

TCFD Report 2022

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



DUFRY

WorldClass.WorldWide.

DUFRY'S TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTENT

1

GOVERNANCE

- Board oversight 2
- Management oversight 3

2

STRATEGY

- Dufry's Climate Strategy 4
- Risks, opportunities and scenario analysis 4
- Plans to expand scenario analyses 6

3

RISK MANAGEMENT

- Organizational processes for identification and management of CRRO 6
- Integration in organization's overall risk management 6

4

TARGETS & METRICS

- Greenhouse Gas Emissions 6
- CO₂ Reduction Targets 7
- Integrating ESG- / climate-related metrics in remuneration 7

Dufry's ESG strategy and engagement has always been an inherent part of the company's strategy - a commitment most recently reconfirmed in the new company strategy Destination 2027. Dufry's ESG Strategy focusses on 4 key pillars - Customer Focus, Protecting Environment, Employee Experience and Trusted partner - and subsumes climate change as part of the focus area Protecting Environment.

Dufry consistently reports on its ESG initiatives, achievements and vision in the annually disclosed ESG Report, which is an integrated part of the Annual Report. The ESG Report comments on the company's engagement and progress on how to minimize impact and generate positive contributions for its stakeholders.

With this new TCFD Report (Task Force on Climate-related Financial Disclosure) Dufry wants to complement the existing ESG reporting, further enhance transparency and provide stakeholders with information and insights to assess climate-related risks and opportunities (CRRO). This report also explains how Dufry responds to these challenges.

1. GOVERNANCE

1.1 BOARD OVERSIGHT

The supervision of the implementation of Dufry's ESG Strategy - including climate change topics - has always been within the responsibility of the Board of Directors, and in particular with the Lead Independent Director. In 2022, to further highlight the importance of ESG, the former Nomination Committee of the Board of Directors has been renamed to Nomination and ESG Committee, which is chaired by the Lead Independent Director.

The Lead Independent Director, supervises Dufry'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 successfully exercise their supervisory duty. Climate-related topics are

discussed as part of the regular Nomination and ESG Committee meetings, as ESG is seen as a holistic approach.

Interaction of the Lead Independent Director with the ESG Committee occurs through the defined information meetings, as well as through additional meetings and information exchanges upon request of the Lead Independent Director.

The entire Board of Directors is updated, at least on a quarterly basis on non-financial information. This also includes such as, but not exclusively, updates on progress on the implementation of the company's ESG strategy.

1.2 MANAGEMENT OVERSIGHT

Execution of the sustainability strategy at the operational level is led by the Group CEO. He presides over the interdisciplinary ESG Committee. This committee defines and drives the implementation of the ESG strategy. In 2022, the ESG Committee consisted of the Chief Executive Officer, Chief Financial Officer, Chief Executive Officer Operations, Chief Commercial Officer, Chief Diversity & Inclusion Officer, Group General Counsel, Chief Corporate Officer, Chief Compliance Officer, Chief Peo-

ple Officer, Global Internal Audit Director, Global Head of Investor Relations and the Global Head of Corporate Communications & Public Affairs (which includes responsibility for ESG). This Committee meets at least every two months. In 2022, the ESG Committee met six times.

The day-to-day implementation of the ESG strategy is executed by the ESG department as part of the Corporate Communications & Public Affairs department. The corporate governance structure and policies are continuously assessed to ensure compliance with the applicable legal frameworks, environmental guidelines as well as Dufry's Code of Conduct to reflect stakeholder's needs and expectations. Additionally, the ESG Committee and ESG department develop approaches to identify, assess, monitor and report on climate-related risks and opportunities.

