

# ENVIRONMENT SOCIAL AND GOVERNANCE REPORT 2021



**DUFRY**

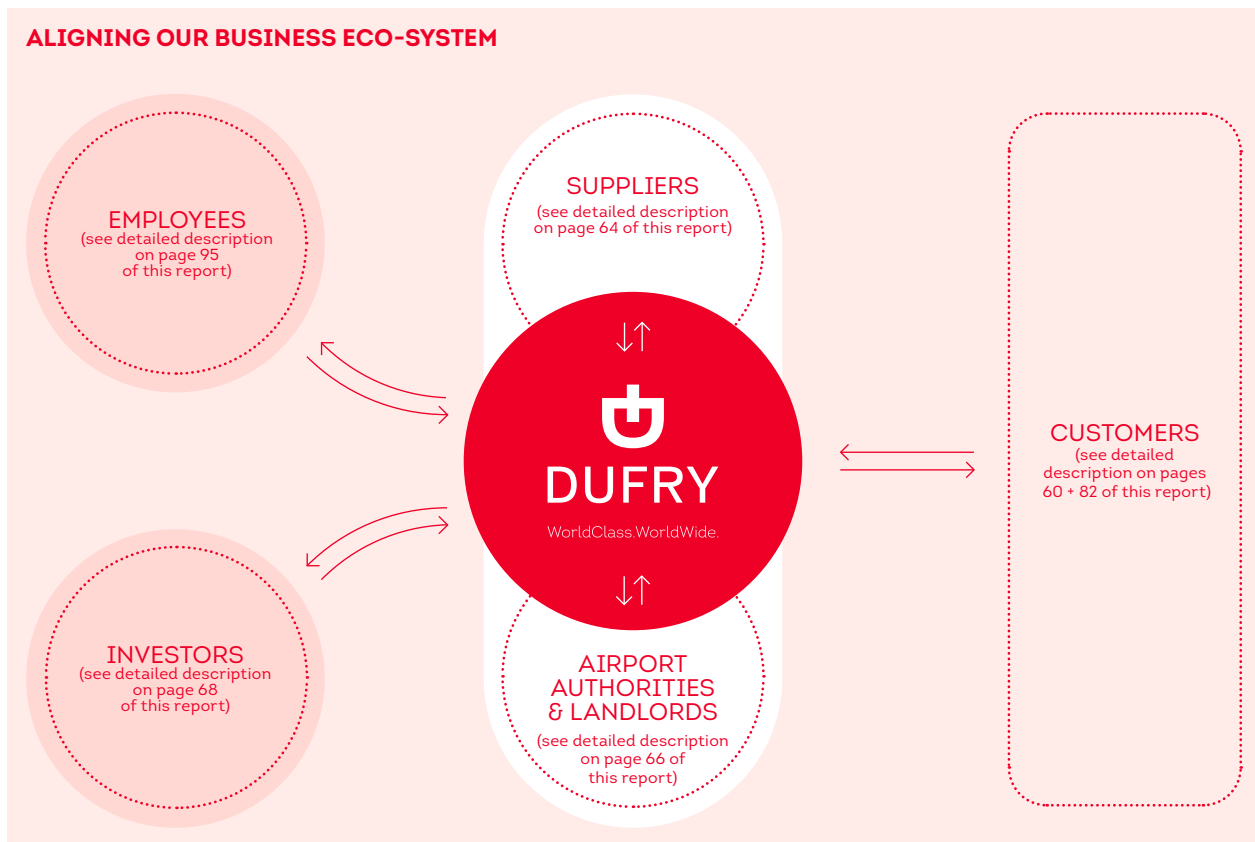
WorldClass.WorldWide.

# ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) REPORT

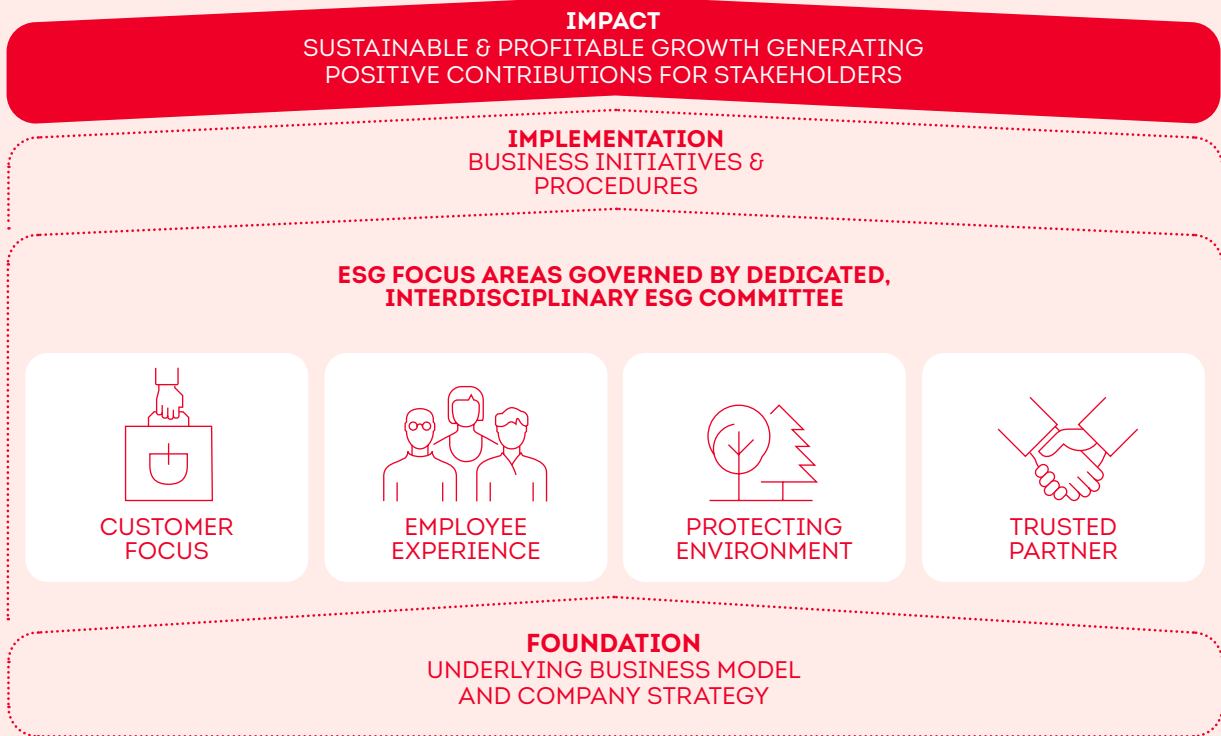
## EVOLVED COMMITMENT TO SUSTAINABLE GROWTH

Dufry's four focus areas, which are Customer Focus, Employee Experience, Protecting Environment and Trusted Partner, align our eco-system with the main stakeholders and define the key topics, which are material to our business. Our ESG engagement is an inherent part of our company strategy, supervised by the Board of Directors and implemented by a dedicated ESG Committee. A detailed description of the ESG Strategy is available on the Dufry website [www.dufry.com/en/sustainability](http://www.dufry.com/en/sustainability).

