

Consolidated 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 2017/2018 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

No seats on 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

No seats on supervisory boards or comparable positions

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 2018, Gottfried Neumeister held 10,000 no-par value shares of DO & CO Aktiengesellschaft.

3. The Supervisory Board

Waldemar JUD

Chairman until 1 August 2017, then member until 12 March 2018, independent, born in 1943

First appointed to the Board on 20 March 1997

No further seats on supervisory boards of listed companies

Werner SPORN

Deputy Chairman until 27 July 2017, independent, born in 1935

Representative of shareholders holding shares in free float until 27 July 2017

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 to the Board on 10 July 2002

No further seats on supervisory boards of listed companies

Andreas BIERWIRTH

Chairman since 1 August 2017, independent, born in 1971

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

First appointed to the Board on 21 July 2016

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

- Member of the Board of Directors of EasyJet PLC, Great Britain

Peter HOFFMANN-OSTENHOF

First Deputy Chairman since 1 August 2017, independent, born in 1955

Current term runs until the 24th Ordinary General Meeting of Shareholders (2022),

First appointed to the Board on 27 July 2017

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

- Deputy Chairman of the Supervisory Board at Österreichische Staatsdruckerei Holding AG, Austria

Cem KOZLU

Second Deputy Chairman, independent, born in 1946

Representative of shareholders holding shares in free float

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

First appointed to the Board on 21 July 2016

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

- Member of the Board of Directors of Pegasus Hava Tasimaciligi A.Ş., Turkey
- Member of the Board of Directors of Anadolu Efes Biracilik 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 Icecek A.Ş., Turkey
- Member of the Board of Directors of Sisecam 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 2017/2018, the Supervisory Board performed its duties under the law and the Articles of Association in four meetings. They focused on deliberations regarding the Company's strategic approach, the acquisition of stakes, extension of the distribution network (such as the opening of the newest gourmet kitchen at the Los Angeles airport), the organic and geographical expansion opportunities and ongoing business, especially the extension of the contract with Austrian Airlines, the relations to the key customer in Turkey, as well as Nespresso-DO & CO Cafés.

A member of the Supervisory Board did not participate in person in over half of the meetings of the Supervisory Board due to illness.

Shares held by Members of the Supervisory Board

At the reporting date 31 March 2018, Andreas Bierwirth held 450 no-par value shares in DO & CO Aktiengesellschaft. Cem Kozlu held 14,215 no-par value shares in DO & CO Aktiengesellschaft at the reporting date 31 March 2018.

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 until 1 August 2017, member until 12 March 2018

Werner SPORN: Deputy Chairman until 27 July 2017

Georg THURN-VRINTS: Member

Christian KONRAD: Member

Andreas BIERWIRTH: Chairman since 1 August 2017

Peter HOFFMANN-OSTENHOF: First Deputy Chairman since 1 August 2017

Cem KOZLU: Second Deputy Chairman since 1 August 2017

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, submitting a report on the audit findings to the supervisory board and explaining how the audit contributed to the reliability of the financial reporting including the role of the audit committee in this process, checking the separate financial statements and preparing their approval, considering the proposal for the appropriation of profit, management report, consolidated corporate governance report and consolidated sustainability report, as well as 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 Chairmen of the Supervisory Board also serve as Deputy Chairmen of the Audit Committee.

In the business year 2017/2018, 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 until 1 August 2017

Werner SPORN: Deputy Chairman until 27 July 2017

Andreas BIERWIRTH: Chairman since 1 August 2017

Peter HOFFMANN-OSTENHOF: Deputy Chairman since 1 August 2017

The Committee of the Chairman is made up of the Chairman and the First 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 2017/2018, the nominating committee did not meet.

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 2017/2018, deliberating on the granting of variable salary components to members of the Management Board in the business year 2016/2017.

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 2017/2018, 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 of the business year 2017/2018 was as follows:

Remuneration Management Board 2017/2018			
in k€	Fixed Remuneration	Variable Remuneration	Total
Attila Dogudan *	766	0	766
Gottfried Neumeister **	631	0	631
Total	1,397	0	1,397

*Including remuneration in kind and including € 32k for activities as deputy chairman of the Board of Directors and CEO of THY DO & CO Ikram Hizmetleri A.Ş.

**Including € 29k 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 27 July 2017 applying to the business year 2016/2017, a remuneration totalling € 140k was paid to the Supervisory Board members, distributed as shown in the table below.

Remuneration Supervisory Board 2016/2017 *	
in k€	
Waldemar JUD	35
Werner SPORN	25
Georg THURN - VRINTS	20
Christian KONRAD	20
Andreas BIERWIRTH	20
Cem KOZLU	20
Total	140

*No meeting attendance fees were paid

Companies in which former Supervisory Board member Werner SPORN had a considerable economic interest charged professional fees of € 635,107.10 in the business year 2017/2018 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. Diversity Concept

In selecting the members of the Supervisory Board, expert qualifications, personal competence and commitment as well as many years of experience in leading positions are paramount. Additionally, aspects of diversity, of member internationality and age structure are taken into account. The members of the Supervisory Board are between 47 and 75 years of age, with one member not being an Austrian citizen and having many years of experience in the Turkish market.

In appointing the Management Board and the Supervisory Board, Company-specific requirements as well as the quality of members of the Management Board and Supervisory Board should be considered. DO & CO Aktiengesellschaft's boards should consist of personalities who have the necessary knowledge of the business segments relevant to DO & CO, meet the personal requirements and have the experience that is required by and ensures the management and monitoring of a globally active and publicly traded group. No women are currently part of the Management Board and the Supervisory Board. However, a great number of women are in leading positions at the executive level of the DO & CO Group (see also Section 6 in this respect).

6. 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, 12 June 2018

Attila Dogudan m.p.
Chairman of the Management Board

Gottfried NEUMEISTER m.p.
Member of the Management Board