

# Environment Social and Governance Report 2022



**DUFRY**

WorldClass.WorldWide.

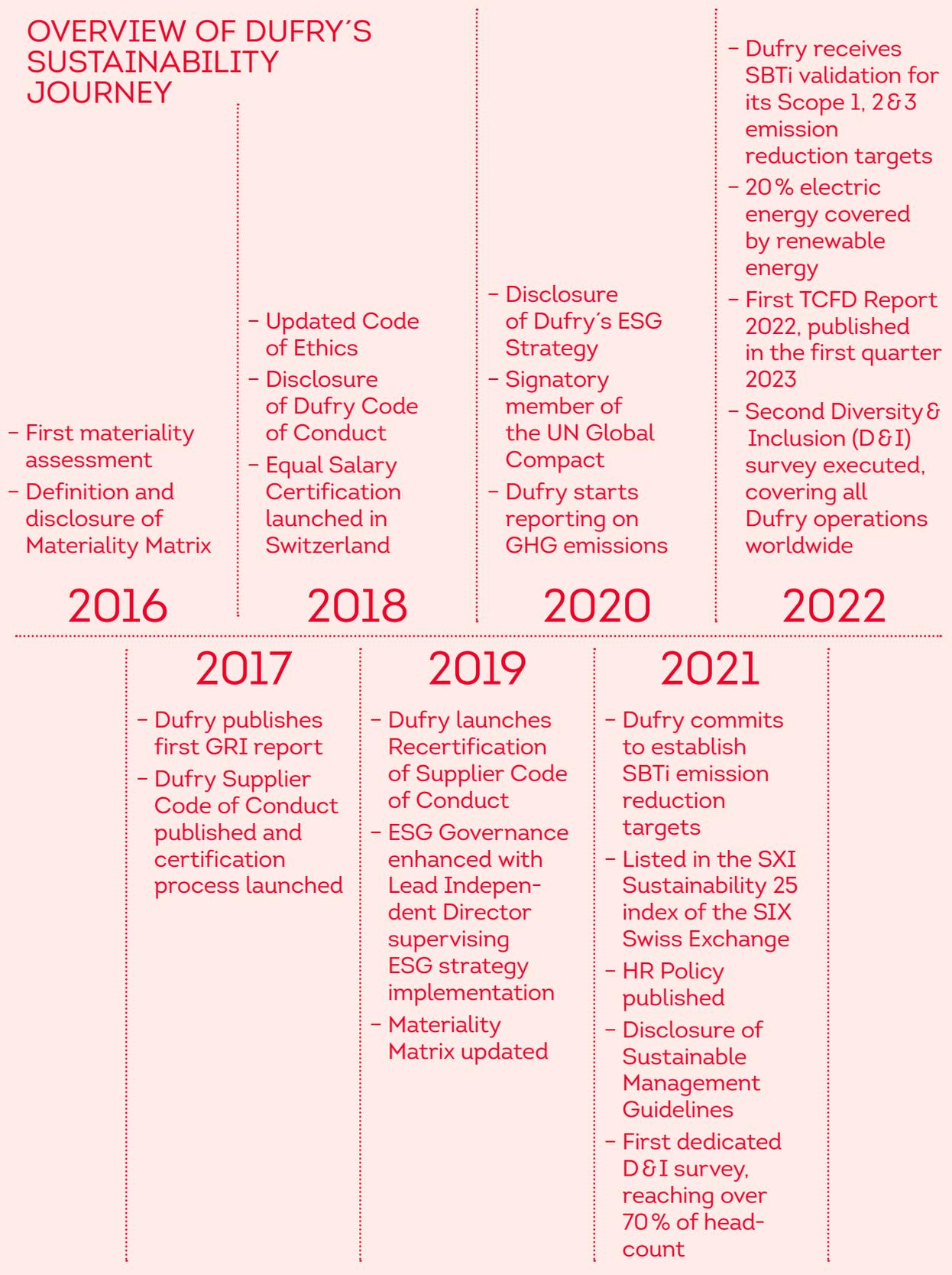
# ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

## ESG AT THE CORE OF OUR BUSINESS

Dufry's ESG Strategy is an inherent part of the company strategy Destination 2027 and contributes to the delivery of its financial and non-financial goals. It is also fully aligned with the role Dufry plays in the travel retail ecosystem, and is regularly revised to ensure it remains relevant and meets the evolving needs of our industry. Our ESG engagement is focused on four key areas, where we want to have a positive impact within the scope of our stakeholder eco-system and beyond: customer experience; employee wellbeing and advancement; protecting the environment through the responsible use of our planet's resources and being a trusted partner for all our stakeholders.

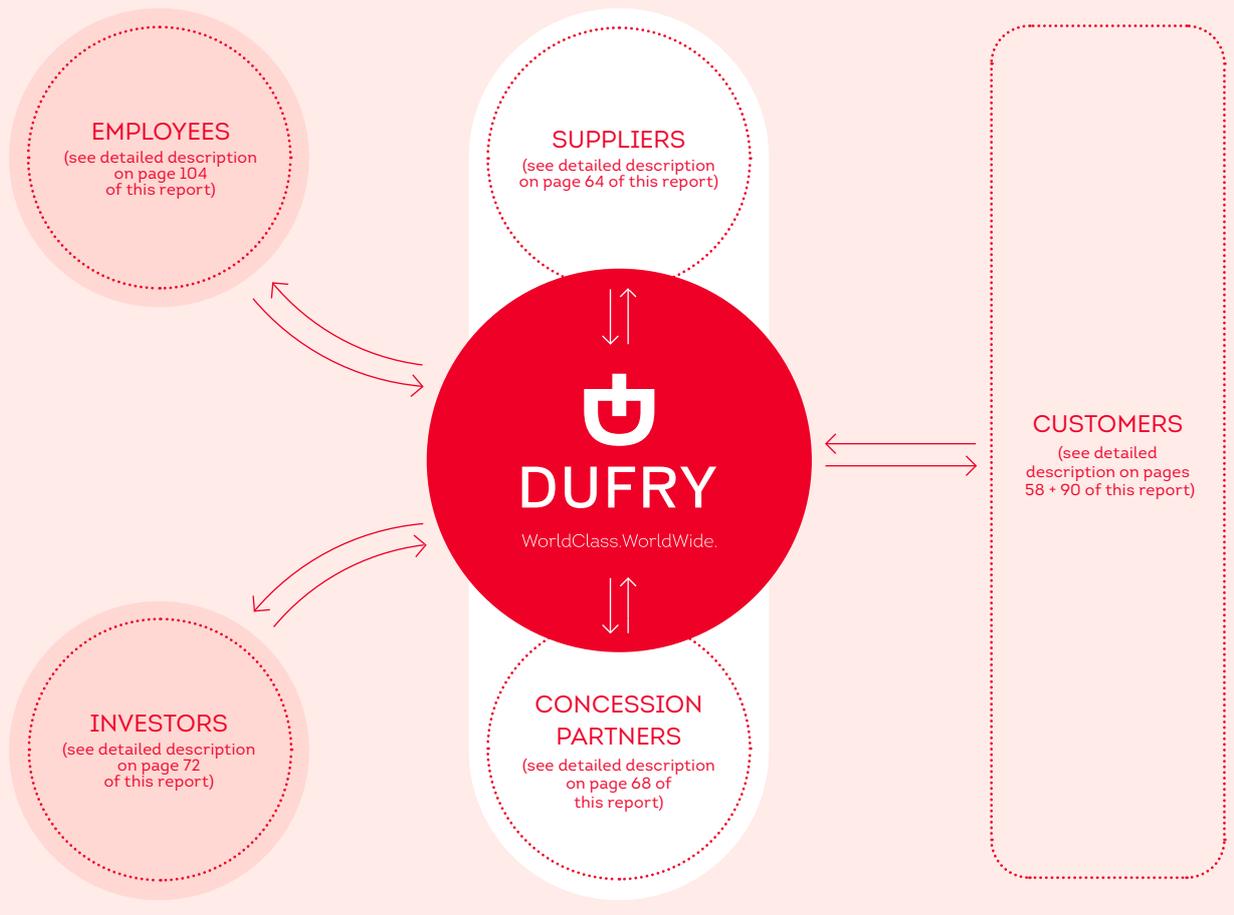
Dufry's ESG Strategy is supervised by the Board of Directors, specifically by the Nomination and ESG Committee, chaired by the Lead Independent Director. All key business areas of the Group – structured under a dedicated ESG committee – take an active role in implementing our strategy based on clearly defined objectives. A detailed description of our ESG Strategy is available on the Dufry website [www.dufry.com/en/sustainability](http://www.dufry.com/en/sustainability).

## OVERVIEW OF DUFROY'S SUSTAINABILITY JOURNEY

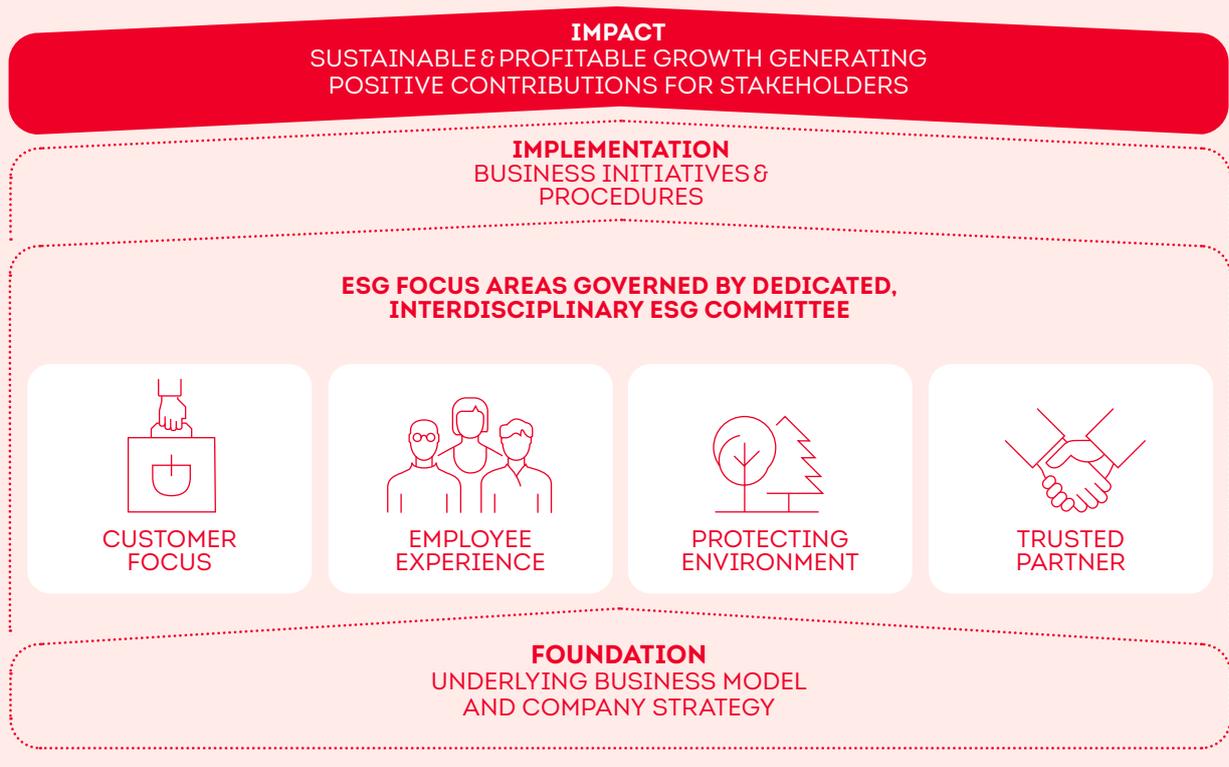


During 2022, Dufry has continued evolving its ESG commitment, taking a leading position in ESG in our industry. Dufry's ESG developments and ethics are widely recognized across the main players of our business environment. Our strong commitments – such as the establishment of emission reductions targets in line with the Science Based Targets initiative (SBTi), the preparation of a TCFD Report, or our commitment towards protecting Human Rights as signatory member of the UN Global Compact – are strong testimonials of the importance Dufry places to ESG. We are not alone in our journey towards building a more sustainable industry, and in this regard, we share common objectives with our main stakeholders, especially airport concession and brand partners, as reflected in this report.

### ALIGNING OUR BUSINESS ECO-SYSTEM



**ESG ENGAGEMENT FULLY INTEGRATED IN COMPANY STRATEGY**

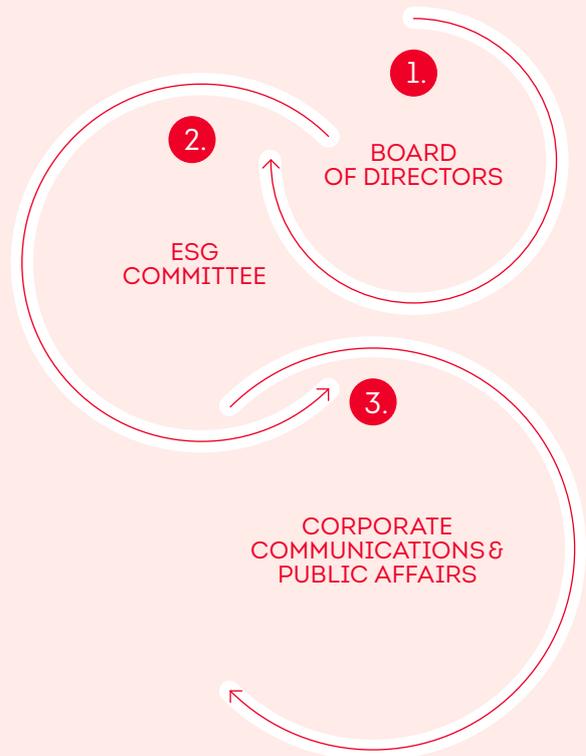


**IMPLEMENTATION OF SUSTAINABILITY STRATEGY  
 SUPERVISED BY BOARD OF DIRECTORS**

1. At the level of the Board of Directors the implementation of the ESG strategy is supervised by the Nomination & ESG Committee, chaired by the Lead Independent Director. The Board of Directors is informed on the ESG strategy implementation progress quarterly.

2. The interdisciplinary ESG Committee defines and drives the implementation of the ESG strategy. In 2022 it met every two months and consisted of: Chief Executive Officer, Chief Financial Officer, Chief Corporate Officer, Chief Commercial Officer, CEO Operations, Chief People Officer, Chief Diversity & Inclusion Officer, Group General Counsel, Chief Compliance Officer, Global Internal Audit Director, Global Head Investor Relations, Global Head of Corporate Communications & Public Affairs.

3. Day-to-day implementation of Dufrey's ESG strategy is executed by the ESG Department as part of the Corporate Communications & Public Affairs department.



## Scope of our reporting

Dufrey is a global travel retailer operating over 2,200 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas. In 2022, we employed 23,779 employees (FTEs) across 62 countries, and we represent over 1,000 different, most renowned global and local brands in our stores. Dufrey is part of the Swiss Market Index MID (SMIM) and has a balanced mix of large and small globally diversified shareholders, with a free float of 67%.