In 2021, Dufry has – among many other improvements – further evolved its ESG commitment by developing dedicated Environmental Management Guidelines and defining SBTi-based (Science Based Target Initiative) emission reduction targets, which complement the overall ESG Strategy. The new Environmental Management Guidelines and the emission reduction targets for scopes 1 - 3 are described on the pages 87 - 91.



**ESG ENGAGEMENT FULLY INTEGRATED IN COMPANY STRATEGY**

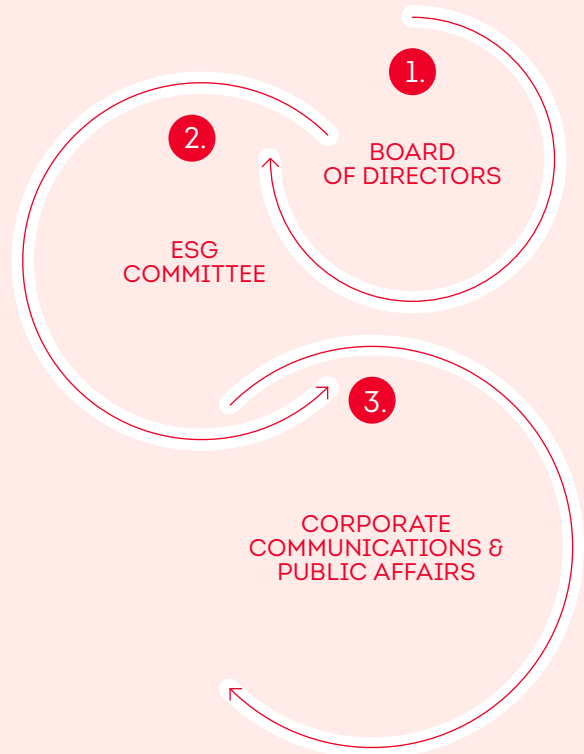


**IMPLEMENTATION OF SUSTAINABILITY STRATEGY  
 SUPERVISED BY HIGHEST GOVERNANCE BODY**

1. At the level of the Board of Directors, the implementation of the ESG Strategy is supervised and actively accompanied by the Lead Independent Director. The Board of Directors is informed on the ESG strategy implementation progress quarterly and receives detailed updates at least twice a year.

2. The interdisciplinary ESG Committee drives the implementation of the ESG Strategy and meets every two months. The ESG Committee is attended by CEO (Chair of the ESG Committee), CFO, CEO Operations, Chief Corporate Officer, Chief Commercial Officer, Chief Compliance Officer, General Counsel and Chief Diversity & Inclusion Officer, as well by the Global Internal Audit Director, the Global Head of Investor Relations and the Global Head Corporate Communications & Public Affairs.

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



### A global leading travel retailer

Dufrey is a global travel retailer operating over 2,300 duty-free and duty-paid shops in airports, cruise lines, seaports, railway stations and downtown tourist areas. In 2021, we employed 19,946 employees (FTEs) across 66 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) as well as the SXI Swiss Sustainability 25 Index of the SIX Swiss Exchange and has a balanced mix of large and small shareholders.

This sustainability report has been prepared following the guidelines of the Global Reporting Initiative (GRI) Standards: Core Option, and covers our environmental, social and governance (ESG) activities, performance and approach for the year 2021 focusing on the topics we have determined to be of greatest importance for Dufrey and its stakeholders. As already started in the 2020 ESG Report, in 2021 we continued to voluntarily report information related to three additional GRI indicators: Emissions, Environmental Compliance and Public Policy. The decision to start reporting on these indicators is in response to Dufrey's commitment for greater transparency and to give stakeholders a better understanding of our ESG strategy.

### Consistent implementation of ESG vision and strategy

In 2021, we have focused our ESG engagement on implementing important new initiatives in areas where we can make relevant ESG contributions. We have defined Science Based Target Initiative (SBTi)-based reduction targets for Scopes 1, 2 & 3 emissions along with the development of the Environmental Management Guidelines; we have also expanded the Risk & Opportunity disclosure, accelerated our Diversity & Inclusion engagement and, among several other new ESG initiatives, we have further evolved our Human Resources Policy. All these major developments are fully aligned with and follow the strengthening of the ESG governance structure and the revision of our ESG Strategy in 2020, which builds on the four focus areas - Customer Focus, Protecting Environment, Employee Experience and Trusted Partner. Our ESG Strategy, with the description of the focus areas and the ESG governance structure is disclosed in the sustainability section of our Group website: [www.dufrey.com/en/sustainability](http://www.dufrey.com/en/sustainability).

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 in the corresponding sections, where Dufrey plays a role in progressing towards

specific goals, thus enabling the reader to obtain a better and more transparent understanding of our report.

In early 2020, Dufrey became a signatory member of the UN Global Compact and started to prepare a progress report, which is available, together with the GRI Index and the Sustainability Report Annex at the end of this publication. These documents supplement the information disclosed in Dufrey's Annual Report (including the Corporate Governance and Remuneration Reports embedded in the Annual Report). 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).

### Dufrey's materiality assessment updated

Dufrey launched its sustainability reporting in 2016 with the publication of its first materiality assessment 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. This first step towards establishing a solid sustainability reporting framework continued with the publication in 2017 of Dufrey's first Environment, Social and Governance (ESG) Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards.

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 Standard 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.

