only partial remuneration in the form of 10,000 shares. The price at the time his claim became effective was € 42.20. Jaap Roukens withdrew from the Management Board on 3 October 2014, prior to the expiry of his term of office, and received a gratuity of € 150t.

Currently, no arrangement has yet been made regarding any in-house retirement provision for the Management Board. The chairman of the Management Board is entitled to severance pay analogously to the Salaried Employees Act. The employment contracts of the members of the Management Board provide for a gratuity of three monthly salaries in the event that their membership in the Board is terminated early without cause. No such claim is due if a Management Board contract is terminated for a cause that is within such member's control. No

further claims are due to a member of the Management Board on his/her retirement. Furthermore, no arrangements have so far been made in the event of a change of control.

### **Remuneration of the Supervisory Board**

In accordance with a resolution of the General Meeting of Shareholders of 3 July 2014 applying to the 2013/2014 business year, a remuneration totalling € 75t (PY: € 55t) was paid to the Supervisory Board members, distributed as shown in the table below.

<b>Remuneration Supervisory Board 2013/2014 *</b>	
<b>in T€</b>	
Waldemar JUD	25
Werner SPORN	20
Georg THURN - VRINTS	15
Christian KONRAD	15
<b>Total</b>	<b>75</b>

\* No meeting attendance fees were paid

Firms in which Supervisory Board members Waldemar JUD and Werner SPORN have a considerable economic interest charged professional fees of € 967t in the 2014/2015 business year for legal counsel given outside their officer's function.

In addition, DO & CO Aktiengesellschaft has taken out a consequential loss and liability insurance (D&O insurance) whose beneficiaries are the Company's officers. Its cost is assumed by the Company.

## **2.4. Measures to Promote Women to the Management Board, Supervisory Board and in Executive Positions**

The Company puts considerable emphasis on ensuring equal treatment of men and women in posting candidates to executive positions and paying equal wages and salaries. Management positions at DO & CO Aktiengesellschaft and its subsidiaries are appointed without consideration of gender, with the result that the Group boasts a high share of women in executive positions within the companies and in a senior executive capacity at Group level. Of particular note is the Company's position in creating an appropriate framework for returning women into senior management positions after maternity and parental leave. A number of part-time models allow women to re-enter their original management positions and continue to serve in an executive position.

Vienna, 21 May 2015

Attila Dogudan mp  
Chairman of the  
Management Board

Haig Asenbauer mp  
Member of the  
Management Board

Gottfried Neumeister mp  
Member of the  
Management Board

Klaus Petermann mp  
Member of the  
Management Board