This sustainability report has been prepared in accordance with the GRI Universal Standards 2021 and covers our environmental, social and governance (ESG) activities, performance and approach for the year 2022 focusing on the topics we have determined to be of greatest importance for Dufrey and its stakeholders.

For an easier comparison, we continue to embed in our ESG Report the UN Sustainability Development Goals (SDGs) and include information on the respective GRI indicators and SDG goals, which Dufrey covers in the corresponding sections of this report, thus enabling the reader to obtain a better and more transparent understanding of our strategy and ESG successes.

In early 2020, Dufrey became a signatory member of the UN Global Compact and started to prepare a progress report, which together with the GRI Index and the Sustainability Report Annex as well as the new TCFD Report is embedded in and complements the information of this annual report (also including the Corporate Governance Report (page 247) and the Remuneration Report (page 278). All these reports are also available online as individual files in the sustainability section of our corporate website: [www.dufrey.com/en/sustainability](http://www.dufrey.com/en/sustainability).

As indicated in the Trusted Partner section, Dufrey has published its first TCFD Report 2022 in early 2023. With this report, Dufrey has taken another step forward in transparency and disclosure in a clear, comparable and consistent manner, by showing detailed information about the risks and opportunities in our business that are triggered by climate change.

## Materiality Assessment

Dufrey's materiality assessment helps the company to align its business with the expectations of its stakeholders and with society in general. The materiality assessment process aims to identify and prioritize the issues of the greatest material importance; and it is also the basis for defining our GRI reporting content and the boundaries of the topics. The process follows the principles of stakeholder inclusiveness, environmental

and social context, materiality and completeness according to the GRI requirements.

Dufrey's first materiality assessment was conducted in 2016 in collaboration with an external specialized service provider. This resulted in the publication of our first Materiality Matrix, outlining the topics considered most relevant to both our stakeholders and our business.

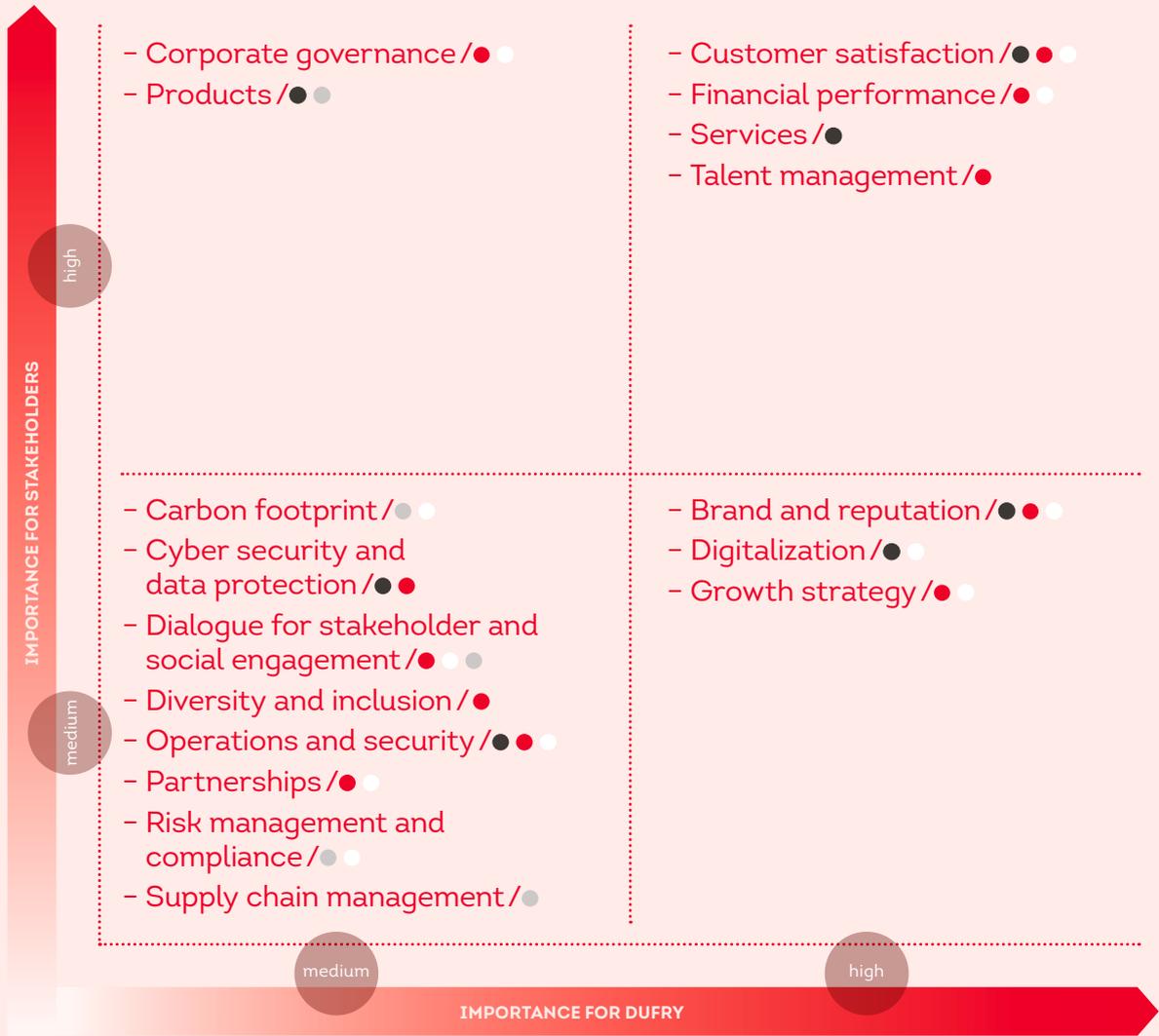
The initial Materiality Matrix was created through a scaled process, which began with the assessment of a number of internal and external sources such as our existing policies and regulations, publicly available materiality assessments of peers, the SASB requirements (Sustainability Accounting Standards Board) and the report of the Governance & Accountability Institute. As a next step, we gathered stakeholder feedback, mainly through various internal sources, but also through our role in trade conferences and associations, one-on-one discussions and the ongoing dialogue with shareholders and other stakeholders and through regular customer surveys.

Our vision of sustainability however is not a static one, and Dufrey conducts periodic and comprehensive materiality assessments to identify our most relevant reporting topics from an ESG perspective. The last comprehensive materiality assessment which also reflected a variety of external stakeholder interviews – including financial and ESG analysts, business partners and industry associations – was done in 2021. As a result of the assessment, we added "Carbon Footprint" to the Materiality Matrix, building on the voluntary reporting on the Scope 1, 2 & 3 emissions, which we had started to disclose in 2020. For 2022, our Materiality Matrix remained unchanged.

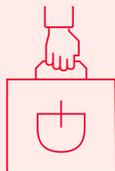
## Risk management and control

Risks and opportunities inherent to Dufrey's business consist of two groups: Financial risks – related to interest rates, exchange rates, credit risks and liquidity risks – and non-financial risks and opportunities. While financial risks are described in the Financial Report on pages 209–216, a comprehensive description of the Group's non-financial risk mapping, which has been updated in 2022, is included in the ESG Report Annex as well as the TCFD Report, both available on the corporate website: [www.dufrey.com/en/sustainability](http://www.dufrey.com/en/sustainability).

## MATERIALITY MATRIX



● = CUSTOMER FOCUS    ● = EMPLOYEE EXPERIENCE    ● = PROTECTING ENVIRONMENT    ● = TRUSTED PARTNER



Note: Within boxes topics are listed in alphabetical order

## IMPROVEMENTS CARRIED OUT DURING 2022

### CUSTOMER FOCUS



**New shop concept MIND.BODY. SOUL. introduced, catering for increasing demand in respect of sustainable, health related and wellbeing products**

**Sustainable Product Identification Initiative further expanded**

**Ongoing training of new staff for responsible retailing**

### EMPLOYEE EXPERIENCE



**Second Diversity & Inclusion (D & I) Survey executed covering all countries**

**Comprehensive D & I training series launched for all employees**

**Coverage of internal online communication application now reaching 90 % of employees**

## PROTECTING ENVIRONMENT



**Validation of emission reduction targets by SBTi achieved**

**20 % of electric energy consumption substituted with renewable energy – equivalent of our total electricity consumption at our operations in Brazil, Greece, Switzerland and the UK**

**Setup of supplier and logistics provider engagement process initiated to reduce Scope 3 emissions**

## TRUSTED PARTNER



**First TCFD Report (Task Force on Climate Related Financial Disclosure) covering the 2022 business year published in early 2023**

**Dufry Supplier Code of Conduct recertification further expanded. 52 % of Dufry's overall procurement budget have now accepted or acknowledged the Supplier Code of Conduct (2021: 45 %)**

**ESG KPIs introduced in remuneration scheme of Global Executive Committee**

# OBJECTIVES

Dufry's success goes beyond commercial and financial performance and we understand that our business activities also have an impact on the communities in the countries in which we operate. Since 2019, Dufry has supported the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption, and we became a signatory member to the UN Global Compact in 2020. We regularly align our overall sustainability strategy with the 10 principles and develop relevant initiatives geared to achieving a more sustainable business, including:

## CUSTOMER FOCUS



As the leading global travel retailer, we aim to further progress in providing a holistic travel experience – in our shops we welcome customers from over 150 nationalities every day – and initiate growth opportunities that benefit travelers, brands and concession partners alike, by developing attractive shopping environments.

While having accelerated the responsible retailer certification in 2021 and 2022, we are committed to keep providing responsible retailer training for the sale of alcohol products. Such training is given to store and office staff involved in the sale of these products and going forward, is also given to all new employees as part of their regular training offer.

Following the launch of the sustainable product identification initiative in 2021, we will further evolve our sustainable product assortment in line with customers' preferences and feedback provided and will continue working with main stakeholders – concession and brand partners – to both enlarge the offering and give higher visibility in our stores.

Dufry will continue delivering retail concepts – such as Mind.Body.Soul. – which cater for the new demands from our customers on sustainability and wellbeing products.

## EMPLOYEE EXPERIENCE



Diversity and Inclusion (D&I) will remain an area of focus for Dufry. Based on the findings identified in the D&I surveys of 2021 and 2022, we will develop targeted initiatives to further support employees to better manage work, family and life-balance topics. Moreover, we will continue to evolve our training offers for all employees.

The ongoing development of fair compensation and of gender pay gap reduction programs remained an important part of our efforts in 2021 and 2022. Leveraging on the experience gained through the reconfirmed Equal Salary Certification achieved in Switzerland, we will continue to analyze compensation plans across the Group and develop remediation plans if needed.

The business combination with Autogrill will pose an opportunity to enrich the human capital of our business with the incorporation of additional colleagues and the skills and expertise they are able to offer. In this regard, sharing of best practices and business knowledge will be a key critical area of work for 2023 and the years to follow.

## PROTECTING ENVIRONMENT



2023 will see a detailed review of our ESG Strategy to ensure alignment with the Autogrill business combination.

As such, we will continue our path to replace electric energy consumption with renewable energy to reach our goal of climate neutrality for our own operations (Scopes 1 & 2) by 2025.

Following our emission reduction targets validated by SBTi in early 2023, Dufry will further engage with brand and logistic partners to deliver on our targets and to design a comprehensive emission reduction plan in this regard.

## TRUSTED PARTNER



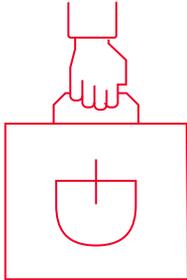
Through our shop network, we directly and indirectly support the local economies of the countries in which we operate: either by employing local staff, sourcing local products, or by paying taxes. Providing jobs and quality working conditions and opportunities, including our training and development programs, are important contributors to developing local wealth.

Dufry continued its plan to monitor its supply chain sustainability, with the addition of new suppliers who have accepted the terms of our Supplier Code of Conduct in 2022. This approach will remain in 2023, when we will extend the reach of the Supplier Code of Conduct to a larger number of suppliers.

We will continue to advocate for sustainable business practices, both in industry forums that we participate in and contribute to define international commitments and initiatives.



# CUSTOMER FOCUS



**Making Travelers Happy.** This is the ambition outlined in Destination 2027, Dufry’s new strategy as disclosed in September 2022 (see separate section at the beginning of the Annual Report). Putting the customer at the center of every decision we make, is what has taken Dufry to its leading position in the travel retail market. Our main mission is to meet and exceed customer expectations, which we achieve through the combination of sourcing unique product choices, providing attractive shopping environments and offering special shopping experiences. Our customers’ expectations however have evolved in recent years and have become even more sophisticated. The traditional price-value proposition has been enhanced with additional elements, as consumers today demand higher standards of sustainability from retailers. From privacy and data protection, to responsible marketing and communication practices, or product and supply chain stewardship, there are many elements in our offers that receive special attention from Dufry and enable us to be a more sustainable travel retailer and our customers to shop more considerately.

## Creating the best shopping experience

Our corporate brand statement, WorldClass.WorldWide, reflects our ambition to create the best possible travel retail experience and shopping environments to capture the interest of travelers and to generate attractive buying opportunities. As one of the main pillars of our future growth, travel and shopping experience is based on three main elements: store design, product and service - both in-store and online.

When Dufry develops or refurbishes its stores, special attention is paid to creating a strong sense of place, thus linking the shopping environment to the individual country’s cultural heritage, where the stores are located. The powerful combination of state-of-the-art store designs with local motifs and references, along-

### GRI INDICATORS:

401-1, 404-3, 414-1, 416-1, 417-1, 417-2, 417-3, 418-1

### SDGs:

4.3, 4.4

5.1

8.1, 8.5, 8.8

10.3

12.8

16.3, 16.7, 16.10

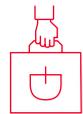
side a carefully curated selection of local products sourced from local suppliers, results in unique shopping spaces that enable customers to experience a full cultural immersion in the destination with a true “sense of place”. Dufry cooperates closely with concession partners and brand suppliers on elements including store design, passenger flows and allocation of commercial space. With the same attention to detail, our shop design teams focus on the use of sustainable materials and follow the LEED recommendations (Leadership in Energy and Environmental Design) when designing our stores.

### Industry recognition

This collaborative work results in improved passenger services, as well as more visibility and opportunities for brands. Testament to this collaboration is the remarkable example of Heathrow Airport in London, where Dufry operates a large proportion of the stores in all of Heathrow’s terminals. Awarded third place for Best Airport Shopping by Skytrax Awards in their 2022 edition, Heathrow has been in the top position for eleven consecutive years until 2020 (due to the COVID-19 pandemic, Skytrax temporarily suspended the Awards in 2021). This recognition is of special interest for Dufry, as the Skytrax Award survey gathers the opinion of over 13 million airport users, from 100 different nationalities, across more than 550 airports.

Delivering consistent outstanding customer service is Dufry’s main aspiration. No matter where our stores are located, the ultimate objective of Dufry’s Customer Retail Excellence program – an on-going training program for our sales staff – is to give our customers the best possible shopping experience. This program focuses on:

- Reinforcing customer service through ideal staffing levels according to store traffic and sales



- Providing employees with a clear focus and target for each shift
- Empowering teams through strong leadership
- Enhancing selling capabilities around our products, promotions and special lines / offers.