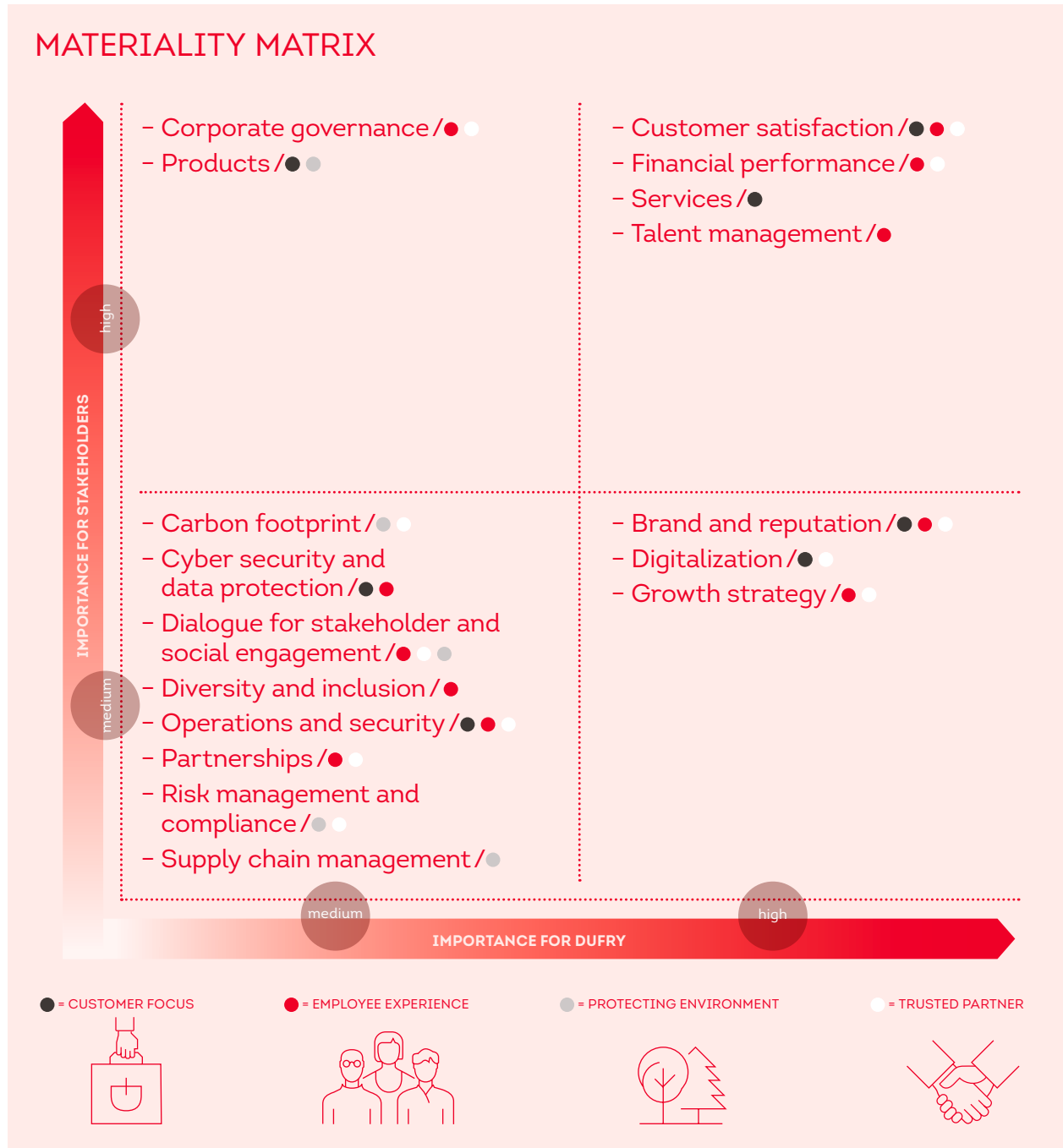
Our vision of sustainability however is not a static one, and Dufrey conducts periodic and comprehensive materiality assessments to identify our most relevant reporting topics from an ESG perspective. As compared to the initial scope of the materiality matrix, in 2019 we had added Data Protection and Cyber Security as an additional topic, while we did not add any to our materiality matrix in 2020. During the reporting year 2021, we re-assessed the scope of our matrix with formal and informal feedback from both internal and external sources, including financial and ESG analysts, business partners and industry associations. 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.

**Risk management and control**

The risks and opportunities inherent to Dufry’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 201 - 209, a comprehensive description of the Group’s non-financial risk mapping, which has been updated in 2021, is included in the ESG Report Annex available on the corporate website: [www.dufry.com/en/sustainability](http://www.dufry.com/en/sustainability).



Note: Within boxes topics are listed in alphabetical order

## IMPROVEMENTS CARRIED OUT DURING 2021

### CUSTOMER FOCUS



#### **SUSTAINABLE PRODUCT IDENTIFICATION INITIATIVE LAUNCHED, INCLUDING OVER 550 PRODUCTS IN 171 SHOPS ACROSS 128 AIRPORTS.**

Over 2,300 Dufry employees, who are involved in the sale of alcohol products, obtained the DFWC accreditation as Responsible Retailer of Alcohol products.

New retail technology concepts – Hudson Nonstop and Automated Retail Concepts – to meet demand for contact-less shopping experience.

Global Information Security Policies aligned with the international security frameworks ISO 27000 and NIST.

### EMPLOYEE EXPERIENCE



#### **DIVERSITY & INCLUSION (D&I) SURVEY COVERING 70 % OF GLOBAL EMPLOYEE BASE EXECUTED IN 2021 TO IDENTIFY OPPORTUNITIES TO FURTHER EVOLVE D & I ENGAGEMENT AND DEVELOP TARGETED INITIATIVES.**

#### **GLOBAL HR POLICY UPDATED WITH RESPECT TO OVERALL REMUNERATION SYSTEM AND WORKING CONDITIONS.**

Roll-out of employee communication tool – Beekeeper – to connect with non-desktop staff, reaching over 80 % of our headcounts.

Equal Salary Certification renewed for our Switzerland operation.

## PROTECTING ENVIRONMENT



**CO<sub>2</sub> EMISSION REDUCTION TARGETS DEFINED FOR SCOPES 1, 2 & 3 EMISSIONS.**

- REACH CLIMATE NEUTRALITY FOR SCOPES 1 & 2 EMISSIONS BY 2025**
- CONSIDERABLY REDUCE SCOPE 3 EMISSIONS BY ENGAGING WITH 50 % SBTI-COMMITTED SUPPLIERS BY 2027 AND BY REDUCING CARBON FOOTPRINT OF LOGISTIC PARTNERS BY 28 % BY 2030**

**PLASTIC BAGS SUBSTITUTION INITIATIVE IN PROGRESS IN 15 COUNTRIES.**

Started to establish a supplier engagement program to support achievement of emission reduction target.

Developed Environmental Management Guidelines to ensure the application of the precautionary principle and place the environment at the center of our decision-making process.

## TRUSTED PARTNER



**INCLUDED IN SXI SUSTAINABILITY 25 INDEX OF THE SIX SWISS EXCHANGE AS OF SEPTEMBER 2021.**

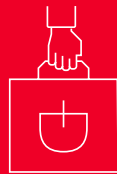
**RECERTIFICATION OF SUPPLIER CODE OF CONDUCT REACHING 56 % OF GROUP PURCHASING VOLUME.**

Participated in a number of industry & customer ESG forums and events.

# 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 improve the overall traveler experience – in our shops we welcome customers from over 150 nationalities every day – and initiate growth opportunities that benefit brands, airports and travelers alike, by developing attractive shopping environments.

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

Following a detailed acceptance analysis of the sustainable product identification initiative launched in 2021, we will further evolve our sustainable product assortment in line with customer's preferences and feedback provided.

## EMPLOYEE EXPERIENCE



Diversity and Inclusion (D & I) will remain an area of focus for Dufry. Our global corporate initiative, first launched in 2016 as women@dufry to bring together female leaders across the business from a variety of functions and geographies, has now further evolved to provide equal opportunities without any kind of discrimination for all employees. Based on the findings identified in the D & I survey of late 2021, 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. Moreover, we have fully revised our Human Resources Policy, now disclosed in the Careers section of the group website. Leveraging on the experience gained through the reconfirmed Equal Salary Certification achieved in Switzerland in 2021, we will continue to analyze compensation plans across the group and develop remediation plans if needed.

Fostering dialogue with employees is a vital part of our strategy, based on the understanding that our staff are our most valuable asset. In 2019, we conducted a new wave of the Engagement Survey with the participation of 25,213 Dufry employees – representing 73 % of our workforce at that time. The next engagement survey is planned for 2022 providing employees with the opportunity to share their views and concerns in the current business environment and following the implementation of the new ways of working.



