

Corporate Governance Report

1. Commitment to the Code of Corporate Governance

The Austrian Code of Corporate Governance (ÖCGK) is a set of regulations for responsible corporate governance and management of Austrian stock corporations 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) since February 2007. It satisfies all the legal requirements ("L Rules") and confirms that it will not deviate from the comply-or-explain requirements ("C Rules").

As regards corporate governance, management's 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 good corporate 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 business year 2007/2008 in accordance with Rule 62 of this Code. The evaluation for the business year 2016/2017 was performed by Ullrich Saurer, a lawyer with Held Berdnik Astner & Partner Rechtsanwälte GmbH. The report on this external evaluation is available on DO & CO's website at www.doco.com.

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 2020

Holds no other memberships of supervisory boards or comparable positions

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 2020

Holds no other memberships of supervisory boards or comparable positions

In the business year 2016/2017, Haig Asenbauer and Klaus Petermann served as members of the Management Board of DO & CO Aktiengesellschaft from 1 April until 30 September 2016.

Haig ASENBAUER

Born in 1967, member of the Board until 30 September 2016

First appointed to the Board on 16 July 2012

Membership of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Member of the Supervisory Board of MOUVI Holding AG, Austria

Klaus PETERMANN

Born in 1966, member of the Board until 30 September 2016

First appointed to the Board on 16 July 2012

Memberships of supervisory boards or comparable positions in non-Group companies (until 30 September 2016):

- Member of the Board of Directors of Indivis S.A., Luxembourg
- Member of the Board of Directors of Libidama International S.A. SPF, Luxembourg (until 29 April 2016)

Mr. Haig Asenbauer was Chief Investment Officer and in this function responsible for M & A, legal issues, IT, as well as for the growth and development of the retail business and the airport catering sector.

Mr. Klaus Petermann was Chief Financial Officer and in this function responsible for finances, controlling and investor relations.

Workings of the Management Board

Business responsibilities and modes of cooperation of the Management Board are laid down in the Articles of Association and the Internal Rules of Procedure.

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 each other on all important business events that occur in their assigned area of business.

The Chairman of the Management Board, Attila Dogudan, is responsible for the strategy and organisation of the Group, the central units, personnel and procurement, M & A, legal issues, IT and he takes the lead in all matters related to the operational business.

Board Member Gottfried Neumeister is responsible for finances, investor relations, for all production locations worldwide, airline catering distribution and railway catering, and 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

At the reporting date 31 March 2017, Gottfried Neumeister held 10,000 no-par value shares of DO & CO Aktiengesellschaft.

3. The Supervisory Board

Waldemar JUD

Chairman, independent, born in 1943

Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997

No further seats on supervisory boards of listed companies

Werner SPORN

Deputy Chairman, independent, born in 1935

Representative of shareholders holding shares in free float

Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board 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 21st Ordinary General Meeting of Shareholders (2019),
First appointed to the Board on 20 March 1997

No further seats on supervisory boards of listed companies

Christian KONRAD

Member, independent, born in 1943

Representative of shareholders holding shares in free float

Current term runs until the 21st Ordinary General Meeting of Shareholders (2019),
First appointed on 10 July 2002
No further seats on supervisory boards of listed companies

Andreas BIERWIRTH

Member, independent, born in 1971

Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),

First appointed to the Board on 21 July 2016

Seats on supervisory boards or comparable positions in non-Group companies:

- Member of the Board of Directors of EasyJet PLC, Great Britain
- Member of the Supervisory Board of Casinos Austria Aktiengesellschaft, Austria
- Member of the Supervisory Board of Telekom Deutschland GmbH, Germany
- Member of the Supervisory Board of Avcon Jet AG, Austria
- Member of the Supervisory Board of FK Austria Wien AG, Austria
- Member of the Supervisory Board of Lindner Hotels Aktiengesellschaft, Germany

Cem KOZLU

Member, independent, born in 1946

Current term runs until 23rd Ordinary General Meeting of Shareholders (2021),

First appointed to the Board on 21 July 2016

Seats on supervisory boards or comparable positions in non-Group companies:

- Member of the Board of Directors of Pegasus Hava Tasimaciligi A.Ş., Turkey
- Member of the Board of Directors of Anadolu Endüstri Holding A.Ş., Turkey
- Member of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayi A.Ş., Turkey
- Member of the Board of Directors of Yazicilar Holding A.Ş., Turkey
- Member of the Board of Directors of Coca-Cola Satis ve Dagitim A.Ş., Turkey

Workings of the Supervisory Board

The legal basis for the actions of the Supervisory Board are the Austrian Stock Corporation Act (AktG), the Articles of Association as well as the Internal Rules of Procedure of the Supervisory Board and the Austrian Corporate Governance Code to which the Supervisory Board is expressly committed to complying.