In supporting the program, 13 Academy Stores spread across the three main regions were rolled out globally. Located in Stockholm, Zurich, Athens, Madrid, Marrakesh, Jordan, Toronto, New York (Newark), Cancun, São Paulo, Buenos Aires (Ezeiza), Melbourne and Bali, these stores serve to test concepts and best practices, and function as a reference for stores in other airports and geographies.

### Fulfilling new consumption habits

New customer behavior trends - observed in the dedicated surveys which are regularly conducted, as well



Dufrey has developed a new retail concept known as Mind.Body.Soul., created to meet the increasing consumer interest in purchasing healthier and more wellbeing related products. The “shop-in-shop” concept offers a range of nutritious, energy focused food for health conscious customers, alongside sustainable products for a better environment, and many relaxing products that help promote a sense of wellbeing.

Products from a broad spectrum of categories and brands are displayed under four different themes: Stay Healthy, Relax, Feel Better and Travel Comfort. The majority of the product selection consists of locally sourced brands, but also includes products from established global brands, as well as new and innovative brands that meet the expectation of consumers in terms of their sustainability or wellness credentials.

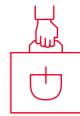


Dufrey's affiliate Hudson unveiled the combination of its Food & Beverage concept Decanted and its Hudson Nonstop concept at Dallas Fort Worth International Airport (DFW), blending retail and dining options side-by-side. This new space brings together Hudson's first wine bar and its travel essentials store, which uses Amazon's checkout-free technology and palm recognition service, into one walkthrough location.

The concept is adapted to the needs of travelers who are looking for dining, convenience and simplicity and builds on the expertise of Hudson in food & beverage, convenience and retail.

as by analyzing social media channels with artificial intelligence - indicate three main requirements: availability of sustainable and wellbeing products, as well as an ongoing need for more contactless and reduced in-person interaction at the tills and more digital in-store engagement. Further shifts in consumer behavior will happen in the future, and we keep monitoring the evolution to offer suitable solutions.

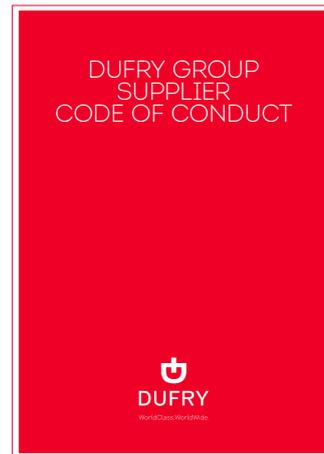
Looking into the future, and as presented in Destination 2027, with the collaboration of brand and concession partners, Dufrey is working on launching a travel experience revolution. The related new value proposition is based on customized offerings for travelers, including elements of a holistic experience, new categories and exclusive products. This experience will be delivered both in physical “smart” stores, with a modular concept that allows us to customize the offering to different passengers, routes and nationalities, as well as through digital channels, with extensive digital engagement before and after travel, to enhance consideration and loyalty.



### Sustainable product identification / Sustainable products

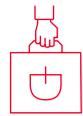
The choice by customers of more sustainable products when shopping is another trend seen in the last couple of years. According to research from the consultancy MIndset, 84% of travel retail and duty-free shoppers think a greater focus on sustainability by manufacturers has a positive impact on their perception of a brand, whilst 74% feel that a greater focus on sustainability increases the likelihood of them purchasing products of a certain brand.

In 2021, Dufry implemented a Sustainable Product Identification System, highlighting those products that are aligned with customers' personal values and which fulfill defined sustainability criteria. The signage created for the purpose is simple and easy to understand and has been designed to highlight and create customer awareness of the various sustainability criteria associated with Dufry's selection of products. In 2022, this initiative has been extended to additional locations and products, which now includes 675 products from 20 global suppliers across all Dufry's core product categories and is implemented in 167 shops across 126 locations globally.



### Supplier Code of Conduct

Dufry neither produces any goods nor sells any white-label products; except for a pilot private-label assortment, including for example, destination products introduced in the second half of 2022. As a pure retailer, all products available on our shelves are produced by third party companies. As explained in the Trusted Partner section of this ESG report, Dufry expects all of its suppliers to comply with the law, stipulated contract conditions and international best practices in respect of human rights, the environment, health and safety and labor standards. To ensure this, Dufry reg-



ularly updates its Supplier Code of Conduct, available on the company's website, which stipulates the provisions required to be a supplier to Dufry. As an additional step, since 2018 Dufry proactively approaches its main product suppliers to secure their agreement with and/or acknowledgement of the Supplier Code of Conduct, and hence ensure the provisions included are accepted, following a 3-year cycle for reassessment.

In 2022, we have further increased the reach of our supplier certification process by adding additional providers from all main product categories - from 117 by the end of 2021 to 152. These suppliers represent 59% (2021: 52%) of the Group's procurement budget (COGS). As of December 31, 2022, suppliers accounting for 52% of Dufry's overall procurement budget had accepted or acknowledged the Supplier Code of Conduct (2021: 45%). On top of monitoring suppliers to ensure compliance with the principles established in Dufry's Supplier Code of Conduct, the company will continue to reach out to additional suppliers going forward.

### Responsible marketing

Dufry's responsibility goes beyond the products sold and includes its marketing practices (see Customer section of the Annual Report). Traditionally, Dufry has played an active role in the main travel retail associations and in the self-regulation of marketing practices, especially for the sale of alcohol. Dufry has contributed to the development of the Duty Free World Council's (DFWC) Self-Regulatory Code of Conduct for the Sale of Alcohol Products in Duty Free & Travel Retail - called Responsible Retailer of Alcohol Products. This Code of Conduct, which complements existing codes and guidelines followed by individual alcohol manufacturing companies and other bodies, is widely accepted by most travel retailers worldwide and was signed and implemented by Dufry in 2017.

#### Responsible Retailer Accreditation

The DFWC's Code of Conduct provides a unique standard for promoting responsible retailing of alcohol products in the duty-free and travel retail channels, establishing clear guidelines for commercial communications, sales of products in the travel retail and duty-free environments and for product sampling and tasting at the point of sale. The Code of Conduct is publicly available from the DFWC website [www.dfwc-worldcouncil.com](http://www.dfwc-worldcouncil.com).

In 2021, we took an additional step forward to obtain the DFWC Responsible Retailer accreditation. This accreditation is granted after members of our staff in-

involved in the sale of alcohol products - both at store and office levels - have been trained on the above-mentioned code through a DFWC developed training module. By the end of 2022, over 2,300 of our employees had obtained that certification. This important training is incorporated into Dufry's training catalogue and the company continues to train all other employees who are involved in the sale of alcohol.

#### Further progress in several areas

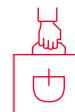
Understanding our responsibility, we have made significant progress in:

- Ensuring that products on Dufry shelves adhere to the product safety principles stipulated in the Dufry Supplier Code of Conduct
- Responsible marketing communications, both in-store and through our pre- and post-sale points of contact with customers, as well as in product warranties and refund policies
- Data protection and security of customer and company information
- Regularly gathering customer feedback, concerns and suggestions through our own field research and interviews conducted either online or across 50 major airports where Dufry operates, as well as through the Customer Service department, which offers direct email or telephone access to the company.



#### Customer service engagement

In 2022, Dufry's global customer service team answered 154,242 inquiries (compared to 80,025 in 2021). Out of all these customer contacts, 24,222 were customer complaints, 80,426 were information requests, 34,180 were services requests, 343 were compliments and 196 were suggestions. The remaining 14,872 queries are related to contacts received that do not refer to Dufry or that the customer does not respond to. The increase in the number of contacts is related, among other factors, to the recovery of traffic vol-



umes across all locations and to a higher number of users of Red By Dufrey services (the Group's loyalty program) and the Reserve & Collect pre-order service.

The main causes of complaints were as follows:

- Product damage
- Red By Dufrey missing points
- Confiscation of products
- Billing overcharge
- Error in card transaction.

Case resolution time was, on average, less than 13 days.

### **Customer privacy and data protection**

Dufrey is committed to safeguarding the privacy of its customers and their personal information. Dufrey has implemented the necessary management and Cyber Security systems to treat any customer's personal information as confidential. This also includes securely storing personal information – such as for example name, surname, email address or loyalty card number – to prevent unauthorized access to it, along with ensuring that such personal information is only collected, used and otherwise processed for legitimate business purposes in accordance with applicable laws, the Privacy Notice and Dufrey's Code of Conduct (both accessible in the company's website).

Dufrey offers two website applications that collect some personal information from customers – the Reserve & Collect service and its loyalty program called Red By Dufrey. These customer engagement channels have experienced a significant increase in registered users. Some personal information and preferences of these customers are collected during the registration process, so that Dufrey can provide more personalized communication and in-store experience.

#### *Online transactions*

While Dufrey is undergoing a digital transformation of its business and embracing digital technology across multiple customer touchpoints, the company still doesn't handle online transactions that include payment for duty-free goods – exceptions are being made for some locations, where respective customs regulations allow for this kind of service. The above-mentioned Reserve & Collect service only allows customers to reserve products and collect them at their preferred airport location at the time the customer flies. Normally however, it is not until customers collect the products and show their boarding passes as required, that the payment is processed. This is due to customs regulations that only permit Dufrey to sell duty-free products at the airport location itself.

#### *Data protection structure and audits*

Dufrey's Group Data Protection Policy sets out strict requirements for the processing of personal data of customers, business partners, employees and other third parties whose personal information Dufrey may have access to. It meets the requirements of the European General Data Protection Regulation (GDPR) and globally ensures compliance with the principles of national and international data protection laws in force all over the world. The policy sets a globally applicable data protection governance and regulates roles and responsibilities among our Group companies. Dufrey has a Global Data Protection Coordinator (Global DPC) who reports to the Chief Compliance Officer. The data protection organization relies on a decentralized structure, with local data protection coordinators (Local DPCs) in the relevant countries. The Local DPCs bear the responsibility for data protection matters within their scope of operations.

Our employees, as well as third-parties who provide services on Dufrey's behalf, are required by policy and process, as well as by contract, if applicable, to treat customer information with care and confidentiality. Our processes are designed to preclude unnecessary access to confidential information and Dufrey has administrative, technical and physical safeguards that reflect this obligation. Dufrey regularly reviews and enhances related procedures and policies.

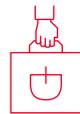
The Group also undertakes internal Data Protection Audits and intrusion tests on a regular basis, while periodic meetings are held to discuss and improve the protection of customers' personal data. Anyone wishing to report a grievance or ask a question regarding Dufrey's data privacy policy, or to access, delete, correct or transfer their personal information, can address such data subject requests to [privacy@dufrey.com](mailto:privacy@dufrey.com).

In 2022, Dufrey did not receive or register any incident regarding a breach of customer privacy.

### **Cyber Security**

Dufrey is continuously monitoring, reviewing and upgrading its processes to protect its business from potential cyber security threats that ultimately could end with theft of data. At a global level, Dufrey has a Global IT Security Team that is responsible for keeping IT threats away from Dufrey's business, understanding emerging threats and investing in the necessary technology to mitigate potential new risks.

In this regard, Dufrey has a number of systems and security processes in place, including a robust IT security system and a number of internal policies and pro-



cedures complying with applicable laws and regulations. This is all included in the company's Global Information Security Policy, which is aligned with the international security frameworks ISO 27000 and the National Institute of Standards and Technology (NIST).

Dufrey performs regular tests of its systems and takes several measures to improve cyber security, prevent malware infections and avoid data breaches.

Amongst others, Dufrey:

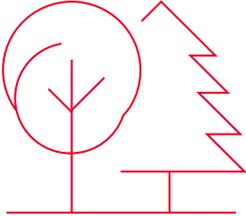
- Encrypts customer, payment and any sensitive data and limits access to it
- Keeps software up-to-date by installing updates and security patches
- Secures point of sale (POS) devices and applications
- Performs regular vulnerability testing to identify weaknesses
- Monitors all activity in Dufrey's systems and data for any anomalous activity and indications of threats
- Uses (and promotes amongst its employees) secure passwords and two-factor authentication
- Runs antivirus software continuously, periodically scanning systems for malicious files
- Has introduced advanced Malware protection
- Has PCI certifications in place in most of the countries where it operates
- Has established a global security monitoring and protection system overseeing Dufrey's cloud services.

#### *Security Awareness Program*

As part of the Security Awareness Program, Dufrey conducts regular internal communications campaigns and both mandatory and optional training for all employees regardless of function and location. The content of this communication and training program includes relevant and individual steps towards achieving a secure IT environment, including:

- PCI DSS Awareness
- Secure Remote Working
- Phishing & Ransomware
- Password Safety
- Privacy and Data Protection
- Social Engineering
- Global Information Security Policies
- Global Policy of Acceptable Use of Technology
- Data Leak Prevention.

# PROTECTING ENVIRONMENT



**GRI INDICATORS:**

302-1,3; 305-1, 2, 4, 5

**SDGs:**

3.9  
 7.2, 7.3  
 8.4  
 12.2, 12.4  
 13.1  
 14.3  
 15.2

**Roadmap towards environmental sustainability**

Dufry is committed to conduct business in an environmentally conscious manner. Dufry regularly assesses the environmental reach of its commercial activity and works towards minimizing the impact. Due to the special nature of the travel retail industry in which Dufry operates, we closely collaborate with third parties, in particular with concession partners, brand suppliers and logistics providers, towards reducing the environmental impact of the business and contribute to implement circular economies where possible.

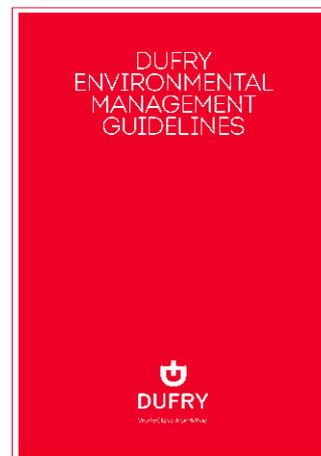
In this regard, Dufry closely collaborates with its partners to become a more sustainable business by promoting effective use of resources – especially energy – across the operations and supply chain, minimizing the generation of unnecessary waste, adopting new technologies that contribute to the reduction on environmental impacts, and supporting our customers in their objective of choosing more sustainable products.

Dufry operates shops in highly regulated, third-party owned premises such as airports, train stations, cruise ships & ferries, seaports and downtown resorts. This means that for most of the stores, a large proportion of the utility consumption, such as water or energy usage, and sourcing in the shops, cannot be directly changed or influenced by Dufry, as these factors are predetermined by the concession partners and the given building construction. Likewise, Dufry does not develop its own products, does not operate any of its own manufacturing sites, and only sells third-party products directly sourced from its brand partners.

The company therefore concentrates its energy-saving and emission reduction efforts mainly in the areas of product sourcing, supply chain & logistics, its own

office premises and in the planning of new stores, or in the refurbishment efforts of existing shops. With respect to shop design, the focus is on the related construction materials, fitting equipment and lighting, in accordance with several sustainability criteria.