## PROTECTING ENVIRONMENT



While we have fully revised Dufry's Sustainability Strategy in 2020, the ongoing verification of the strategy and alignment with any new requirements has continued in 2021 and remains a central focus.

Based on the CO<sub>2</sub> emission reduction targets defined in 2021, we will continue and further refine the assessment of our environmental impact. This will allow us to work towards reaching the defined targets, adding important information to a detailed reporting structure, and to have an even better understanding of the environmental footprint of our operations.

## TRUSTED PARTNER



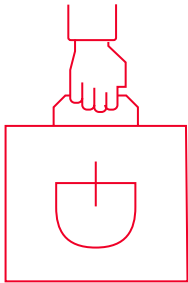
Through our shop network, we directly and indirectly support the local economies of the countries in which we operate: either by employing local staff, sourcing local products, or by paying taxes. Providing jobs and quality working conditions and opportunities, including our training and development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

Continuing our plan to monitor our supply chain sustainability and include additional suppliers who have accepted the terms of our Supplier Code of Conduct in 2021, we have executed the recertification process, tripling the number of suppliers involved. Also going forward, we will continue to extend the reach of the Supplier Code of Conduct.

In 2021, we have introduced an extended overview of the risks and opportunities which impact the company, and provided indications on how Dufry mitigates or benefits from the respective developments. The Risks & Opportunities table included in the ESG Report Annex complements the financial risks overview in the Financial Report and will be updated on a regular basis.



# CUSTOMER FOCUS



To succeed as a company, Dufrey must put the customer at the center of every decision we make. This has been the philosophy of the company since its foundation, and it's what has brought Dufrey to its current leadership position in the travel retail industry. 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 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 of our offer that receive special attention from Dufrey and that enable us to be a more sustainable travel retailer and our customers to shop considerately.

## Creating the best shopping experience

Our corporate brand statement, WorldClass.WorldWide, reflects our ambition to create the best possible shopping environments to capture the interest of travelers and to generate attractive buying opportunities. That is the main pillar of our future growth. This best shopping experience is based on three main elements: store, product and service.

When Dufrey 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, alongside a carefully curated selection of local products acquired from local suppliers, results in unique shopping

### GRI INDICATORS:

401-1, 403-1, 404-1, 405-1, 406-1

### SDGs:

5.2  
 8.8  
 12.8  
 16.1, 16.3, 16.10

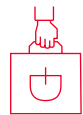
spaces that enable customers to experience a full cultural immersion in the destination with a true "sense of place". Dufrey cooperates closely with airport authorities and brand suppliers on elements including store design, passenger flows and allocation of commercial space.

### 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 Dufrey operates a large proportion of the stores in all its terminals. In 2020, Dufrey's retail offer in Heathrow was once more recognized by Skytrax winning the accolade of Best Airport Shopping in the world for the eleventh consecutive year. Due to COVID-19 pandemic, Skytrax has temporarily suspended the awards and will reinstate them in 2022. This recognition is of special interest for Dufrey, 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 Dufrey's main aspiration. No matter where our stores are located, the ultimate objective of Dufrey'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 this rollout, 13 Academy Stores spread across the three main regions have been 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 - indicate two main requirements: an increasing need for more contactless and reduced in-person interaction and a more digital in-store engagement, as well as the availability of sustainable products. A shift in consumer behavior that is suggested to endure and increase in the long term.

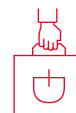
As indicated in the Customer section of the Annual Report (pages 60 - 63), Dufry continues creating omnichannel strategies that blend physical and online channels to engage consumers in the channel of their choosing. Services such as Reserve & Collect and Red By Dufry, constitute an important part of our customer value proposition and are critical to drive customer engagement and loyalty.

*Sustainable product identification initiative implemented*

The choice by customers of more sustainable products when shopping is another trend consolidated 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 has implemented a Sustainable Product Identification System in 171 shops across 128 airports, 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. Over 550 products were selected for this experience, with positive response amongst customers. Dufry is currently evaluating customers' feedback and assessing a wider spread of the initiative across other locations.

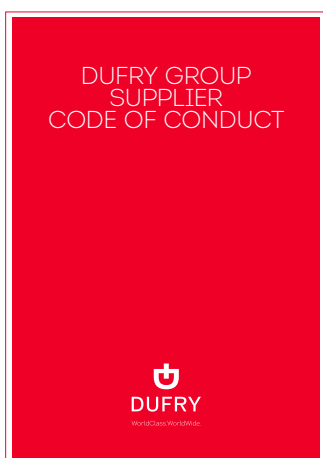




### *Evolved shop digitization*

During 2021, Dufrey has piloted new concepts and initiatives aligned with these new emerging customer preferences. In the US, in Dallas Love Field and Chicago Midway airports, Dufrey's affiliate Hudson inaugurated two Hudson Nonstop stores. These shops are equipped with Amazon's Just Walk Out technology, a technology that allows customers to enter the store with their credit card, pick up the products they are looking for, and then exit the store, all without waiting in checkout lines or stopping to pay. Customers of these two shops have quickly adopted this new store concept and are very pleased with the full product range offered, reaffirming the investment in this technology is meeting an untapped need of travelers. This experience has been further evolved in December 2021 through the implementation of Amazon's palm recognition service, Amazon One - an absolute first deployment in the travel retail industry.

Also in the US, Hudson has piloted another contactless retailing concept with the introduction in several US airports of Automated Retail Concepts, a 24/7 shopping destination that features a wide selection of products from globally renowned and local brands, including skincare, eyewear and electronic products as well as accessories and toys.



### **Recertification of Supplier Code of Conduct**

Dufrey does not produce any goods nor sell any white-label products. 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, Dufrey expects all of its suppliers to comply with the law, stipulated contract conditions and international best practices in respect of human rights and the environment, as well as health and safety and labor standards. To ensure this, Dufrey regularly updates its Supplier Code of Con-

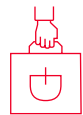
duct, available on the company's website, which stipulates the provisions required to be a supplier to Dufrey. As an additional step, since 2018 Dufrey proactively approaches its main product suppliers to secure their agreement with and/or acknowledgement of the Supplier Code of Conduct, and hence ensure the provisions included are accepted, establishing a 3-year cycle for reassessment. During 2021, Dufrey conducted a recertification process of its Supplier Code of Conduct. On this occasion, Dufrey more than tripled the number of suppliers from each of the product categories, reaching over 117 suppliers (37 suppliers in 2019) that represent 56% of the Group's procurement budget (compared to 44% of the previous certification). By close of 2021, suppliers representing 45% of the total procurement volume (COGS) had accepted or acknowledged the Supplier Code of Conduct (2019: 38%). On top of monitoring suppliers to ensure compliance with the principles established in Dufrey's Supplier Code of Conduct, the Company will continue to reach additional suppliers going forward. Following the three-years-cycle approach, the next complete re-certification is planned for 2024.

