

# Corporate Governance Report

## 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 of stock corporations 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").

DO & CO's management objective 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 which engenders trust and enables the company to achieve lasting gains in value.

DO & CO has appointed an independent external institution to 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 2012/2013 business year was performed by Ullrich Saurer, lawyer in Graz. The report on this external evaluation can be downloaded on DO & CO's website.

## 2. The Management Board

### Members

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 in 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

Member of supervisory boards or similar offices in third-party 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

Member of supervisory boards or similar offices in third-party companies:

- Member of the administrative board of HESUS FX Trading AG

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

Member of supervisory boards or similar offices in third-party companies:

- Member of the administrative board of Indivis S.A., Luxembourg
- Member of the administrative board of Libidama International S.A. SPF, Luxembourg
- Member of the administrative board of Immobilière Kockelscheurer S.A., Luxembourg

### **Working method 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 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 Attila Dogudan controls the strategy and organization of the company, its central units, staff and purchasing, and takes the lead in all operative business.

Haig Aisenbauer is in charge of M&A, legal affairs, IT and regional business in Ukraine and Poland, and takes the lead in growth, development of the company's retail business and airport gastronomy, with a view to supporting the Chairman in developing the Group's strategy and organization.

Gottfried Neumeister handles all production locations in Austria and abroad, airline catering distribution and rail catering, and is to support the Chairman in developing the Group's strategy and organization.

Klaus Petermann is accountable for finances, controlling and investor relations, and is also charged with supporting the Chairman in developing the Group's strategy and organization.

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.

## **3. The Supervisory Board**

### **Members**

Waldemar JUD

Chairman, independent, born in 1943

Appointed until the 16<sup>th</sup> Ordinary General Meeting of Shareholders (2014), first appointed on 20 March 1997

Other supervisory board positions in listed companies:

- Deputy chairman of the Supervisory Board of Ottakringer Getränke AG, Vienna
- Member of the supervisory board of Bank für Tirol und Vorarlberg Aktiengesellschaft
- Member of the supervisory board of BKS Bank AG
- Member of the supervisory board of CA Immobilien Anlagen Aktiengesellschaft
- Member of the supervisory board of Oberbank AG

Werner SPORN

Deputy Chairman, independent, born in 1935

Representative of stockholders holding shares in free float

Appointed until the 16<sup>th</sup> Ordinary General Meeting of Shareholders (2014), first appointed on 20 March 1997

No further seats on supervisory boards of listed companies

Georg THURN-VRINTS

Member, independent, born in 1956

Appointed until the 16<sup>th</sup> Ordinary General Meeting of Shareholders (2014), first appointed on 20 March 1997

No further seats on supervisory boards of listed companies

Christian KONRAD

Member, independent, born in 1943

Appointed until the 16<sup>th</sup> Ordinary General Meeting of Shareholders (2014), first appointed on 10 July 2002

Other supervisory board positions in listed companies:

- Chairman of the supervisory board of AGRANA Beteiligungs-Aktiengesellschaft, Vienna
- Deputy Chairman of the supervisory board of BAYWA AG, Munich
- Deputy Chairman of the supervisory board of Südzucker AG Mannheim/Ochsenfurt Mannheim

### **Working method 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 2012/2013 business year, the Supervisory Board performed all the responsibilities accrued to it under the law and Articles of Association within the scope of four meetings and three resolutions adopted by a circulation procedure. Its discussions focused on consulting on the strategic direction to be taken by the Company and the acquisition of investments, expansion of the distribution network and development of new business fields, including in particular expansion in New York, accrual of "Henry" branches, launching of the ÖBB train catering, acquisition of LOT Catering in Poland, and the additions to the Management Board.

The chairmen of the Supervisory Board and Management Board met regularly to consult on key issues of the Company's growth.

### **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 at third-party conditions (see also the report on remuneration).

Adhering to Rules 39, 53, 54 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 as 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 likely to influence the behaviour of the member.

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 shall not maintain or did not maintain in the past year any business relations with the Company or any of its subsidiaries to an extent of significance for the member of the Supervisory Board. 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. In the past three years, the Supervisory Board member shall not have acted as an auditor of the Company or stakeholder or employee of the company auditing DO & CO.

4. The Supervisory Board member shall not be 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 shall not be closely related (direct descendant, spouse, domestic partner, parent, uncle, aunt, sibling, niece, nephew) to a Management Board member and to any person who holds 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 working methods 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 accounting process, monitoring the effectivity of the Company's internal system of controls and risk management system, supervising the audit of the Company's (Group's) annual accounts, 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 2012/2013 business year, the Audit Committee met twice with the auditor present and exchanged information with the auditor also in the absence of the Management Board. During these meetings, it concentrated on discussing the Management Letter on the (Group) audit of 2011/2012, measures of the internal controlling system and the performance of risk management, as well as implementation of an internal audit and other audit activities to be performed under Paragraph 4a of Section 92 Austrian Stock Corporation Act.