Dufry recognizes the importance of international initiatives to promote action around environmental sustainability. In this regard, Dufry is firstly a signatory member of the UN Global Compact, adopting the commitment of taking a precautionary approach to its operations; secondly supports the UN Nations to drive awareness about the Sustainability Development Goals (SDGs), and thirdly participates in a number of industry initiatives, such as the ACI Europe Climate Task Force.



**Dufry’s environmental management system**

Dufry has established an environmental management system that permits the company to assess and understand its impact on the environment with a systematic and consistent approach, subsequently enabling



the company to define the main lines of our goals and actions. In some areas, where we have direct and stronger possibilities to influence our footprint, we have already actioned specific initiatives to reduce our footprint, such as the replacement of plastic bags (see page 101). In other circumstances, where our business model provides less potential of directly influencing our footprint, Dufrey significantly increases its stakeholder dialogue – mainly with airports and supply chain – to explore opportunities to reduce the impact further.

As a signatory member of the UN Global Compact, Dufrey has formally adopted the precautionary approach principle to its operations. The company follows a consistent process to assess its operations from an environmental perspective, to identify current or future environmental impacts of its activities and to promote initiatives that respect the environmental balance and comply with existing environmental laws and regulations.

Dufrey's environmental management system, supervised and implemented by the ESG Committee, hence permits placing the environment at the center of decision-making through:

- Assessment of environmental risks of its activities, facilities, products and services on a regular basis, improving and updating the mechanisms designed to prevent, mitigate or eradicate them
- Ongoing identification, assessment and mitigation of the environmental impacts of the Group's activities, facilities, products and services
- Management of risks and impacts by establishing objectives, programs and plans that promote the continuous improvement
- Environmental training of the Group's professionals.

In this regard, we regularly engage in constructive dialogue with stakeholders in the areas in which we can actively influence the environmental footprint, to assess the impact and eventually implement measures to minimize or even offset the impact. As a complement to Dufrey's Environmental Management System, Dufrey has a set of Environmental Management Guidelines that define the environmental principles that Dufrey follows when it comes to Climate Change and Energy Efficiency, Resource Consumption and Shop Development. These guidelines are available in the Sustainability section of Dufrey's corporate website: [www.dufrey.com/en/sustainability](http://www.dufrey.com/en/sustainability).

### **Reducing resource consumption**

To better assess and understand the environmental impact of Dufrey's activity when it comes to resource consumption and emissions, we have identified five

different areas of our business that permit the company to track and, in a second stage, implement the necessary measures and goals to minimize the impact. These include the third-party production of the goods sold in our stores (supply chain), goods transportations, warehouses, shops and office environments.

With respect to the types of resources used and the information collected, electricity and fuel consumption are the most material aspects of our footprint; water consumption is marginal and restricted to normal use by our employees and cleaning services within our premises.

### *Stores*

Most of the electric energy consumption of Dufrey's activity happens in the store environment. Lighting, refrigeration and air conditioning of over 2,200 stores are the largest contributors to our energy consumption and, consequently, to our CO<sub>2</sub> footprint. The direct influencing capability of Dufrey on these is however limited, due to the nature of our business. Dufrey stores are mostly located in third-party owned premises and in highly regulated environments, where Dufrey has little or no choice when selecting power sources. The concern for reducing the CO<sub>2</sub> footprint from energy consumption has been raised in a large number of airports where Dufrey operates and concession partners have initiated plans to move to green energy sourcing. Although this move works towards the reduction of our Scope 2 emissions, Dufrey has defined – as further described in page 99 – its own CO<sub>2</sub> reduction plan to achieve Climate Neutrality in Scope 1 and 2 emissions by 2025 regardless of the efforts already initiated by some of our airport partners. See also dedicated section on page 103.

Based on the utility invoices issued by concession partners for the year 2022, we have identified emissions and resource consumption for operations covering over 90% of total retail space. By reaching such a high figure, we have been able to extrapolate the information and estimate total emissions for all of our retail space.

### *Distribution centers and warehouses*

The second-largest contributor to Dufrey's environmental footprint is the transportation of goods. Dufrey operates three main distribution centers in Uruguay, Switzerland and Hong Kong, which then operate additional warehouses in Hong Kong, Runnymede (UK), Barcelona (Spain) and Miami (USA), to provide timely shipping of goods to our operations. These main logistics centers receive major shipments from the suppliers and further distribute products to our respective operations.



Whenever possible, freight is carried by sea and we aim to consistently select the most efficient means of transport in terms of CO<sub>2</sub> emissions. Furthermore, the vast majority of our long-haul logistics partners are either ISO 14001 accredited and / or have strong environmental management procedures in place.

Additionally, we have over 25 local warehouses, which redistribute goods received from the central warehouses to the operations. These are located where Dufry holds several significant operations within the same country in terms of volumes transported. In general, distribution to individual stores is done by road. These road transports are mostly outsourced to national and international specialized partners, some of which have implemented their own environmental strategies. Only a minimal part of the company's transportation – mostly in the UK – is done with a Dufry-managed transportation fleet. Through the high efficiency in our logistics chain, we ensure that the environmental impact of transporting goods is kept to a minimum.

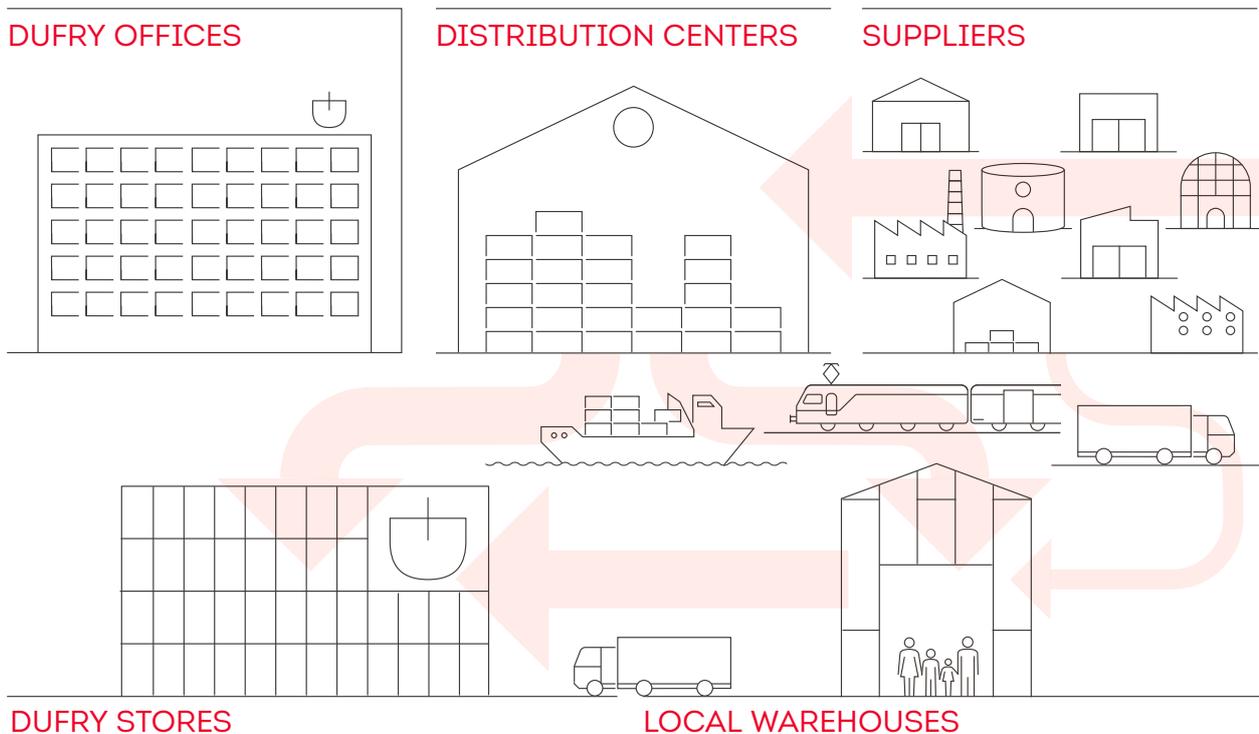
The vast majority of shipments of goods from the supplier's site to Dufry's Distribution Centers is excluded from the assessment, as these emissions lie within the

ESG responsibility of the suppliers. As part of its own emission reduction targets, Dufry actively engages with suppliers to discuss and encourage footprint reduction opportunities.

*Office environment*

Beyond stores and warehouses, Dufry has office premises in a number of operations across the world. Main ones include the Group's Headquarter offices in Basel (CH), Bedfont Lakes in Feltham (UK), Madrid (ESP), East Rutherford (US), Miami (US) and Rio de Janeiro (BR). Within these premises, energy consumption is mostly related to lighting and heating. A number of individual measures, such as automatic switch off for lighting and heating systems, presence detector activators and staff awareness campaigns, have been implemented in Dufry offices to reduce utility consumption. Additionally, we advise our employees to question the necessity of any travel and consider using alternatives to travel, such as virtual meeting systems (videoconferences, teleconferences, computer live meetings, etc.) and we promote more environmental alternatives for our employees' daily commuting, such as public transport offers.

## TRANSPORTATION CYCLE & EMISSIONS MAPPING





## Our CO<sub>2</sub> Footprint

Dufrey follows the Greenhouse Gas Protocol (GHGP) standards to report CO<sub>2</sub> emissions. This protocol is the most widely used international accounting tool for governments and businesses to understand, quantify and manage greenhouse gas emissions and classifies emissions into three scopes:

- Scope 1: Direct greenhouse gas emissions from sources owned by the company. For Dufrey, Scope 1 emissions are limited to those from the fuel used by Dufrey-managed transportation fleets and fossil fuels used mainly for heating purposes.
- Scope 2: Indirect greenhouse gas emissions from electricity use. In the case of Dufrey, these include electricity consumption in stores, offices and warehouses.
- Scope 3: These are the emissions released by third parties when they provide their services to Dufrey. For Dufrey, Scope 3 emissions are dominated by purchased goods (Scope 3 category 1). Other relevant emissions are related to capital goods (category 2), upstream transportation & logistics (category 4), and employee travel (category 7), and use of sold products (category 11).

Compared to other companies, Dufrey has a singular emission structure and, unlike other businesses where Scope 1, 2 & 3 emissions are in a similar order of magnitude, Dufrey's carbon footprint is vastly dominated by the carbon emissions caused by the production of

its purchased goods that are sold to our customers (in the base year 2019 e.g. about 90 % of total emissions).

## Delivering on our SBTi reduction targets

Dufrey has defined science-based emission reduction targets, thus recognizing the crucial role the business community can play in minimizing the climate change risk. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement - to limit global warming to 1.5°C. After committing to the Science Based Targets initiative in spring 2022, Dufrey handed in emission reduction targets following the SBTi guidance (SBTi Target Validation Protocol). SBTi validated Dufrey's emission reduction targets in early 2023.

Based on a comprehensive analysis of its business model and emissions profile commissioned to a third-party consultant, Dufrey has established an emission reduction strategy for Scope 1 & 2 emissions which follows SBTi's 1.5°C pathway. It will eliminate emissions from its own operations through energy efficiency measures and commits to increase annual sourcing of renewable electricity from 0% in 2019 to 100% by 2025. In addition, Dufrey wants to achieve climate neutrality of its own operations (Scope 1 & 2 emissions) by 2025 by compensating unavoidable emissions with carbon offsetting initiatives to be defined in the near future.

## ENERGY CONSUMPTION

in MWh	2022	2021	2020	2019
Electricity <sup>1</sup>	103,669	85,756	92,148	120,857
Fuels <sup>2</sup>	6,188	4,027	3,091	6,900

## GREENHOUSE GAS EMISSIONS

In tons of CO <sub>2</sub> -eq.	2022	2021	2020	2019
Scope 1 <sup>2</sup>	1,524	935	717	1,736
Scope 2 <sup>1,3</sup>	18,900	19,813	21,290	27,923
Scope 3 <sup>4</sup>	7,509	3,728	1,451	10,766
<b>Total</b>	<b>27,934</b>	<b>24,477</b>	<b>23,475</b>	<b>40,425</b>
<b>Carbon Intensity<sup>5</sup></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Tons of CO <sub>2</sub> -eq. / m <sup>2</sup> of comm. space	0.0697	0.0521	0.0500	0.0740

<sup>1</sup> The consumption levels of the reporting years 2022, 2021 and 2020 are not directly comparable to 2019, as 2022, 2021 and 2020 in particular are impacted by temporary shop closures due to the Covid-19 pandemic. Also, an increased coverage and scope extension of the data collection in additional Dufrey entities has to be taken into account (2022: 91% of sales / 2021: 80% of sales / 2020 64% of sales / 2019 64% of sales are covered).

<sup>2</sup> Includes consumption of Dufrey-managed goods transportation in the UK, Jordan and Morocco as well as diesel and gas of heating.

<sup>3</sup> Scope 2 emissions for year 2022 includes the contribution or purchased Renewable Energy Certificates (RECs). Without considering, Scope 2 emissions would be 23,844 tons CO<sub>2</sub>-eq.

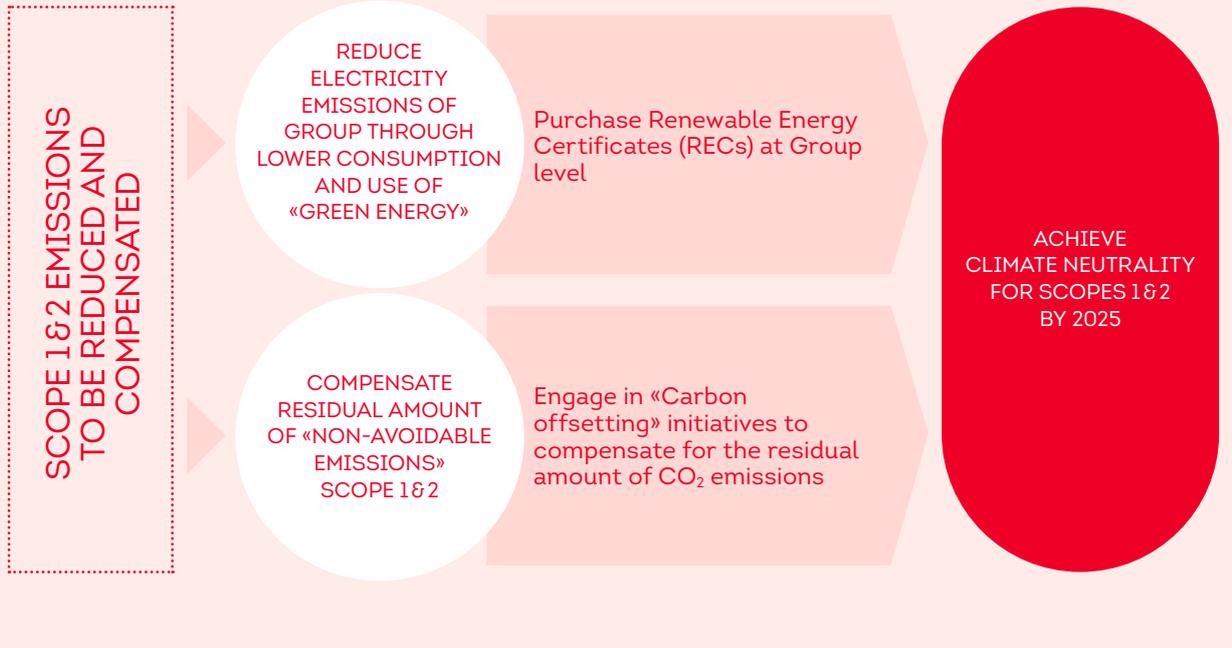
<sup>4</sup> Scope 3 emissions include data from logistics partners accounting for 83% of total volume of good transported globally in 2022 (2021: 64%; 2020 & 2019: 55%) as well as global employee's business flight emissions. Not included here are the product purchasing related Scope 3 emissions or other Scope 3 emission categories.