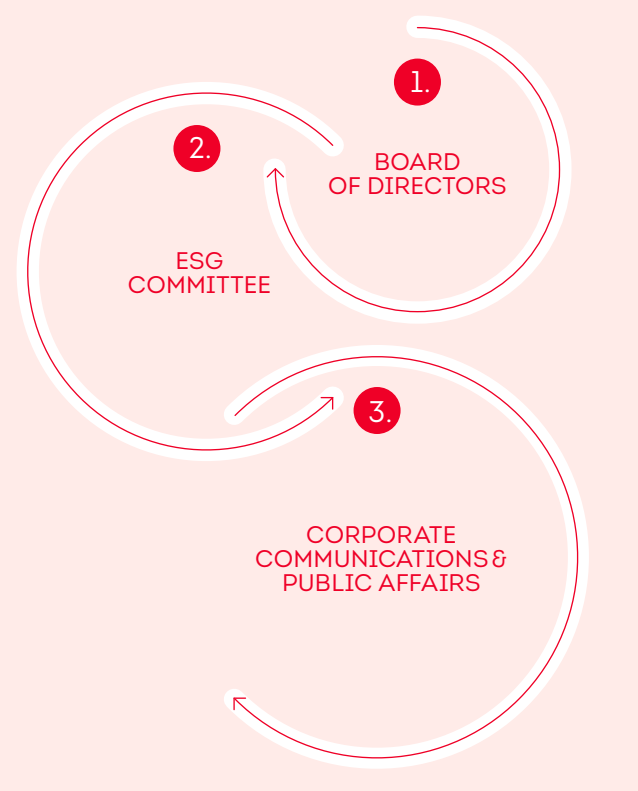
Dufry's Corporate Governance Report 2022 is providing more information on the governance structure concerning ESG on page 261. Starting 2022, ESG- and climate-related performance goals are integrated in compensation schemes of the Group Executive Committee as well as the senior management. Details are included and disclosed in the Remuneration Report 2022 on page 289.

IMPLEMENTATION OF SUSTAINABILITY STRATEGY SUPERVISED AT BOARD OF DIRECTORS LEVEL

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 Dufry's ESG strategy is executed by the ESG Department as part of the Corporate Communications & Public Affairs department.



2. STRATEGY

2.1 DUFRY'S CLIMATE STRATEGY

As a travel retailer, Dufry views addressing climate change not only as a moral obligation, but from a business perspective essential to ensuring business continuity for the long-term. Due to the special nature of the travel retail industry, on top of actively reducing its own footprint, Dufry closely collaborates with third parties, in particular with concession partners, brand suppliers and logistics providers, on reducing the environmental impact of its business in general, and more specifically also contributing to the implementation of recycling processes and waste avoidance wherever possible.

Dufry's ESG strategy covers the different aspects of sustainability, including climate-related risks and opportunities, which are managed by the ESG Department and implemented as needed in collaboration with other specific departments and functions. This TCFD Report is reporting on the progress achieved.

In 2021, internal guidelines (Environmental Guidelines) were enforced to define Dufry's management and compliance measures with a special focus on climate action. The adoption of these guidelines is monitored by the ESG Committee.

In 2021, Dufry has amongst other ESG initiatives established an emission reduction strategy for Scope 1 and 2 emissions until 2025, which follows the 1.5°C pathway and was validated by the Science-Based Target initiative (SBTi) in early 2023. For Scope 3 emissions, Dufry follows SBTi's "well below 2°C pathway" with two separate objectives. Through supplier engagement programs, Dufry will commit to ensure that, by 2027, 74% of emissions will be covered by SBTi committed suppliers. At the same time, through collaboration with its logistic partners, Dufry will reduce its logistics carbon footprint by 28% by 2030. Both initiatives combined will serve to reduce Dufry's Scope 3 carbon footprint in alignment with SBTi criteria, which were also validated by SBTi.

Dufry has a dedicated Shop Design Strategy to develop sustainable shops with respect to reduced energy consumption, use of recyclable materials and circular economy for shop refurbishments. Dufry follows the principles established by leading green-building certification systems, such as the Leadership in Energy and Environmental Design (LEED). In addition, Dufry is replacing single-use plastic packaging with sustainable alternatives where possible. For details on the Environmental Guidelines and additional information, please refer to the "Protecting Environment" section on page 96 of the ESG Report 2022.

2.2 RISKS, OPPORTUNITIES AND SCENARIO ANALYSIS

Climate-related risks and opportunities for the organization

Climate change is anticipated to impact Dufry's business over the short, medium and long term. Physical risks might impact Dufry's business operations and supply chain in the form of e.g., extreme nature-related events. Transitional risks might affect Dufry through moving the economy into a low-carbon future which is characterized by e.g., environmental legislation, carbon taxes or higher aviation fuel prices that increase price levels and hence consumers' preparedness to fly. On the other hand, climate change can also provide opportunities for Dufry.

While Dufry is aware that physical and transitional climate risks could affect its business in the near, mid- and long-term, the company is at the starting point of defining climate risk scenarios that are applicable to Dufry's business.

The following table shows the main climate-related risks and opportunities identified and evaluated so far by the company, which might impact Dufry.