#### **EXECUTIVE COMMITTEE:**

Waldemar JUD: Chairman

Werner SPORN: Deputy Chairman

The Executive Committee comprises the Chairman and the Deputy Chairman.

The Executive Committee is also responsible for the functions of the nominating committee, the remuneration committee and the committee authorised to make decisions in urgent cases.

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

In its capacity of nominating committee, the Executive Committee met once, discussing the appointment of (new) Management Board members and new rules of internal procedure for the Management Board, especially with regard to the new Group structure and an expansion of its business activities as envisaged and implemented.

In its capacity of remuneration committee, the Executive Committee 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.

In its capacity of remuneration committee, the Executive Committee met once, reviewing the Company's remuneration policy and deliberating on the granting of variable salary components to members of the Management Board on the basis of contractually agreed parameters.

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

## **4. Remuneration Report**

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

### **Remuneration of the Management Board**

The total compensation is divided into fixed and performance-linked components. The fixed component is geared to the tasks and areas of responsibility of the members. Another main element of Management Board compensation is a variable component similarly based on their scope of tasks and responsibilities and on the Company's performance. This performance-linked component is geared to measurable performance criteria and capped by amounts or percentages of the fixed components to make up not more than 100% of the fixed pay. In the 2012/2013 business year, DO & CO had its group structure comprehensively reorganized. As a result of this reorganization, the Management Board was enlarged from two to four members and their responsibilities and briefs were reassigned. Consequently, the criteria for the variable elements in the remuneration of Management Board members have not yet been finally decided on, but, under their contractual provisions, need to comply with Rule 27 of the Austrian Corporate Governance Codex ÖCGK.

The fixed remuneration for the Board members was € 1,536,462 for the 2012/2013 business year, of which Attila Dogudan received € 500,245 including in-kind elements and € 27,303 for acting as the deputy chairman of the administrative board and CEO of THY DO & CO İkrām Hizmetleri A.Ş.; Haig Asenbauer (pro rata since 16 July 2012) received € 347,527 and € 19,682 for his work as a member of the administrative board of THY DO & CO İkrām Hizmetleri A.Ş.; Klaus Petermann (pro rata since 16 July 2012) received € 268,635 and € 19,682 for his work as a member of the administrative board of THY DO & CO İkrām Hizmetleri A.Ş.; and Gottfried Neumeister (pro rata since 16 July 2012) received € 268,635. Michael Dobersberger, who left the Management Board on 16 July 2012, received € 84,751 (pro rata until 16 July 2012).

The variable salary elements for the 2011/2012 business year were calculated on the basis of the EBIT margin, as specified in the management board contracts, amounting to altogether € 406,000, of which Attila Dogudan received € 280,000 and Michael Dobersberger was paid € 126,000.

In addition, a special bonus for the 2011/2012 business year amounting to € 84,000 was paid to Michael Dobersberger in his capacity of member of the Management Board.

Currently, no arrangements have yet been made regarding any company pension scheme 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 Management Board members include compensation of three monthly salaries if they are terminated early for reasons other than good cause. No such claim is due in the event that a contract is terminated before expiry for a cause within the control of the Management Board member. There are no further claims in the event that a member of the Management Board resigns. Furthermore, no arrangements have so far been made in the event of a change of control.

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

The remuneration scheme for the Supervisory Board provides that the Chairman's remuneration is 60% more than that of a member of the Supervisory Board and that the Deputy Chairman's remuneration is 40% higher than that of a member of the Supervisory Board.

In accordance with a resolution of the General Meeting of Shareholders of 5 July 2012 applying to the 2011/2012 business year, a remuneration totaling TEUR 55 (PY: TEUR 55) was paid to the Supervisory Board members, of which TEUR 17.5 were paid to the Chairman, TEUR 15.5 to the Deputy Chairman and TEUR 11 each to the members of the Supervisory Board.

Firms in which Supervisory Board members Waldemar JUD and Werner SPORN have a significant economic interest charged professional fees of TEUR 1,058 in the 2012/2013 business year for legal counsel given outside their officer's function.

In addition, DO & CO Aktiengesellschaft has effected a prevailing directors and officers insurance (D&O insurance) for the benefit of the Company's officers. The respective cost have been beared by the company.

## **5. 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, 17 May 2013

Attila Dogudan  
Chairman of the Management  
Board

Gottfried Neumeister  
Member of the Management  
Board

Haig Asenbauer  
Member of the Management Board

Klaus Petermann  
Member of the Management Board