<sup>5</sup> Carbon intensity calculated over the total square meters of commercial surface operated by Dufrey in m<sup>2</sup> (2022: 471,591 / 2021: 469,581 / 2020: 469,041 / 2019: 469,990).



### EMISSION REDUCTION STRATEGY SCOPE 1&2

The emission reduction strategy for Scope 1&2 follows the Science Based Targets initiative «1.5° C» pathway.



### EMISSION REDUCTION STRATEGY SCOPE 3

The emission reduction strategy for Scope 3 follows the Science Based Targets initiative «well below 2° C» (WB2D) pathway.





For Scope 3 emissions, Dufrey follows SBTi's well below 2°C pathway with two separate objectives to be achieved through both supplier engagement programs, and the collaboration with its logistic partners.

#### Our progress in 2022

Scope 1&2 objective – During 2022, Dufrey has purchased Renewable Energy Certificates (RECs) to substitute 20% of our electrical energy consumed with renewable energy (using 2019 as a baseline). These RECs cover the equivalent of our total electricity consumption of our operations in Brazil, Greece, Switzerland and the UK and have permitted Dufrey to compensate over 4.9 tons of CO<sub>2</sub>-eq. Dufrey will continue with its RECs purchasing program during 2023 to cover, at least, an additional 20% of its electricity consumption and taking a next step towards its 2025 objective to use 100% renewable energy.

#### OVERVIEW OF EMISSION REDUCTION TARGETS AS VALIDATED BY SBTI

- Dufrey commits to reduce absolute Scope 1&2 GHG emissions by 94.2% by 2030 from the 2019 base year.
- Dufrey commits to increase annual sourcing of renewable electricity from 0% in 2019 to 100% by 2025 and to continue annually sourcing 100% renewable electricity through 2030.
- Dufrey commits that 74% of its suppliers by emissions covering purchased goods and services will have science-based targets by 2027.
- Dufrey commits to reduce absolute Scope 3 GHG emissions of upstream transportation emissions by 28% by 2030.

Scope 3 objective – In 2022, Dufrey has already engaged with its main logistic partners to design an emissions reduction plan for our goods transportation. The objective will be achieved by rationalising the shipments of goods and by selecting means of transportation with a lower carbon footprint. On the latter, we will give preference to lower impact means of transportation (like rail) when possible; will prioritize the use of sustainable fuels for our air transportation; and will prioritize the delivery of goods using Liquefied Natural Gas (LNG) carriers. A detailed plan is to be delivered during 2023 that will permit Dufrey to gradually achieve its established target.

When it comes to our suppliers, during 2022 Dufrey has conducted a preliminary assessment of our main suppliers to revise their emission reduction strategies to-

wards reducing emissions and committing to SBTi. While the findings are yet preliminary, Dufrey is confident to achieve the committed target on time.

#### Progress on move to non-plastic shopping bags

Starting in the last quarter of 2020, Dufrey gradually began replacing existing plastic carrier bags – which already contained more than 70% of recycled plastic – in all its duty-free operations globally, with more environmentally friendly ones made of biodegradable and recyclable materials. The only exception for the time being is that of STEBs (Secure Tamper Evident Bags). These are necessary for certain airport purchases such as liquor or tobacco, as per the requirements of the International Civil Aviation Organization (ICAO) and regulations of certain airports. For this type of bag, Dufrey is also exploring recyclable or degradable alter-





natives that will meet ICAO's and airports' regulations. Once the substitution of the single-use plastic bags is fully completed, the company will be able to reduce plastic usage by 7.3 tons per annum.

Dufrey currently offers non-plastic bags in 26 countries, and introduces paper or other biodegradable bags in additional countries as soon as the existing stock of plastic bags is depleted.

The plastic bag phase-out is coupled with point-of-sale communication campaigns to raise awareness and encourage customers to reduce plastic consumption and replace it with more sustainable alternatives. The company has also agreed to adopt a global price scheme for carrier bags, as an additional way of raising awareness and reducing bag consumption overall.

This formal decommissioning of single-use plastic carrier bags follows other measures adopted in previous years, geared at reducing plastic consumption across our operations, such as offering more sustainable alternatives, including re-usable or jute bags.

### **Waste and recycling**

Avoiding any waste in the first place or recycling it, is an effective way to save valuable resources. In our warehouses, packaging materials, which mainly consist of cardboard, paper, plastic film and wood, as well as electronic and plastic consumables such as neon lamps and PET, are sorted into different containers and sent for recycling. The recycling process is outsourced to specialized service providers.

In the shops, waste produced by our operations is mostly packing material handled through the concession partners' waste disposal system and recycled accordingly where possible. In many of our locations, we are taking measures to reduce single-use plastic film, such as replacing roll containers used to move products from warehouses to the stores. The new models, which include closures on four sides and at the top, drastically reduce consumption of the plastic film needed for the covering and the plastic shrink wrapping used with the old system.

With regard to cartons and pallets used to transport and protect products, Dufrey reuses the same units as much as possible, thus consistently reducing consumption of new resources.

In our offices, the reduction of paper consumption is one of our ongoing challenges. Dufrey has put in place local initiatives to reduce paper and other office material consumption, including tips to reduce paper use,

such as printing double sided, avoiding printing of the legal text at the bottom of emails, and encouraging people only to print when necessary. The adoption of IT solutions, such as the electronic invoice management system, is also helping to reduce the amount of paper used in the day-to-day work of our staff and contributing to the protection of resources.

### *Food waste*

Food waste is not a material topic for Dufrey for two main reasons. First, the majority of food products sold by Dufrey belongs to the food & confectionery category, which all have a fairly long shelf life and are not exposed to short expiry dates. Second, with respect to the food offering in our F & B formats, we source locally and with short lead-times allowing us to flexibly adapt quantities and products to the specific needs of the individual operation. The impact of food waste following the business combination with Autogrill will be assessed in 2023.

### **Store development and sustainable construction**

Dufrey takes a sustainability approach when designing, constructing and refurbishing stores. In the design phase and the selection of materials, we choose the most environmentally friendly options and use locally sourced furniture and materials whenever possible, to reduce environmental impact. The shop design department is centrally organized at the Group level. It develops guidelines and defines several industry standards enabling us to create attractive shopping environments, while at the same time reducing energy consumption by using renewable or recycled materials. To this end, specific policies are in place to manage the use of materials: timber policy, cement and virgin aggregates policy, hazardous chemicals policy, guidelines and energy targets for brand partners for the supply of branded display devices. These guidelines have to be followed by local construction teams and their respective sourcing of materials.

### *Following LEED principles*

During the shop development and refurbishment phase, Dufrey follows the principles established by leading green-building certification programs, such as the Leadership in Energy and Environmental Design (LEED) recommendations. In this regard, Dufrey:

- Sustainably designs and plans new store developments and refurbishments considering all aspects, from visioning to renovation preparation, including:
- Comprehensive metering of existing energy consumption,
- Introduction of solutions to improve traffic flow, introduction of smarter construction materials (easier to clean, anti-bacterial, etc.)



- Undertakes a collaborative sustainable approach for the design process by engaging with all stakeholders involved in the process (designers, contractors, concession partners, material suppliers, etc.)
- Prevents construction pollutions by protecting the site during the construction
- Reduces use of natural resources by re-using materials and equipment by giving modular and recyclable design to furniture and other mobile elements of the stores
- Encourages recycling for all users - employees, customers and other stakeholders
- Reduces energy consumption of stores and increases equipment's lifespan
- Conducts selective sourcing of materials (natural materials from sustainably managed sources and/or recyclable materials)
- Selects resource-efficient equipment and fixtures (energy efficient, water efficient, etc.)
- Prioritizes local sourcing of materials.

Dufrey's biggest impact on the environment when it comes to shop development, is in relation to its energy consumption. Being a public space, airports have to provide well-lit facilities and naturally, this is a substantial part of their energy consumption. The main focus therefore is on substituting traditional lighting for more energy-efficient lighting systems (e.g. LED) on ceiling and furniture displays, and on using A- or A+-rated electronic devices (e.g. air conditioning, refrigerators) in our stores, resulting in a significant drop in the overall energy consumption.

The sustainability approach to store construction however goes beyond the environmental dimension. Besides complying with the provisions of the Dufrey Supplier Code of Conduct when selecting local construction partners, we ensure that they also comply with social and environmental regulations, hence, ensuring that the efforts initiated in our design studio also result in truly sustainable environments and spaces for our customers.

### **Engaging in partnerships at operations level**

Dufrey engages with its stakeholders to promote environmental protection practices wherever this is possible. We actively participate in sustainability committees with our airport partners, with the aim of identifying areas where we can collectively reduce the environmental footprint of our operations. In an increasing number of our operations, Dufrey has a designated sustainability manager in charge of liaising with landlords and other airport stakeholders to drive sustainable practices. Either through innovative technologies, adaptation of passenger flows or rethinking the recycling processes in

place, we are contributing to the common goal of making airports a more sustainable space.

### *Airport Carbon Accreditation*

The Airport Carbon Accreditation is an Airport Council International (ACI) Europe certification program that independently assesses and recognizes the efforts of airports to manage and reduce their carbon emissions. It defines six different levels of certification: 'Mapping', 'Reduction', 'Optimization', 'Neutrality', 'Transformation' and 'Transition'.

In order to achieve the Optimization accreditation (level 3 of 6) and above, airports need to actively engage with airport stakeholders, as they need to develop a more extensive carbon footprint to include specific Scope 3 emissions and the formulation of a Stakeholder Engagement Plan to promote wider airport-based emission reductions. In many cases, these plans also involve Dufrey as the operator of airport stores.

In 2022, according to information from Airport Carbon Accreditation, 76 airports reached the optimization level; 49 airports achieved carbon neutrality; and 49 the superior accreditations (Transformation and Transition). Considering these groups, Dufrey operates stores in 59 of these 174 airports, including Dallas Fort Worth, Athens, Helsinki, Stockholm Arlanda, Vancouver, Zurich, Basel, London Heathrow, London Gatwick, Abidjan and Queen Alia Airport in Amman, Jordan.

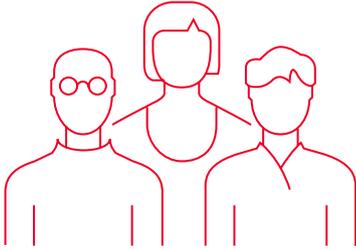
### *ACI Europe Climate Task Force*

In 2019, Dufrey joined the ACI Europe Climate Task Force as the representative of the travel retail industry. The mission of the Climate Change Task Force is to follow up on the implementation of ACI Europe's Climate Resolution from June 2019, which includes the preparation of guidance material for members, to support them in achieving the Net Zero 2050 commitment. Net Zero aims to reduce emissions under the airport's control down to zero. This is achieved by reducing energy and fuel consumption through the design of new energy-efficient infrastructure, amongst other recommendations. Retailers play an important role in the airport ecosystem and Dufrey, as the largest global travel retailer, contributes to the work of the task force with its vision, experience and recommendations in the regular meetings held.

### *Member of ACI ANARA ESG workgroup*

Since 2022, Dufrey is also a member of the ACI ANARA (Airport Non-Aeronautical Revenue & Activities) ESG workgroup, working to define ESG recommendations and best practices for the airport community.

# EMPLOYEE EXPERIENCE



**GRI INDICATORS:**

2-7, 2-8, 2.9, 2-30  
 202, 401-1, 402-1, 403, 404-1, 404-3, 405-1, 406-1, 407-1

**SDGs:**

1.1  
 3.3  
 4.3, 4.4  
 5.1, 5.5, 3.2  
 8.1, 8.4, 8.5, 8.8  
 10.3  
 16.1, 16.7

Every Dufroy employee is an ambassador of the company. Whether in stores, offices or warehouses, all members of our staff contribute with their day-to-day work to shape the company and evolve our brand. Dufroy places high importance in building a great and unique place to work for its staff, ensuring it delivers the best in terms of fair and equal working conditions, healthy and safe working environments, attractive salaries, promotion and retention strategies, avant-garde training programs and anything that contributes to generate high engagement levels amongst our staff.

Building on our core brand values – Global, Focus, Delivery and Solid – Dufroy has developed a number of policies and procedures to ensure a consistent experience across the 62 countries in which it operates and which represent a strong foundation for the future, including after the combination with Autogrill.

*Number of headcounts increased*

Dufroy had 23,792 people (FTE) working for the Group at December 31, 2022, compared to 19,946 at year-end 2021. The increase in the number of headcounts reflects the progressive re-opening of air routes accompanying the gradual recovery of travel.

On top of the jobs of its own employees, Dufroy actively contributes to the wealth of local communities and societies by offering working opportunities to third party employees, thereby generating additional salaries and tax payments across the 62 countries where the company is present. In this context, our 2,200 plus stores are not just sales locations for us and our brand part-

ners to sell their products, but also work opportunities for over 3,500 people working in our stores representing these brands and other service providers. From beauty advisors to IT developers, they all contribute to create a world class shopping experience and benefit from accessing a dynamic market and unique working opportunities.

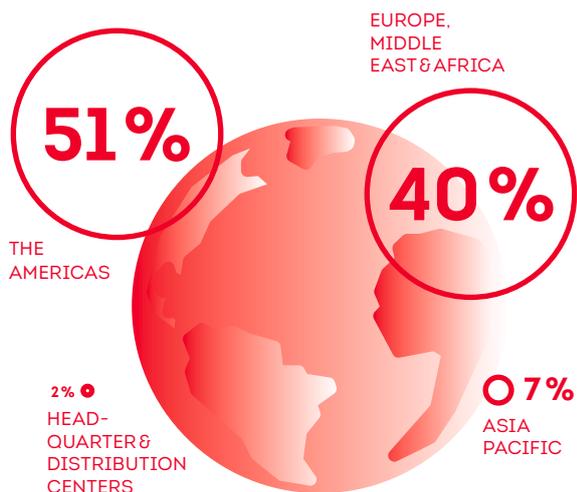
**Evolution of Diversity & Inclusion**

Developing a diverse workforce is a core value for Dufroy and something that our company is very passionate about. Unlike traditional retailing, our industry operates in multinational and multicultural environments. Being present in 62 countries, Dufroy engages on a daily basis with customers, suppliers and colleagues from more than 150 different nationalities. To succeed in this industry, it is paramount to understand cultural differences as a way of engaging and better serving our customers.