### **Responsible marketing**

Dufrey's responsibility goes beyond the products sold and includes its marketing practices (see Customer section of the Annual Report). Traditionally, Dufrey 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. Dufrey 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 Dufrey in late 2017.

### *Responsible Retailer Accreditation process implemented*

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 product 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.dfworldcouncil.com](http://www.dfworldcouncil.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 involved in the sale of alcohol products – both at store and office levels – are trained on the above-mentioned code through a DFWC developed training module. By the end of 2021, over 2,300 of our employees had obtained that certification. This important training has now been incorporated into Dufry’s training catalogue and the company will continue to train employees involved in the sale of alcohol going forward.

#### *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 the 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**

During 2021, Dufry’s customer service platform has been completely updated and the global customer service team answered 80,025 inquiries (compared to 68,905 in 2020). Out of all these customer contacts, 9,846 were customer complaints, 50,306 were information requests, 16,081 were product queries, 176 were

compliments and 15 were suggestions. The remaining 3,601 queries included a variety of other requests related to pre-order and Dufry’s loyalty program or post sale queries. The increase in the number of contacts is related, among other factors, to the recovery of traffic volumes across all locations and to a higher number of users of Red By Dufry services (the group’s loyalty program) and the Reserve & Collect collection service.

The main causes of complaints were as follows:

- Product damages
- Red By Dufry missing points
- Billing overcharge
- Paid and not received merchandise
- Confiscation of products.

Case resolution time was, on average, less than 10 days.

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

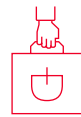
Dufry is committed to safeguarding the privacy of its customers and their personal information. Dufry has implemented the necessary management and Cyber Security systems to treat any customer’s personal information as confidential. This also includes securely storing personal information – such as for 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 and well as the Privacy Notice and Dufry’s Code of Conduct (both accessible in the company’s website).

Dufry offers two website applications that collect some personal information from customers – the Reserve & Collect service and its loyalty program called Red By Dufry. 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 Dufry can provide more personalized communication and in-store experience.

#### *Online transactions*

While Dufry 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 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 Dufry to sell duty-free products at the airport location itself.

#### *Data protection structure and audits*

Dufry'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 Dufry 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. Dufry 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 Dufry'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 Dufry has administrative, technical and physical safeguards that reflect this obligation. Dufry 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 Dufry's data privacy policy, or to access, delete, correct or transfer his or her personal information, can address such subject data requests to [privacy@dufry.com](mailto:privacy@dufry.com).

In 2021, Dufry did not report any incident regarding a breach of customer privacy.

#### **Cyber Security**

Dufry 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, Dufry has a Global IT Security Team that is responsible for keeping IT threats away from Dufry's business, understanding

emerging threats and investing in the necessary technology to mitigate potential new risks.

In this regard, Dufry has a number of systems and security processes in place, including a robust IT security system and a number of internal policies and procedures complying with applicable laws and regulations. This is all included in the company's Global Information Security Policies which is aligned with the international security frameworks ISO 27000 and the National Institute of Standards and Technology (NIST).

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

Amongst others, Dufry:

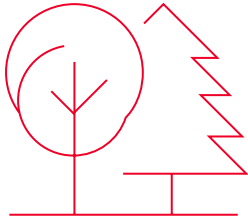
- Encrypts customer, payment and any sensitive data and limits access to it
- Keeps software up-to-date by installing updates and security patches
- Secures point of sale (POS) devices and applications
- Performs regular vulnerability testing to identify weaknesses
- Monitors all activity in Dufry's 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 Dufry's cloud services.

#### *Security Awareness Program*

As part of the Security Awareness Program, Dufry 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:**

201-2  
 301-3; 302-1,3; 305-1, 2, 4; 307-1

**SDGs:**

3.9  
 7.2, 7.3  
 8.4  
 12.2, 12.4  
 13.1  
 14.3  
 15.2  
 16.3

**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, Dufry closely collaborates with third parties, in particular with landlords, brand suppliers and logistics providers, towards reducing the environmental impact of its 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.

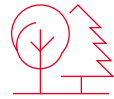
As previously indicated in this report, Dufry operates shops in highly regulated, third-party owned premises such as airports, train stations, cruise ships & ferries, as well as seaports and downtown resorts. This means that for most of the stores, a large proportion of the utility consumption, such 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 landlords and the given building construction. Likewise, as a pure retailer, Dufry does not develop own product labels, does not operate any 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**

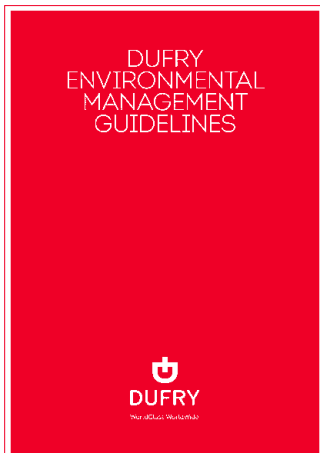
Dufry has established an environmental management system that permits the company to assess and understand its impact on the environment with a systematic and consistent approach, subsequently enabling the company to define the main lines of our goals and actions. In some areas, where we have direct 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 92). In other circumstances, where our business model provides less potential of directly influencing our footprint, Dufry significantly increases its stakeholder dialogue – mainly with the 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:

- The assessment of the 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, in 2021 Dufrey has established 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 and CO<sub>2</sub> footprint

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.

During 2021, Dufrey has significantly increased the scope of data gathering, covering 90% of total retail space and has estimated the most important categories of scope 3 emissions. That has permitted the company to define its strategy to reduce the company's carbon footprint by establishing emission reduction targets following the SBTi criteria.

#### Stores

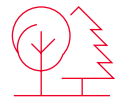
Most of the electric energy consumption of Dufrey's activity happens in the store environment. Lighting, refrigeration and air conditioning of over 2,300 stores are the largest contributors to our energy consumption and, consequently, to our CO<sub>2</sub> footprint. The direct influence of Dufrey on 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.

Based on the utility invoices issued by landlords for the year 2021, 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 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.