In the business year 2016/2017, the Supervisory Board performed its duties under the law and the Articles of Association in four meetings and adopted one resolution in writing by a circulation procedure. They focused on deliberations regarding the Company's strategic approach, the acquisition of stakes, extension of the distribution network and the organic expansion opportunities as well as new business expansion investments and ongoing business, especially train catering, airline catering (in particular the extension of the contract with Turkish Airlines), as well as Nespresso-DO & CO Cafés.

Shares held by the Members of the Supervisory Board

At the reporting date 31 March 2017, Andreas Bierwirth held 450 no-par value shares in DO & CO Aktiengesellschaft. Cem Kozlu held 14,215 no-par values shares in DO & CO Aktiengesellschaft at the reporting date 31 March 2017.

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

THURN-VRINTS: Member

Christian KONRAD: Member

Andreas BIERWIRTH: Member since 21 July 2016

Cem KOZLU: Member since 21 July 2016

The Audit Committee's brief includes supervising the reporting process, monitoring the effectiveness of the Company's internal control, internal audit 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 the appropriation of profit, management report and corporate governance report, and reporting the audit findings to the Supervisory Board, examining the consolidated financial statements and the group management report, submitting the report on the audit findings to the Supervisory Board, and preparing a proposal by the Supervisory Board for appointing the auditor (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 business year 2016/2017, 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 the Deputy Chairman.

The Committee of the Chairman is also 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. During the business year 2016/2017, the nominating committee met once to discuss the new organisation and allocation of duties in the Management Board as well as the revised wording of the Internal Rules of Procedure of the Management Board.

In its capacity of remuneration committee, the Committee of the Chairman discusses matters concerning relationships to the Company and the 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 remuneration committee met once in the business year 2016/2017, deliberating on the granting of variable salary components to members of the Management Board in the business year 2015/2016.

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.

4. 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 of the Management Board is divided into fixed and performance-linked components. The fixed component is geared to the tasks and areas of responsibility of the members of the Management Board. Another key element of Management Board remuneration 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 business year 2016/2017, the variable remuneration was calculated in particular 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.

The 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 business year 2016/2017 was as follows:

Remuneration Management Board 2016/2017			
in k€	Fixed Remuneration	Variable Remuneration	Total
Attila Dogudan *	767	384	1,151
Gottfried Neumeister **	581	581	1,162
Haig Asenbauer (till 30.09.2016)***	458	0	458
Klaus Petermann (till 30.09.2016)****	240	0	240
Total	2,046	965	3,010

*Including remuneration in kind and including € 34k for activities as deputy chairman of the Board of Directors and

CEO of THY DO & CO Ikram Hizmetleri A.Ş.

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

*** Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş. and

€ 147.5k as termination payment.

****Including € 15k for activities as member of the Board of Directors of THY DO & CO Ikram Hizmetleri A.Ş.

Currently, no arrangements have 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 compelling 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 upon retirement.

Furthermore, no arrangements have been made so far in the event of a change of control.

Remuneration of the Supervisory Board

By resolution of the General Meeting of Shareholders of 21 July 2016 applying to the business year 2015/2016, a remuneration totalling € 100k (PY: € 100k) was paid to the Supervisory Board members, distributed as shown in the table below.

Remuneration Supervisory Board 2015/2016 *	
in k€	
Waldemar JUD	35
Werner SPORN	25
Georg THURN - VRINTS	20
Christian KONRAD	20
Total	100

*No meeting attendance fees were paid

Companies in which Supervisory Board member Werner SPORN has a considerable economic interest charged professional fees of € 587k in the business year 2016/2017 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.

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, 26 June 2017

Attila Dogudan m.p.
Chairman of the Management Board

Gottfried Neumeister m.p.
Member of the Management Board