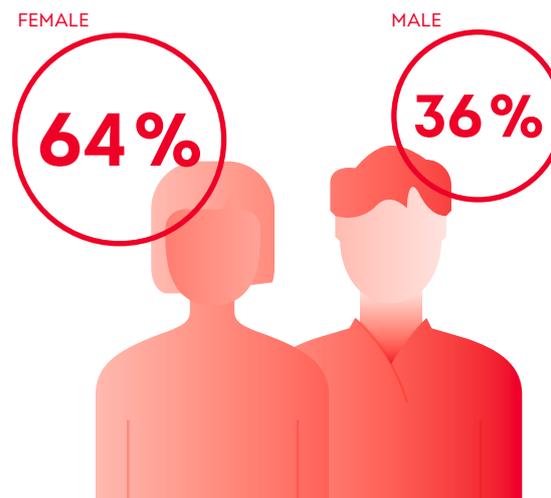
Diversity is an essential asset to – and integral part of – our company and Dufroy promotes an inclusive corporate culture that understands and celebrates diversity in all its forms, be it by gender, age, race, ethnicity, culture, beliefs or creed. Our workforce comprises colleagues from over 150 nationalities across all functions and levels of the organization. This has been a consistent situation for many years and we continue to believe that this broad cultural diversity represents a unique competitive advantage. We also view it as a key element in the successful development of our Group and in the implementation of our long-term growth strategy.



## EMPLOYEES BY REGIONS



## EMPLOYEES BY GENDER



The staff in Dufry's shops in each country are predominantly local. Our presence in 62 countries around the world makes us an important employer in many locations, with many of our operations being located in emerging markets and offering interesting career opportunities. This, in addition to bringing expertise and experience on how to operate an international business, contributes to local development and wealth.

### D&I VISION STATEMENT

**OUR CUSTOMERS ARE ON A JOURNEY – SO ARE WE**

- Dufry is committed to building an inclusive and culturally sensitive workplace for everyone, in which all our people recognize that their unique characteristics, skills and experience are respected and valued.
- Dufry employs great people from a wide variety of backgrounds and with a broad range of skills and experiences to best serve our customers and build a better and stronger company for all our stakeholders.
- Dufry recruits, rewards and promotes people based on capability and performance – regardless of gender, national origin, ethnicity, lifestyle, age, beliefs, or physical ability.

### Diversity & Inclusion Survey

In the fourth quarter of 2022, Dufry conducted its second D&I survey, reaching all headcount across all of our operations. Building on the findings of the 2021 survey, this second wave provides a clearer picture of the perception of D&I amongst the Group employees. This valuable input – received through a response rate of 63% – will help Dufry to further evolve in terms of being more inclusive and equal for all, by identifying opportunities and develop targeted initiatives.

### Diversity & Inclusion Awareness training

The results of the first survey confirmed our belief that awareness is a key factor in continued improvement in this area. Awareness needs to be driven by Dufry's senior leaders in order to foster a company culture that embraces diversity, and ensures that recruitment decision-making consciously embraces opportunities to continue the diversification of our team, and puts inclusive practices at the heart of the company ethos.

Building on the feedback from the November 2021 survey, between January and May 2022, Dufry facilitated a 'Masterclass on Inclusive Leadership' that was attended in different groups of 20, by over 300 senior leaders and their direct reporting colleagues. It focused on understanding the importance and the different facets of diversity, but also prioritized awareness building on inclusive behaviors. The Masterclass produced significant results and advances, facilitated by a high level of engagement and a general recognition that we need to continue creating change with re-

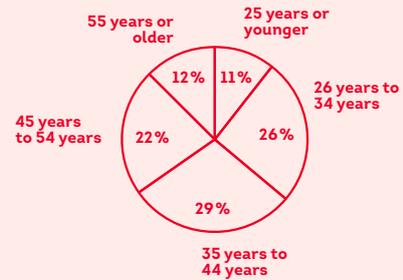


## DEMOGRAPHIC INDICATIONS OF D&I SURVEY RESPONDENTS

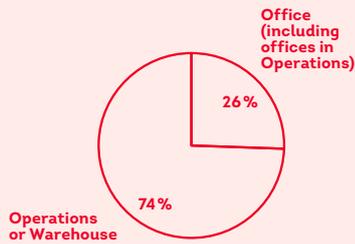
As part of Dufroy's anonymous D&I survey conducted in 2022, employees who responded to the survey provided amongst other feedbacks the demographic indications shown here.

As the survey reached out to 100% of the employee population the feedback gives a good representative picture of the company's demographic employee structure.

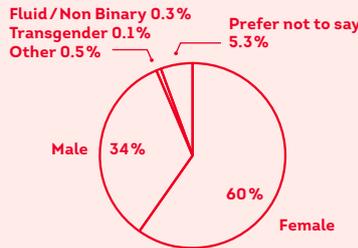
### AGE PROFILE OF RESPONDENTS



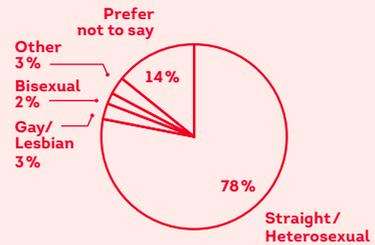
### RESPONDENTS BY JOB FUNCTION



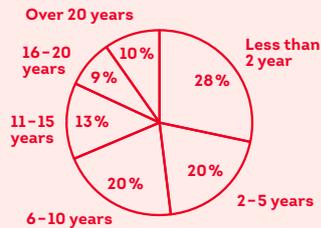
### GENDER DIVERSITY



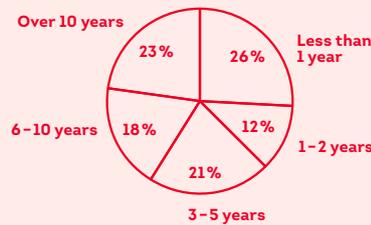
### SEXUAL ORIENTATION



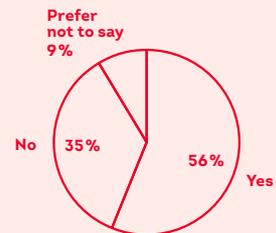
### TENURE IN COMPANY



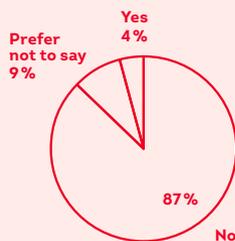
### TENURE IN ROLE



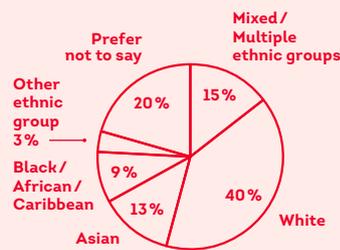
### CARE GIVING RESPONSIBILITIES



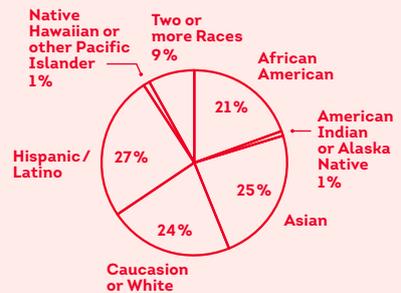
### THOSE WHO DEFINE AS HAVING A DISABILITY



### ETHNICITY (EXCLUDING US)



### ETHNIC ORIGIN (US)





spect to behavior related to D&I. This included recognition that change in a number of areas is key to business growth, such as more diversity in hiring, encouraging 'team-led' approaches to problem solving, and using failures to drive improvement.

In the fourth quarter of 2022, Dufry extended the Diversity & Inclusion Awareness Training to Dufry's entire team across the world. Through a series of video-training sessions – sponsored by the CEO and the members of the Global Executive Committee – topics such as 'What is D&I?', 'Why D&I is important for all of us at Dufry', 'Why D&I is fundamental to our business and the communities in which we operate' were covered. The trainings also focused on inclusive behaviors and highlighted examples of many things that everyone might do unconsciously (unconscious bias) and can make colleagues feel uncomfortable and / or excluded.



### Human Resources Policy as the cornerstone for a great place to work

Making Dufry the place where our employees want to continue working, involves investing time and resources to continuously assess and identify opportunities where Dufry can improve its culture, thus contributing to retaining talent and helping staff achieve their highest potential. Dufry is working relentlessly towards providing the best working conditions for our staff and gathering their feedback with regular employee surveys (see corresponding section on page 112 within this report).

A fundamental element in connection with this objective is Dufry's HR Policy, which is publicly available on the Group's website. This Policy describes the common base, principles and guidelines, which, in terms of human resources management, are applicable to the whole Group. The policy, which has been shared and

trained with employees, covers diverse topics, including:

- Selection and hiring
- Equality, Diversity and Respect for Human Rights
- Working Conditions and Labor Relations
- Health & Safety
- Remuneration and Working Time
- Career Development and Advancement
- Succession planning.

### Compensation and benefits

Dufry offers its employees competitive salaries and incentives as a way of attracting and retaining talented staff. Dufry's standard compensation includes a fixed and a variable performance-based compensation that rewards the individual efforts of staff members. Variable pay is linked to individual and company objectives.

We regularly review and discuss professional development with employees and link their performance to incentives. Performance reviews are an important aspect of a long-term, successful employer-employee relationship. Therefore, it is important for us to build a constructive dialogue between each individual employee and manager regarding goals, priorities and personal development. All our staff members receive an annual performance review aimed at evaluating their performance and identifying further personal development potential for next career steps.

Our staff also enjoy additional benefits that vary from one location to another, and include medical insurance or transport allowances. In this regard, during 2022 Dufry continued with the rollout of Emporium – a web-based shop with thousands of products from Dufry's core product categories, as well as exclusive campaigns from luxury brands at retail-discounted prices. This benefit is exclusive to staff members (Dufry & Airport Community) and includes a Friends & Family program. By the end of 2022, Emporium was available in 13 countries, representing Dufry's main locations by headcounts – Brazil, Canada, Greece, Hong Kong, Italy, Macau, Malaysia, Mexico, Spain, Switzerland, United Arab Emirates, United Kingdom and United States. The company will continue with the rollout of Emporium throughout 2023.



### Equal employment

As indicated in our HR Policy and in the Dufry Code of Conduct, both available on the corporate website, Dufry offers and promotes working environments where everyone receives equal treatment, regardless of gender, color, ethnicity or national origins, disability, age, marital status, sexual orientation or religion. In addition, we adhere to local legislation and regulations in all the countries in which we operate. Any form of child labor or forced labor is strictly forbidden and clear recruitment procedures and regular workplace controls ensure that this never happens at any location.

Anti-discrimination, diversity and ensuring equal opportunities are, and have always been, important social and corporate issues for Dufry across all locations, especially (but not exclusively) in developing countries. Many locations in which the Group operates still pose challenges to the guaranteeing of equality. We monitor these countries closely to ensure we provide equal opportunities to all our staff. As explained on page 116 of this report, the company has in place whistleblower mechanisms to denounce discrimination cases if they happen.

We provide our employees with fair and competitive wages based on each individual's background and experience, their particular job within our organization, the appropriate market benchmark in the respective countries and locations, as well as their performance. The remuneration structure of our employees is assessed on a regular basis to make sure there is no discrimination related to any kind of diversity.

### Equal salary certification in Switzerland

Dufry became equal salary certified in Switzerland at the beginning of 2019 and was re-certified again in 2021 for another three years. This certification underscores the commitment to a fair and unbiased reward struc-

ture, which enables employees to develop and thrive in their careers. The certification process took place in three stages through statistical evaluation, on-site audits and interviews with individuals and panel groups. All phases of the certification and re-certification processes were performed at the Basel Headquarters and the Zurich Airport operation and gave proof on how management systems, HR policies and processes integrate the dimensions of equal remuneration.



### Health & Safety

Workplace safety is a priority and an essential commitment for the company in our stores, offices and warehouses. As indicated in the HR Policy, the company ensures that all activities are carried out safely by taking all possible measures to eliminate (or at least reduce) the risks to health, safety and welfare of employees, contractors, customers, visitors and any other person who can be impacted by our operations.

The majority of our workforce operates in airports, seaports, cruise ships and similar environments. As a basic pre-requisite employees have to comply and follow the respective airport's, seaport's or vessel's safety rules as these environments are highly regulated. On top of this, Dufry has specific health & safety regulations for its employees, including internal policies and guidelines – both global and local – which may go beyond the legal health and safety requirements.





Dufry generally strives to achieve high occupational health & safety standards and actively encourages compliance across the whole Group. As a result, Dufry has a number of different health & safety regulations and procedures throughout the organization. Regardless of the specific requirements of each local legislation, there are certain principles that all these procedures adhere to, including:

- Compliance with current labor legislation on health and safety
- Reduce work-related accidents, implementing the necessary occupational risk prevention plans in its locations, to achieve an effective identification of risks and to avoid them
- Promotion of a preventive culture, training employees to achieve the best safety standards
- Having due diligence in the coordination of activities and prevention measures with contractors, suppliers, or any third party that performs activities or is present in Dufry's work centers
- Continuous improvement, establishing objectives and goals for improvement, systematically taking into account the requirements of stakeholders, continuously assessing performance, applying the necessary corrections to achieve the proposed goals and establishing verification, auditing, and control processes to ensure that objectives are met
- Management of occupational health and safety processes change from one location to another, with a number of common guidelines that apply to all our operations, including the following:
  - Dufry operations provide topical information such as health and safety initiatives to employees, including workers who are not members of our staff but work on our premises
  - Health and safety activities are regularly reviewed to ensure issues are effectively managed and improvements are made where necessary. In some of our locations, reviews include employee representation consultations (where appropriate)
  - Responsibility for the governance and review of health and safety is with local operations and HR teams
  - At airport and seaport environments, close collaboration with concession partner teams is maintained to ensure compliance with their own H&S regulations and management process.

#### *Promoting a healthy working environment*

Ensuring a safe workplace is a duty of all members of our staff. Whilst the joint work of local Health & Safety Committees and HR teams is crucial in identifying potential risks and hazards, workers are also encouraged to report to these teams any work-related hazards or hazardous situations. The same process is used for

workers to remove themselves from work situations that they believe could cause injury or ill health. Work-related incidents are investigated and reported to management to develop and implement remediation plans (where and if needed), thus ensuring that processes are duly updated in cooperation with the Health & Safety committees.



Additionally, Health & Safety Committees undertake regular worksite analysis to identify potential risks and hazards. This analysis aims to identify existing hazards, as well as conditions and operations in which changes might occur to create hazards. Results of these assessments are shared with the local HR teams and management.

The highest incidence of occupational accidents is, of course, among store and warehouse staff. The greatest risks to which Dufry workers are affected include:

- Risks related to material elements, objects, products and constituent elements of machines or vehicles
- Falls at the same level
- Incidents with transport and transfer devices.

Training on health and safety is critical to promote a safe work environment. We therefore conduct induction sessions with new members of our staff and hold regular training sessions with all of our staff, both in stores and offices, ensuring understanding of the policies and procedures. If needed, training is extended to workers who are not members of our staff, but work on our premises on behalf of third-party service providers.