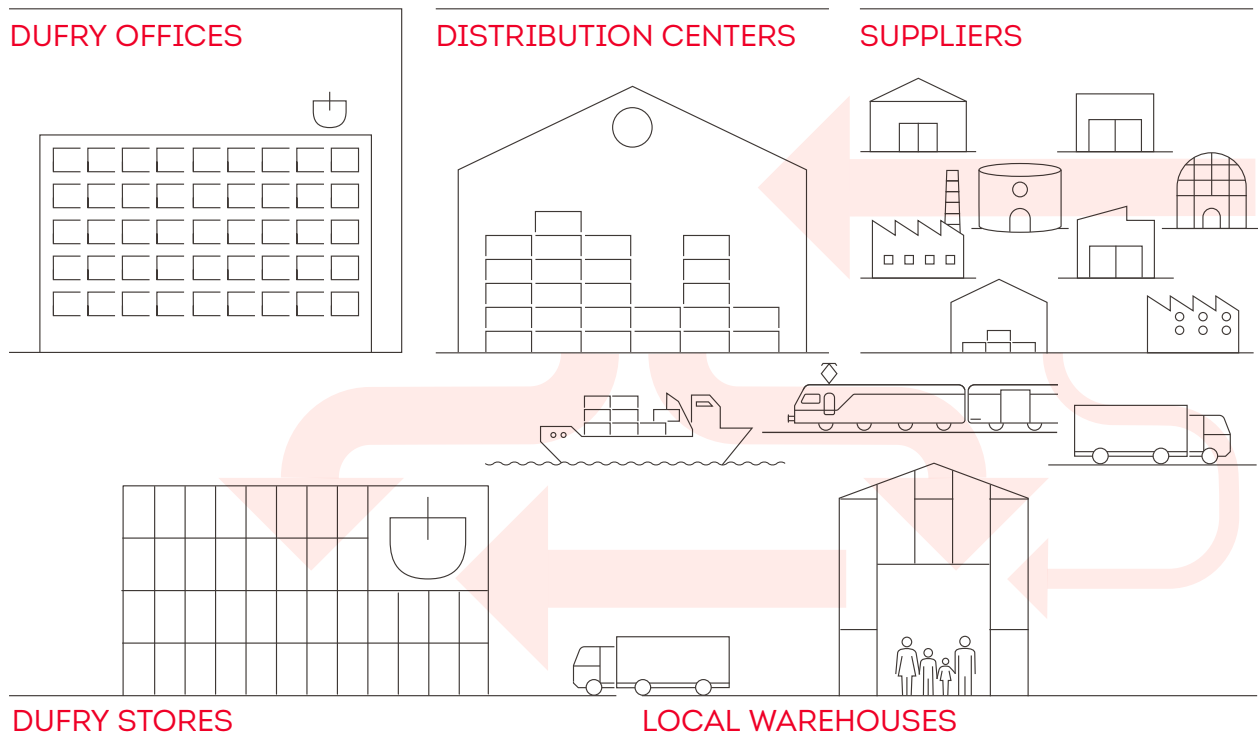
The vast majority of shipments of goods from the supplier's site to Dufry's Distribution Centers is excluded

from the assessment, as these emissions lie within the ESG responsibility of the suppliers. As part of its own emission reduction targets, Dufry 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





### Greenhouse Gas Protocol

Dufry 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 Dufry, Scope 1 emissions are limited to those from the fuel used by Dufry-managed transportation fleets and fossil fuels used mainly for heating purposes.
- Scope 2: Indirect greenhouse gas emissions from electricity use. In the case of Dufry 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 Dufry. For Dufry, these include mainly emissions related to purchased goods, logistics and employee travel.

Compared to other companies, Dufry has a singular emission structure and, unlike other businesses where Scope 1, 2 and 3 emissions are in a similar order of magnitude, Dufry's carbon footprint is vastly dominated by the carbon emissions caused by the production of its purchased goods that are sold to our customers.

### Science-Based Reduction Targets defined

During 2021, Dufry has defined science-based targets, thus recognizing the crucial role the business community can play in minimizing the climate change risk.

Dufry's emission reduction targets are in line with the SBTi Criteria and Recommendations (Science Based Target Initiative), and will be submitted to SBTi for validation and official publication.

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 well below 2°C above pre-industrial levels and pursue efforts to limit global warming to 1.5°C.

As part of its Climate Strategy, Dufry has established two sets of emission reduction targets, based on a comprehensive analysis of its business model and emissions profile commissioned to a third-party consultant. Dufry has established an emission reduction strategy for Scope 1 and 2 emissions which follows SBTi's 1.5°C pathway. In addition, Dufry wants to achieve climate neutrality of its own operations (Scope 1 & 2 emissions) by 2025. Dufry will eliminate Scope 1 and 2 emissions through consumption reduction, use of Green Electricity and by compensating unavoidable emissions with carbon offsetting initiatives to be defined in the near future.

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, suppliers representing 50% of our procurement budget have SBTi validated emission-reduction targets. At the same time, through collaboration with its logistic partners, Dufry will reduce

### ENERGY CONSUMPTION

in MWh	2021	2020	2019
Electricity <sup>1</sup>	85,756	92,148	120,857
Diesel <sup>2</sup>	243,054	185,439	691,362

### GREENHOUSE GAS EMISSIONS

In tons of CO <sub>2</sub> -eq.	2021	2020	2019
Scope 1 <sup>3</sup>	935	446	1,736
Scope 2 <sup>4</sup>	19,813	21,290	27,923
Scope 3 <sup>3</sup>	3,728	1,451	5,117
Total	24,477	23,206	34,776

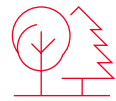
Carbon Intensity	2021	2020	2019
Tons of CO <sub>2</sub> -eq./m <sup>2</sup> of comm. space	0.0521	0.0495	0.0740

<sup>1</sup> The consumption levels of the 3 reporting years 2021, 2020 and 2019 are not directly comparable, as 2021 and 2020 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 (2021: 80% of sales / 2020 64% of sales / 2019: 64% of sales are covered).

<sup>2</sup> Includes consumption of Dufry-managed goods transportation in the UK, Jordan and Morocco.

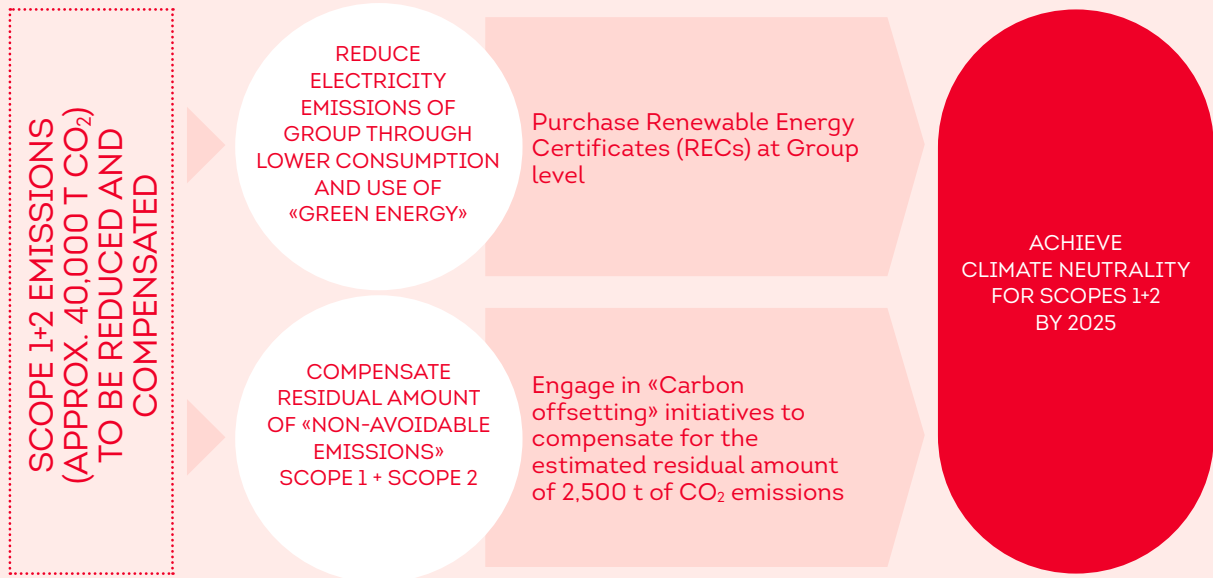
<sup>3</sup> Scope 3 emissions includes data from logistics partners accounting for 64% of total volume of good transported globally in 2021 (2019 & 2020: 55%) as well as global employee's business flight emissions. Not included here are the product purchasing related scope 3 emissions.