TYPE	RISK/ OPPORTUNITY FACTORS	POTENTIAL IMPACT	DUFRY'S RESPONSE
Transitional Risks (Policy & Legal)	<ul style="list-style-type: none"> - Regulations on CO₂ taxation of flights/ship cruises leading to a reduction in passenger traffic and changes in customer behavior. - Environmental legislation and requirements on e.g. energy consumption, transportation, packaging materials. 	<ul style="list-style-type: none"> - A reduction in passenger traffic could adversely affect Dufry's sales. - Environmental legislation can affect cost of energy consumption, cost for transportation and influence business procedures by regulation on the use of packaging material (e.g. single use plastics). 	<ul style="list-style-type: none"> - Business diversification has always been and will continue to be a key strategic element to mitigate risks and drive company growth. - Diversification by geographies, sectors and channels to mitigate the impact of regional or local phenomena (see sales splits on pages 8 - 9 of the Annual Report 2022). - Dufry has a dedicated Shop Design Strategy to develop sustainable shops with respect to reduced energy consumption, use of recyclable materials and circular economy for shop refurbishments. - Dufry is replacing its single-use plastic packaging with sustainable alternatives, where possible (see details page 101 of the Annual Report 2022). - Cooperation with industry associations to develop sustainable solutions for the industry. - Strong and long-term partnerships with airport authorities and other concession partners. Mutual trust and shared objectives with these landlords are key for value creation.
Transitional Risks (Market)	<ul style="list-style-type: none"> - Changes in customer behavior towards higher ecological awareness leading to a reduction in passenger traffic, a change in travel destinations or a change in purchasing behaviors and product preferences. 	<ul style="list-style-type: none"> - The change in ecological awareness might influence travel traffic, customer sentiment as well as traveling and spending behavior. This can influence sales performance of Dufry's shops locally and globally. 	<ul style="list-style-type: none"> - Dufry regularly performs customer surveys several times per year to early identify potential changes in customer behavior and preferences. - In cooperation with Dufry's brand partners, the central procurement teams identify new trends and customer needs to optimize assortments. - Enhanced communication activities to support customer make responsible product choices - as started with Dufry's global sustainable product identification initiative. - Dufry's diversification strategy by geographies, sectors and channels (see sales splits on pages 8 - 9 of the Annual Report 2022) mitigates the impact of regional or local phenomena and the fact of passengers travelling to other destinations.
Physical Risks (Acute and chronic)	<ul style="list-style-type: none"> - Extreme nature-related events such as rise in sea level, heat waves etc. 	<ul style="list-style-type: none"> - Acute risks such as extreme weather events might lead to asset damages or disruption to the supply chain and could impair Dufry's ability to sell its products. - Chronic risks such as the rise in sea level might impact locations where Dufry operates and eventually lead to a reassessment of the operation, with the costs this implies. - The effect of global warming may lead passengers to select different holiday destinations where Dufry may not be present, hence, impacting sales. 	<ul style="list-style-type: none"> - Dufry's diversification strategy by geographies, sectors and channels (see sales splits on pages 8 - 9 of the Annual Report 2022) mitigates the impact of regional or local phenomena and the fact of passengers travelling to other destinations. This strategy will continue to be a key strategic element going forward to mitigate risks and drive company growth.
Risks / Opportunities (Reputation)	<ul style="list-style-type: none"> - Trustful climate strategy and enforcement. 	<ul style="list-style-type: none"> - Dufry might strengthen its reputation and build a competitive advantage compared to competitors. 	<ul style="list-style-type: none"> - Dufry's ESG strategy covers different aspects of sustainability in a holistic approach. The company has defined emission reduction goals and discloses emissions on Scope 1, 2 and 3. - Dufry has set up main lines of action, which include the continuous assessment of its corporate governance structure and policies, alignment of ESG and business strategies ensuring critical business decisions, ensuring compliance and control as well as having an open stakeholder dialog and engagement. - Dufry has an ESG strategy in place which is also aligned with main ESG objectives of concession partners and main stakeholders. This places the company in a stronger position to obtain new and retain existing concessions.

2.3 PLANS TO EXPAND SCENARIO ANALYSES

The first release of Dufry's TCFD report focuses on identifying climate-related risks and opportunities, which foster building appropriate scenarios going forward. To analyze climate scenarios and subsequently identify management tools, further discussions between risk and strategy departments are necessary. Internally, Dufry has already liaised with its risk management team and is confident in providing scenario analyses for the preparation of the next release of its TCFD Report. Dufry currently plans to release TCFD Reports in biennial cycles.