#### *Airport security practices*

Due to the nature of our business, most of our staff are located in airport environments, either working in stores, in airport offices and/or in airport warehouses. As part of the airport eco-system, our staff



have to adhere to and follow the security principles and processes established at the specific airports where our stores are located. Most of these regulations and policies are harmonized across the world to ensure consistent levels of safety and consumer protection. Worldwide safety regulations are set by the International Civil Aviation Organization and within Europe by the European Aviation Safety Agency. In order to work in our stores, members of our staff need to obtain the corresponding airport authorization, which in most cases involves training courses on security measures and procedures in the airport environment.

### The Dufry employee journey

Dufry has comprehensively mapped all stages of an employee career in our company, starting from when an employee applies for a position, until the moment an employee leaves the organization. All the steps in between these two points and the experiences that the employee makes is what Dufry calls “the employee journey”, and it is the company’s systematic approach that then ensures we identify all the opportunities Dufry has to deliver a great place to work across all parts of our organization.

To simplify the assessment, Dufry establishes four critical stages on this employee journey: recruitment, training, career progression and recognition.



### Recruitment

To ensure “Fair Play” in everyone’s professional career development, Dufry’s recruitment process ensures that all applicants are treated fairly, and each applicant is given the same opportunity to be considered, so that the most suitable person can fill the position. The selection is based on the applicant’s competencies, skills, results delivered and the decisions taken regardless of: race, color, religion, sexual orientation, age, gender identity or gender expression, national or-

igin, political orientation, disability or other discriminating factors.

Available positions are first published internally to ensure opportunity and growth of internal talent. Dufry’s recruiters review the skill pipeline of internal employees ahead of engaging with external hiring professionals. Referrals and recommended potential internal candidates are encouraged and evaluated in the same process against other potential candidates. Job offers are typically also posted on the Group’s website, [www.dufry.com/careers](http://www.dufry.com/careers).

To ensure fair play in the selection process, all interview evaluations by Dufry recruiters and hiring managers are reported in Dufry’s HR portal Dufry Connect. If any gaps or personal development needs of the selected candidate are identified, recruiters are instructed to incorporate that information into the new employee on-boarding and development plan.

### Training and education

Dufry’s training methodology follows the “Four E’s model”: Educate (Formal education), Experiences (Development), Environment (Culture of learning), and Exposure (Connections with other colleagues and professionals).

Dufry employees benefit from an extensive learning catalogue that covers programs to improve their performance in their current positions, as well as professional development programs to support career progression. Training is offered through several formats, including face-to-face, as well as virtual and online training sessions, on soft and hard skills. Training is open to all employees and managers at all levels and across the entire organization and all geographical locations. During 2022, 198,047 formal training hours were provided by Dufry.

Some of Dufry’s global learning programs include the following:

- Global Welcome – Designed for office and retail staff alike, the Global Welcome is a comprehensive on-boarding program for newcomers aimed at shortening the learning curve. In 2022, over 9,000 new joiners were trained using this program.
- Retail Champions program – The cornerstone of our Learning and Development strategy for retail staff, this program has been designed to provide our professionals with the tools, knowledge and capabilities they need to perform well in their jobs and develop to their full potential at Dufry. Over 6,500 employees, including store leaders, have benefited from this program (interrupted during business clo-



sure). This set of training programs is complemented with product training programs for our store teams, typically delivered by the brands and local teams.



During 2022, we continued leveraging on our online training capabilities through:

- Dufry Connect - Dufry's HR portal, which permits establishing personalized learning programs for every employee based on their role, position and professional category
- Elucidat - Simplifying the creation of training and learning courses by our learning & development teams to reach 100% of our staff
- Coursera - An online based training platform for management roles.

The introduction of these platforms, together with the continuous rollout of sales tablets and communications tools for our non-desktop employees (further explained in the Connecting with our Employees section on page 112), is increasing the reach of both product and skills training and benefiting a higher number of employees.

#### Career Progression

Dufry ensures that future and long-term management needs are being addressed by an optimal balance of promoting internal high-level personnel and hiring external talent (for example in new countries where we start operations). Dufry operates a global, systematic process to identify high-potential talent in the organization and to develop them toward key roles in our business model.

We strongly believe that talent management and succession planning are key activities for a sustainable business. Accordingly, we develop new and existing candidates for more senior management roles and we

carry out yearly reviews of the quality of our talent pipeline at two levels:

- The first level concentrates on a limited number of candidates who already have management experience and would be able to take over one of the senior positions in our organization.
- The second level focuses on our stores. Amongst the top-performing store personnel and supervisors, we have identified over 200 "Retail Talent" employees as of year-end 2022, on whose development we will focus in order to ensure a quality store-management succession pipeline.

Dufry also established a mentoring program to support employees in taking ownership of their development and helping them to maximize their potential and accelerate their leadership development. The mentoring program pairs Dufry leaders (mentors) and talented staff (mentees). Mentors use their experience and professional background to provide guidance and support to mentees on their learning journey. The first edition of this program started in 2018 and 30 mentoring peers were formed. This program is expected to be resumed during 2023 with additional mentors and mentees.

#### Awards and staff recognition

Employee recognition is an important way to value employee and team achievements. Every year, Dufry celebrates the One Dufry Awards, which recognize excellence and celebrate the success of our people worldwide who are dedicated to delivering.

The Awards are divided in five categories:

- Best Leader Story Award recognizes individuals who have demonstrated the right behaviors and character and shown exceptional performance in Driving Employee Experience
- Best Customer Experience Award, recognizes the highest scores measured by our Mystery Shopper Survey
- Best Partnership Initiative Award, which recognizes an outstanding initiative with a supplier, business partner, concession partner, inter-company or other party, that was innovative, well designed, well executed and impactful
- Best Business Growth Story Award recognizing the greatest business growth stories, including - but not limited to - a new store opening, a new airport / seaport / border / or other development, growth of a product category, a business channel, or an existing store that has delivered exceptional growth.



- Best Organic Growth Award, which recognizes the country with the strongest year-on-year organic growth.



### Engaging with our employees

Understanding our staff concerns and needs is critical for Dufry. For this reason, Dufry fosters a dialogue with its employees and invests in developing the necessary tools to promote communication across all levels of the organization.

#### *Engagement survey*

To better gauge our performance both within our company and relative to our competitors, we conduct regular employee engagement surveys that serve to gain understanding of employee perception of the company and identify areas of improvement. We ensure that the surveys always involve a substantial proportion of our employees, and that they reach out across the world. The last wave of our employee engagement survey was done in 2019 with very positive results: 75% of our staff responded that they were satisfied working for Dufry (vs. the retail industry average of 63%), and 78% would recommend Dufry as a place to work.

#### *Freedom of association and collective bargaining*

As stated in our HR Policy, Dufry respects legally recognized unions and internal forums created to represent the employees' interests. The company's policy on collective agreements is tailored to each location in which it operates, as each location is subject to its own specific laws and regulations. As an example, the current practice in some of the main Group operations is described below:

- In Brazil, there is a collective agreement in place which covers core employee related topics such as salary reviews, general allowances (meal, transport, benefits, etc.), work contract restrictions / special

conditions, work shifts, vacations, health and safety, contributions, benefits, awards and requirements related to employee's guarantees.

- Greece has a collective agreement in place ruling the main employee topics.
- In Spain, Dufry has a collective agreement in place that covers all employees, except senior management. The agreement, negotiated between the company and a committee made up of employee representatives and labor union members, outlines conditions such as salary, holiday days and health and safety in the workplace, along with other HR related matters.
- In the UK, Dufry has an employee forum - "Voice" - made up of staff representatives. This forum is a partnership between the company's management and its employees to influence and communicate business changes.
- In the US, there are a number of recognized trade unions that Dufry engages with, including Unite Here, Workers United, United Food and Commercial Workers, Teamsters, Newspaper Guild and Culinary Workers.



#### *Connecting with our employees*

During 2022, we have continued with the rollout of technologies and tools to align information levels between desktop and non-desktop staff. Sales tablets, available in a growing number of our operations, are permitting a more fluid communication, especially with our sales staff and, as indicated before, expanding the learning possibilities.

The rollout of Beekeeper was further accelerated during 2022. This app-based solution enables employee connection, facilitates workplace engagement and increases productivity through unified communications. Through Beekeeper, we are able to share with the more unconnected members of our staff, information re-



## OVERVIEW EMPLOYEE STRUCTURE 2022

	HQ & Distribution Centers	Europe, Middle East & Africa	Asia Pacific	The Americas	Total
FTEs	583	10,353	810	12,046	23,792
Headcounts	617	11,649	931	12,917	26,114

lated to our company, as well as information related to their day-to-day work environment (such as shifts, product information, events in store, etc.). The app also features tools for internal chats and communications and the sharing of information in a very similar environment to that of the most recognized social networks. Currently, Dufry has over 24,000 live users on the Beekeeper platform, reaching more than 90% of its workforce and expects to reach full rollout of the app globally during 2023.

Finally, Dufry also utilizes a number of other internal communication vehicles to facilitate the dissemination of corporate news and to keep our staff updated and engaged. These include the company's corporate online magazine Dufry World - published in five languages four times a year -, the company's intranet Dufry Gate, and regular e-newsletters that serve to communicate with our staff globally.



# TRUSTED PARTNER



Dufroy is aware that the long-term sustainability of its business relies on the capacity to build, establish and maintain trusted relationships with all our stakeholders as described on page 118 of this report. Integrity is a key element in our business behavior across all levels of the organization and that has served Dufroy over the years to foster a sense of trust with our stakeholders.

Dufroy's Ethic and Compliance model is designed to ensure we go beyond the strict compliance of legal frameworks and are leading the way in terms of sustainability. To do so, Dufroy has set up main lines of action, which include:

- Corporate Governance - Continuous assessment of our corporate governance structure and policies to ensure compliance with the applicable legal framework, as well as the Dufroy Code of Conduct to reflect our stakeholders' needs and expectations
- Alignment of ESG and business strategies - Ensuring that ESG considerations are always accounted for and are part of the implementation of the company strategy and in particular when making critical business decisions to drive Dufroy's sustainable and profitable growth. Dufroy's ESG strategy is supervised by the Board of Directors' Nomination and ESG Committee and ensures alignment of business and sustainability strategies, as well as sustainable value creation for our stakeholders
- Compliance and control - Setting up robust internal bodies and structures that ensure education and control over compliance with codes and regulations, including internationally accepted human rights standards and a zero-tolerance policy in respect of bribery and corruption

**GRI INDICATORS:**

2-11, 12, 16, 17, 23, 24, 25, 26, 27, 28, 29  
 201-1, 2, 205-2, 206-1

**SDGs:**

8.2,  
 9.1, 9.4, 9.5  
 16.3, 16.5, 16.6, 16.7  
 13.1,

- Stakeholder dialogue and engagement - Understanding the needs, concerns and expectations of all our stakeholders and participating in discussions about topics impacting our industry
- Wealth creation - Delivering value to our shareholders and bondholders remains a key priority for Dufroy. Furthermore, Dufroy is aware that the impact of its operations goes beyond that of revenue generation and its activity can generate a positive impact where it operates its stores. Favoring local economies and communities, ensuring fair salary and working conditions, sharing of expertise and partnering with local companies are all part of this area of focus.

**ESG governance**

ESG lies in the responsibility of the Board of Directors. To reflect its importance, a dedicated Nomination and ESG Committee at Board level has been implemented following the AGM 2022 (former Nomination Committee). The Lead Independent Director, as chair of the Nomination and ESG Committee, supervises Dufroy's ESG strategy development and execution, ensuring alignment with the business strategy. The Lead Independent Director and another member of the Nomination and ESG Committee are experienced in corporate citizenship, sustainability and ESG, allowing them to exercise their supervisory duty successfully.

The entire Board of Directors is updated, at least on a quarterly basis on non-financial information such as, but not exclusively, progress on the implementation of the company's ESG strategy, as well as status updates from the Global Internal Audit & Investigations Department.



Execution of the ESG Strategy is led by the CEO. He presides over the interdisciplinary ESG Committee, which meets every two months and is attended by several members of Dufry's Global Executive Committee team (GEC), as well as Global Heads of other relevant functions. This committee meets at least six times a year and is supported by Dufry's ESG department for the day-to-day execution of the strategy. In 2022, the ESG Committee met 6 times. Beyond the ESG strategy execution, the ESG committee assesses emerging risks, opportunities and concerns, as well as new or evolving reporting requirements, and shares them with the Nomination and ESG Committee and the Board of Directors.

### Socio-economic compliance

Having operations in 62 countries means complying with different national laws and regulations, as well as maintaining an active dialogue to foster ongoing stakeholder and social engagement. For this reason, from a global perspective, Dufry's position towards compliance necessarily needs to have a more holistic and broader approach, by also taking into account international norms and best practices, including the 10 Principles of the UN Global Compact. In this regard, Dufry has a number of initiatives and control mechanisms in place that permit the company to monitor and ensure compliance with national and international laws and follow respective ethical standards.

### Governance

Dufry believes that active corporate governance is important to the development of the company, to ensure the sustainable provision of long-term benefits for shareholders, employees and society.

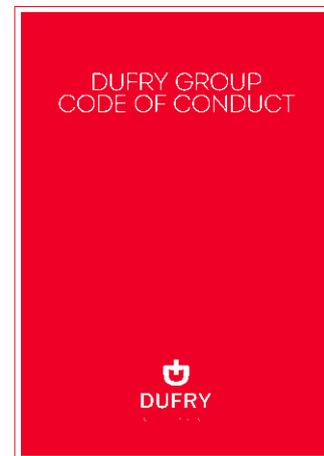
Dufry's Governance system serves as a control mechanism in relation to a number of elements, including bribery and corruption, tax, executive remuneration, shareholders' voting possibilities and internal control. Most of these topics are covered in the Corporate Governance Section of this Annual Report.

Especially relevant for the sustainability of our industry is the corruption and bribery phenomena, which can be the cause of negative economic, social and environmental impacts. From a business perspective, corruption distorts the functioning of the market and undermines governance institutions and in general, the rule of law.

In the case of Dufry, the subject of corruption is of considerable importance, as the company expands its operations to many countries with elevated corruption levels and participates in many public procure-

ment processes to bid for airport, seaport and other concessions around the globe each year.

Dufry prohibits bribery and corruption at all times and in any form. We believe that in order to remain a solid business leader, all business must be conducted ethically and in full accordance with all applicable laws, rules, and regulations. Dufry requires all of its employees, officers and directors to behave at all times with honesty, ethics and within the confines of applicable law and in full compliance with Dufry's Code of Conduct. Where laws, rules or customs exist that are different from the principles set out in the Code of Conduct, Dufry employees, officers and directors are required to follow whichever sets the higher standard in this regard.



Dufry also wants its employees, officers and directors to fully respect the safeguarding of integrity and fair dealing when carrying out their activities on behalf of Dufry, and to promote standards adopted by the Dufry Group as set out in the Code of Conduct with respect to sustainability, diversity, decent work and human rights, as well as zero tolerance to harassment and discrimination.