<sup>4</sup> Carbon intensity calculated over the total square meters of commercial surface operated by Dufry in m<sup>2</sup> (2021: 469,581 / 2020: 469,041 / 2019: 469,990).



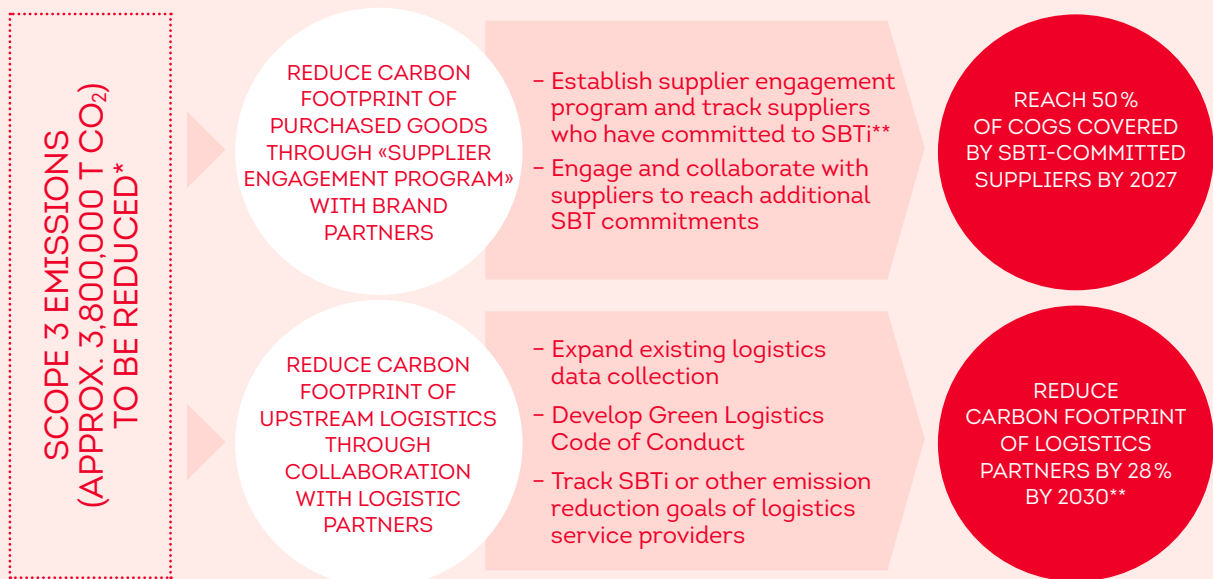
### EMISSION REDUCTION STRATEGY SCOPE 1+2

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

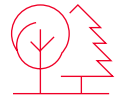


### EMISSION REDUCTION STRATEGY SCOPE 3

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



\* Result of first estimate of most significant Scope 3 emissions  
\*\* Based on 2019 emission levels



carbon footprint of logistics by 28% by 2030. Both of the initiatives combined will serve to reduce our Scope 3 carbon footprint in alignment with SBTi criteria.

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

Starting in the last quarter of 2020, Dufry gradually began replacing existing plastic carrier bags at all its duty-free operations globally - which already contained more than a 70% of recycled plastic - 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 bags, Dufry is also exploring recyclable or de-

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

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.



Dufry currently offers non-plastic bags in 15 countries, and introduces paper or other biodegradable bags in additional countries as soon as existing stock of plastic bags is depleted.

### Waste and recycling

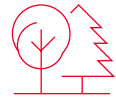
Avoiding any waste in the first place or recycling it, is an effective way to save valuable resources. In our warehouses, packaging materials, which mainly consist of cardboard, paper, plastic film and wood, as well as electronic and plastic consumables such as neon lamps and PET, are sorted into different 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 landlord's 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, Dufry 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. Dufry has put in place local initiatives to reduce paper and other office material consumption, including tips to reduce paper us-





age, 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 Dufry for two main reasons. First, the majority of food products sold by Dufry 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.

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

Dufry 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 vir-

gin 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, Dufry follows the principles established by leading green-building certification programs, such as the Leadership in Energy and Environmental Design (LEED) recommendations. In this regard, Dufry:

- 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, landlords, 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 equipments' 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.

Dufry'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 Dufry 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**

Dufry 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, Dufry 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'.

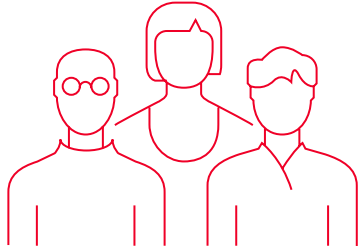
In order to achieve the Optimization accreditation (level 3 of 6) and above, airports need to actively engage with airport stakeholders, as they need to develop a more extensive carbon footprint to include specific Scope 3 emissions and the formulation of a Stakeholder Engagement Plan to promote wider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

In 2021, according to information from Airport Carbon Accreditation, 67 airports reached the optimization level (level 3) and 72 airports achieved carbon neutrality (level 4) and superior accreditations. Considering both of these groups, Dufry operates stores in 50 of these 139 airports, including Dallas Fort Worth, Athens, Helsinki, Stockholm Arlanda, Vancouver, Zurich, London Heathrow, London Gatwick, Abidjan and Queen Alia Airport in Amman, Jordan.

#### *ACI Europe Climate Task Force*

In 2019, Dufry 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 Dufry, 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.

# EMPLOYEE EXPERIENCE



**GRI INDICATORS:**

401-1, 403-1, 404-1, 405-1, 406-1

407-1, 410-1, 415-1, 419-1

**SDGs:**

3.3, 3.5, 3.7, 3.8

4.3, 4.4, 4.5

5.1, 5.5

8.2, 8.5, 8.6, 8.8

10.3

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 of 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 that ensure a consistent experience across the 66 countries in which it operates, and which represent the foundation of the future of Dufroy. The Business Operating Model (BOM) serving to standardize processes and procedures, and ONEDUFROY, harmonizing values and principles as well as streamlining the cultural integration of the Group, have fostered the setup of a true global company with the highest employee standards.

*Number of headcounts increased*

Dufroy had 19,946 people (FTE) working for the Group at December 31, 2021, compared to 17,795 at year-end 2020. The increase in the number of headcounts responds to the progressive re-incorporation of staff members on furlough, as well as new hires in line with travel restrictions being lifted and accompanying the gradual recovery of travel. Whilst at the end of 2021 Dufroy had reopened 80% stores representing 88% of global sales capacity, the full re-incorporation of furloughed staff will proceed in line with the recovery of passenger traffic.