3. RISK MANAGEMENT

3.1 ORGANIZATIONAL PROCESSES FOR IDENTIFICATION AND MANAGEMENT OF CRRO

The risk management processes of Dufry identify and manage risks at different levels of the organization and the responsibility is distributed across different functions and countries of the organization. The company is supported by an enterprise risk management software called GRC (Governance, Risk and Compliance), which allows a comprehensive identification and management of existing and potential risks that may affect the business.

During 2022, further improvements of the enterprise risk management process were put in place. This new process leads to a harmonization of risk management processes concerning format and time frame. One pillar of the risk management organization is ESG, which also contains the management of climate-related risks and opportunities.

3.2 INTEGRATION IN ORGANIZATION'S OVERALL RISK MANAGEMENT

The overall risk management model of Dufry is based on the following three levels:

1. The commitment of Dufry and all its subsidiaries with integrity and transparency begins with its own staff and the adherence to the Dufry Code of Conduct.
2. 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.
3. 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 as-

sessing risk management procedures and the potential committing of fraud.

The main risks identified during internal audits are reported to senior management and the Audit Committee of the Board of Directors. The status of the main risks is periodically updated until resolution or acceptance by the governing bodies.

Climate-related aspects form integral parts of the ESG processes and infrastructure. Therefore, the risk management processes also include explicitly the management of Dufry's CRRO as an integral part of the ESG engagement.

Further information on the overall risk management process is provided in the Corporate Governance Report 2022 on page 264 - 265, as well as in the ESG Report 2022 on pages 117 of the Annual Report 2022.

4. TARGETS & METRICS

4.1 GREENHOUSE GAS EMISSIONS

The Greenhouse gas emissions for the years 2019-2022 as shown below are calculated in accordance with the Greenhouse Gas Protocol (GHGP).

GREENHOUSE GAS EMISSIONS

In tons of CO ₂ -eq.	2022	2021	2020	2019
Scope 1 ²	1,524	935	717	1,736
Scope 2 ^{1,3}	18,900	19,813	21,290	27,923
Scope 3 ⁴	7,509	3,728	1,451	10,766
Total	27,934	24,477	23,475	40,425

Carbon Intensity ⁵	2022	2021	2020	2019
Tons of CO ₂ -eq. / m ² of comm. space	0.0697	0.0521	0.0500	0.0740

¹ 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 Dufry 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).

² Includes consumption of Dufry-managed goods transportation in the UK, Jordan and Morocco as well as diesel and gas of heating.

³ 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 CO₂-eq.

⁴ 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.

⁵ Carbon intensity calculated over the total square meters of commercial surface operated by Dufry in m² (2022: 471,591 / 2021: 469,581 / 2020: 469,041 / 2019: 469,990).

4.2 CO₂ REDUCTION TARGETS

Dufry 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 pursue efforts to limit global warming to 1.5°C.

After committing to the Science Based Targets initiative in spring 2022, Dufry handed in emission reduction targets following the SBTi guidance (SBTi Target Validation Protocol). SBTi validated the following emission reduction targets in early 2023:

- Dufry commits to reduce absolute Scope 1&2 GHG emissions 94.2% by 2030 from a 2019 base year.
- Dufry 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.
- Dufry commits that 74% of its suppliers by emissions covering purchased goods and services will have science-based targets by 2027.
- Dufry commits to reduce absolute Scope 3 GHG emissions of upstream transportation emissions by 28% by 2030.

In addition, Dufry 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.

The emission reduction strategy for Scope 1&2 follows the SBTi 1.5°C pathway, whereas the emission reduction strategy for Scope 3 follows the SBTi well below 2°C pathway. Measures to achieve the reductions of Scope 1&2 include reductions in energy consumption and the purchase of renewable energy certificates (RECs) at group level. Scope 3 reduction measures are the establishment of a supplier engagement program, development of a green logistics code of conduct and tracking of suppliers and logistic partners with commitments to SBTi.

For the next years, Dufry will investigate whether additional key figures on CRRO e.g., vulnerable assets to climate change, can be reported.

4.3 INTEGRATING ESG/CLIMATE-RELATED METRICS IN REMUNERATION

Starting 2022, the Nomination and ESG Committee of the Board of Directors recommended that the inclusion of ESG and climate-related performance metrics into the remuneration schemes of the Group Executive Committee as well as the senior management should be investigated. This proposal has been assessed and approved by the Board's Remuneration Committee and implemented accordingly. For more information, please refer to page 289 of the Remuneration Report 2022.