### Policy framework

Dufry has a set of internal policies and procedures which describe the minimum ethical principles applied by our employees at all times and which complement the Dufry Code of Conduct. These policies and procedures address specific topics and serve to guide our employees on the expected standards and behaviors in their day-to-day work. This set of policies and procedures is made available to all our employees through the internal communication tools of the company – Dufry's Intranet (Gate) and the employee communication tool Beekeeper – as well as the corporate web-



site, hence ensuring universal access to them. This set of information includes:

- Dufry Code of Conduct - outlines the types of conduct which are not permissible and imposes strict rules in relation to charitable contributions and sponsorships, as well as gifts, hospitality and entertainment expenses, to minimize the risk of corruption. In addition, the rules require careful due diligence to be conducted on any external partner Dufry is working with, including a procedure that must be followed to vet all new joint venture partners, consultants for business development projects, counterparts to M&A transactions and other similar counterparts.
- Dufry Supplier Code of Conduct
- Human Resources Policy
- Dufry's Environmental Management Guidelines,
- Dufry's Policy for Insider Information and Securities Trading
- Reporting on Wrongdoing Procedure.

#### *Compliance education*

Beyond ensuring universal access to policies and procedures, Dufry also conducts compliance training of employees, officers and directors, as applicable, on an ongoing basis. These training sessions reflect the ongoing changes introduced in our Code of Conduct. Dufry's Compliance Department regularly evaluates the content of Dufry's training on Compliance and Corporate Policies. The efforts of the Compliance Department are fully coordinated with, and supported by, the COOs of each Region and the respective HR departments, who help identify the individuals, including new hires, who should receive the training.

Individuals who receive training are selected based on the following criteria:

- Community heads at Headquarters (Finance, Treasury, Procurement, Business Development, Internal Audit, HR, IT, Commercial, Marketing, Customer Service)
- Local managers with exposure to business development, external partners and third-party contractors
- Managers with exposure to procurement negotiations
- Managers with exposure to government officials such as airport authorities, customs or other public authorities
- Managers with signatory power or appointed as directors or officers of a Dufry Group subsidiary
- Investor Relations managers
- Corporate Communications and Media managers
- Members of the Legal and Governance Department

- Members of the Internal Audit Department, Loss Prevention and ERM department
- HR managers worldwide.

During 2022, over 740 managers at all levels of the organization and across all the regions have completed this training. This figure includes both personnel new to Dufry and managers who have already been trained and with whom the training has been refreshed. New employees, officers and directors are provided with a copy of the Dufry Code of Conduct when they join the company and are required to acknowledge acceptance of its terms in writing. Additionally, Dufry employees, officers and directors have access to all of Dufry's compliance and corporate policies, including its Code of Conduct on Dufry Gate for their reference.

All employees not included in the managers list also receive compliance training. In 2022, this training reached over 14,500 employees via online compliance update trainings and communication campaigns. The primary training topics included harassment, discrimination, insider trading, data privacy and instructions on how to report a wrongdoing.

Dufry properly investigates all complaints and prohibits retaliation or discrimination against any employees, officers and directors who report a concern made in good faith. Since 2018, two new Group-wide reporting channels complement the email reporting channel [compliance@dufry.com](mailto:compliance@dufry.com): (1) a worldwide, toll-free hotline in 9 languages (English, Spanish, Portuguese, French, Italian, Mandarin, Russian, Greek and German) also accessible via local dial-in numbers for all countries in which Dufry operates; and (2) the online reporting website [www.dufry-compliance.com](http://www.dufry-compliance.com).

These reporting channels, run by an independent third party, ensure the integrity of such investigations by acting as a centralized contact point, through which any wrongdoing or corruption concern are reported directly to the Compliance Department, reporting to Dufry's General Counsel and member of the Global Executive Committee, for further investigation.

#### **Risk management and control**

The risks inherent to Dufry's business are divided into two groups: Financial risks (pages 209 - 216) - related to interest rates, exchange rates, credit risks and liquidity risks - and non-financial risks. A comprehensive description of the Group's risk mapping is available in the Sustainability Report 2022 Annex on pages 303ff as well as in the TFC Report.



Dufry adopts a risk management model based on three levels. This model is applicable to all subsidiaries of the Group. The company is supported by an Enterprise Risk Management software called GRC (Governance, Risk and Compliance), which allows a comprehensive identification and management of potential risks that may affect the business.

**First level** – The commitment of Dufry and all its subsidiaries to integrity and transparency begins with its own staff. Dufry requires all its employees, officers and directors to act at all times in accordance with the provisions of the Code of Conduct. The latter describes the types of behavior not allowed, and imposes strict rules regarding the operation of the business.

In addition, the rules require each employee, officer and director to perform due diligence and carefully assess new external partners with whom Dufry plans to work, including a procedure to be followed to examine all new minority partners, consultants for business development projects, partners for transactions and M&A, as well as similar counterparts.

**Second level** – There are different governance functions across the organization including the Compliance, Legal, Finance and Human Resources departments in charge of monitoring the main risks and establishing the most appropriate controls to mitigate, as well as ensuring compliance with the policies and procedures of the Group. The scope of the Compliance and Corporate Governance function is based on the following pillars:

- Review and compliance with the set of global company policies
- Establishment of the overall framework of approvals of the Group and establishing a policy of “four eyes” for validations
- Training, both for the members of the staff identified with greater exposure to risk, and for the rest of the employees
- Global corporate risk management
- Creating internal communication channels to ensure the integrity of the compliance program.

**Third level** – The Group’s Internal Audit provides independent and objective monitoring and consulting services designed to add value and improve Dufry’s operations. This function covers all subsidiaries and applies a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes, as well as risk management and control, including assessing risk management procedures and the potential committing of fraud. The main risks identified in the course of internal audits are reported to

senior management and the Audit Committee of the Board of Directors, and its status is updated periodically until resolution or acceptance are given by the governing bodies.



**Corporate citizenship:  
Key partnerships and initiatives**

We engage in numerous external initiatives and strategic collaborations with relevant organisations and partners to support and inform about our work on the most material sustainability issues. We have grouped them under four different categories:

*Commitments*

- **UNGC** – Dufry is a signatory member of the UN Global Compact (UNGC) since March 2020 and since then, we measure and disclose our progress on the ten principles established by the UNGC. Additionally, Dufry is a member of the UNGC Swiss Network and regularly participates in conferences and meetings where best practices are shared.
- **SBTi** – During 2022 and early 2023, Dufry has sought and gained validation from the SBTi for the emissions reduction targets set for the company, as described in detail in the Protecting Environment section of this report on pages 96 - 103.

*Reporting*

- **GRI** – The Global Reporting Initiative (GRI) helps organizations to be transparent and take responsibility for their impacts, supporting companies to systematically report on the elements that are material for their businesses in a structured and comprehensive way. This reporting permits better comparability, greater transparency and alignment with international standards, such as the OECD guidelines for multinational organisations; ISO 26000; the United Nations Guiding Principles on Business and Human Rights; the UNGC’s Ten Principles and the United Nations’ Sustainable Development Goals. Dufry prepares its Sustainability Report following the guidelines of GRI since the reporting year 2018 and in this edition has adopted the GRI Universal Standards.
- **TCFD** – The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent cli-



mate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders. In the first quarter 2023 Dufrey has disclosed its first report following the guidelines of TCFD, which covers the reporting year 2022 and explores the range of impacts climate change would have for our business, including both risks and opportunities.

#### *Assessments and Ratings*

Dufrey is regularly assessed and rated by ESG-specialized rating agencies, including Sustainalytics, MSCI ESG Ratings, ISS ESG, Moody's ESG Solutions (Vigeo Eiris) or Inrate. Dufrey's ESG department engages with ESG analysts to assist them in their assessment of our company and to support their research work. Dufrey recognises the value of external feedback from these independent agencies as their work helps us to further develop our lines of action towards strengthening our long-term commitment to be a successful, sustainable business.

#### *Industry Initiatives*

Dufrey participates in several industry initiatives geared towards safeguarding the consumer and environmental protection. Amongst others, Dufrey has contributed to the development of several Codes of Conduct for the travel retail industry (such as the UK Code of Conduct on Disruptive Passengers and the ETRC and DFWC Codes of Conduct on Sale of Alcohol), and is a member of the ACI Climate Change Task Force.

#### **Stakeholder interaction and dialogue**

Engaging with our stakeholders on a regular basis to understand their expectations, needs and concerns is part of our ongoing commitment to sustainability. We interact with our stakeholders in a number of different ways, both formal and informal. For 2022, the group of relevant stakeholders included in our materiality assessment remains valid, and includes airports and other concession partners, customers, employees, investors (incl. shareholders, bondholders and lending banks), public authorities, suppliers, media and communities.

The eco-system illustration included in the ESG Strategy graphically describes the close interaction of Dufrey with its core stakeholders. Especially remarkable is the interaction with both suppliers and concession partners, which permits Dufrey to provide a superior service to customers. Known in the industry as the Trinity (concession partners, retailers and suppliers), the tight lines and collaboration between these three groups allow for an improved dialogue and mutual understanding between concession partners, retailers and suppliers, to the ultimate benefit of our custom-

ers. This interaction has remained critical and valuable during 2022 as air traffic started to be restored and the operation of our stores further recovered.

Beyond the Trinity described above, our employees and investors are the other two key stakeholders contributing to our company's success. Dufrey however, holds relationships with a larger group of stakeholders, which include:

- **Travel Retail Associations and Industry Bodies:** Dufrey is an active member of each of the relevant regional and national industry associations in the geographies in which it operates (see pages 56 – 57). We are proud to have senior staff members on the Board of some of the most respected industry bodies – ETRC (European Travel Retail Confederation), MEADFA (Middle East & Africa Duty-Free Association), IAADFS (International Association of Airport Duty-Free Stores), ASUTIL (South American Association of Free Stores), UKTRF (UK Travel Retail Forum) and the DFWC (Duty Free World Council). This gives Dufrey a voice in industry debates, ensuring that it plays a proactive role in shaping the industry's future.
- **Government & Public Institutions** – The relationship with this group is of major importance, as they are the generators and guardians of laws and regulations that circumscribe Dufrey's operating environment. New laws and regulations can have a significant impact on the business and Dufrey needs to be aware of any changes and be prepared to influence draft regulations and react to comply as needed.
- **Service Providers** – Understanding the relationship of Dufrey with key service providers – mainly with IT, and logistics suppliers among others – is fundamental for Dufrey to have a more holistic view of its ESG impact and to assess and eventually address improvement areas.
- **Media** – Is an important group for Dufrey as it permits the company to communicate with some of our main stakeholders. Dufrey strives to build strong and close collaborative relationships with media and our communications teams maintain direct and long-term relations with media representatives and influencers and provide them with timely information on a wide range of global, regional and local topics.
- **ESG Community** – Comprises of ESG rating agencies, ESG powerhouses (such as United Nations Global Compact, GRI or SBTi), and the ESG community of the travel retail and airport industry. The relationship with this group of stakeholders permits our company to have a better understanding of the main topics of concern on a global basis and identify areas of improvement within our ESG reporting and communication.



- **Communities and Charities** - As part of its social commitment, Dufry supports many activities in communities in which it operates. Dufry has a particular focus on education, youth development and charities for children, as well as general health and water related initiatives and encourages its employees to work as active members at a local level. For detailed information, please see our Community Engagement section on pages 122 - 128.



**Partnerships with concession partners and suppliers**

The Trinity approach mentioned above is of special interest for Dufry, as a way of achieving the company's ultimate objective of delivering a superior shopping experience for our customers. The pursuit of this objective however requires both joint collaboration - in the way the offer is presented to customers - and ensuring that responsibility towards society and the environment as expected by Dufry, is also demonstrated and shared by our partners.

*Close ESG Cooperation*

The close ties with concession partners and brand suppliers have significantly extended in 2022 to ESG-related topics, and especially environmental ones. From the suppliers' standpoint, Dufry has participated in a number of sustainability events and working sessions to identify ways of better engaging with customers when it comes to communicating the environmental brand values. By sharing different visions and

strategies, Dufry has learnt more about suppliers' ESG propositions to better engage with our customers.

On the airport front, and as indicated in the Environmental Protection focus area of the report, Dufry plays an active role in several airport's sustainability bodies, supporting the airport efforts when driving their ESG strategy. This includes cooperation on environmental topics, where Dufry for example, as part of a multi-stakeholder group, has an active role in determining and planning for levels of energy and resource consumption savings that work for the airport's reduction objectives and targeting.

Collaboration however is also extended to other dimensions of ESG. In this regard, Dufry is also involved in airport forums aimed at establishing responsible employment practices and helping building a pipeline of skills required today and in the future.

*Supplier Code of Conduct*

As stipulated in its Supplier Code of Conduct, Dufry expects suppliers and business partners to comply with the law, stipulated contract conditions and international best practices in respect of human rights, the environment, health and safety and labor standards. As a further step towards achieving a more sustainable supply chain, Dufry has already developed its Supplier's Code of Conduct in 2017, with the purpose of ensuring that our suppliers across all product categories, have in place and apply accepted business standards, as described by the UN Global Compact, regarding:

- Ethics and integrity
- Labor and employment practices and working conditions
- Environmental compliance and sustainability
- Product safety and security.

Combined with the Corporate Governance and the Remuneration Reports, both the Supplier Code of Conduct and the Dufry Code of Conduct provide detailed insights on how Dufry assumes its responsibility concerning social, ethical and environmental standards and how we put into practice the principles of sustainable development in our day-to-day work. Both Codes are regularly assessed to ensure they remain relevant and reflect developments in law, regulation and professional ethics. All of them are available in the sustainability section of our website: [www.dufry.com/sustainability](http://www.dufry.com/sustainability).

We expect all of our suppliers and business partners to comply with the principles included in Dufry's Supplier Code of Conduct and ultimately to replicate

these standards further down their own supply chain. As explained in page 92 (Customer Focus – Recertification of Supplier Code of Conduct), in 2022 we continued our efforts to proactively share the Code with additional suppliers from all product categories and we will continue to extend the reach to additional suppliers in 2023.

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## **WE SUPPORT**



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### **Stakeholder Value Allocation**

Dufry contributes to the development of the economies in countries where it operates through the payment of fair and competitive salaries, taxes and the purchase of local products and services. As a way of assessing the economic impact of our business, Dufry annually discloses its stakeholder value allocation, which reflects the direct monetary impact of its operation over its main stakeholders.

Accrued value allocated to our employees in form of remuneration, retirement benefits, social security payments and other personnel expenses amounted to CHF 997.9 million in fiscal year 2022. CHF 284.6 million were interest expenses as payments to our bondholders and lending banks. Income taxes paid to public authorities and communities amounted to CHF 76.1 million in 2022. In view of the 2023 General Meeting of Shareholders, the Board of Directors resolved to propose not to pay a dividend for the business year 2022. This allows us to focus on strengthening the company's financial position and on closing the business combination with Autogrill.

Additionally, Dufry contributes every year to a comprehensive number of social initiatives, which are described in the Community Engagement section of the report.



PENHALIGON'S  
LEGACY OF  
PETRA  
EAU DE PARFUM