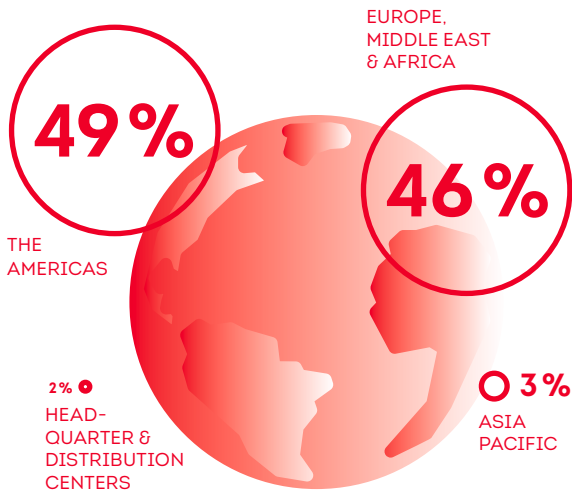
Across the 66 countries where the company is present, Dufroy generates an additional contribution to the wealth of local communities and society by offering working opportunities to third party employees and the respective generation of additional salaries and tax payments. In this context, our 2,300 plus stores are not just sales locations for our brand partners to sell their products, but also labor opportunities for over 2,200 people that work 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.

**OVERVIEW EMPLOYEE STRUCTURE 2021**

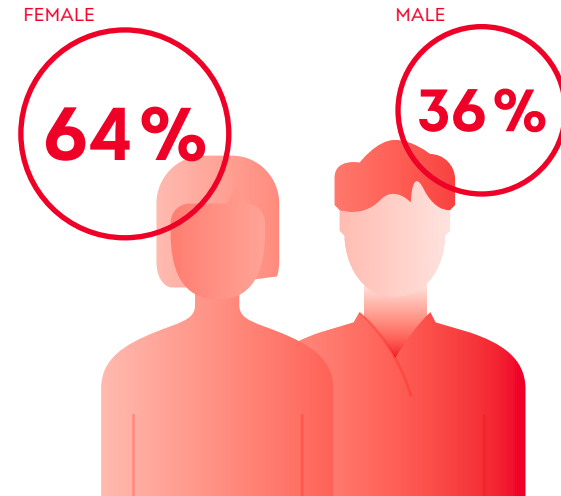
	HQ & Distribution Centers	Europe, Middle East & Africa	Asia Pacific	The Americas	Total
FTEs	497	8,767	577	10,105	19,946
Headcounts	523	10,465	749	11,118	22,855



## EMPLOYEES BY REGIONS



## EMPLOYEES BY GENDER



### Evolution of Diversity & Inclusion

Developing a diversified workforce is a core value for Dufry and something that our company is very passionate about. Unlike traditional retailing, our industry operates in multinational and multicultural environments. Being present in 66 countries, Dufry 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 Dufry promotes an inclusive corporate culture that understands and celebrates diversity in all its forms, be it in gender, age, race, ethnicity, culture, beliefs or creed. Our workforce comprises colleagues from more than 144 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.

The staff in Dufry’s shops in each country are predominantly local. Our presence in 66 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.

*Appointment of Chief Diversity & Inclusion Officer*  
In 2021, Dufry appointed a Chief Diversity & Inclusion (D&I) Officer, who is also a member of the Global Executive Committee, reporting to the Group’s CEO. In her role, the Chief D&I Officer will foster and further develop the group-wide implementation of the Dufry Diversity & Inclusion (D&I) Strategy. The mission of Dufry’s D&I initiative is identifying, understanding and eliminating barriers to ensure we deliver a consistent and truly diverse workplace for all our employees. The scope of the D&I initiative includes recruitment practices, career roadmap & development, succession planning, compensation & benefits, work-life balance





and organizational culture as well as raising employee awareness about D&I topics. The role of the Chief D&I Officer broadens the scope of existing diversity promotion forums – such as women@dufry or the Hudson Diversity & Inclusion Taskforce – to cover additional diversity and inclusion matters other than gender equality.

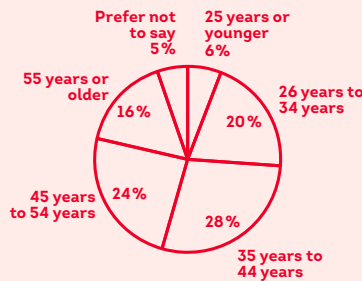
### Diversity & Inclusion Survey

In the fourth quarter 2021, Dufry conducted a D&I survey, reaching over 70% of Dufry’s headcount, that served to better understand the perception of D&I amongst the group employees. This valuable input will serve Dufry to further evolve in being more inclusive and equal for all by identifying opportunities and develop targeted initiatives.

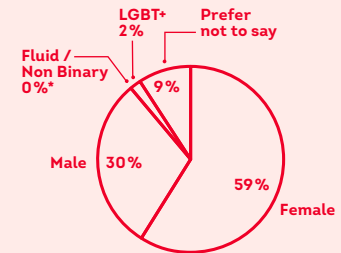
## DEMOGRAPHIC INDICATIONS OF D & I SURVEY RESPONDENTS

As part of Dufry’s anonymous D&I survey conducted in 2021, employees who responded to the survey provided amongst other feedbacks the demographic indications shown here. As the survey reached out to 70% of the employee population the feedback gives a good representative picture of the company’s demographic employee structure.

### AGE PROFILE OF RESPONDENTS

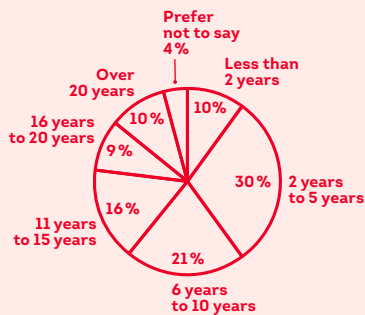


### GENDER DIVERSITY

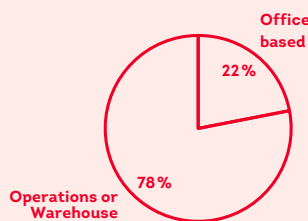


\*24 Persons

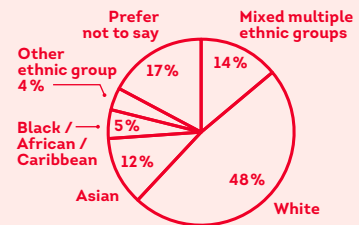
### TENURE



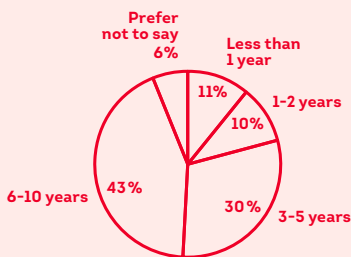
### JOB FUNCTION OF RESPONDENTS



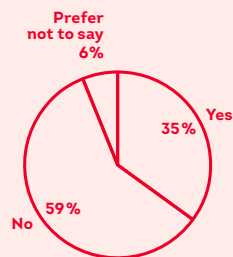
### ETHNIC DIVERSITY



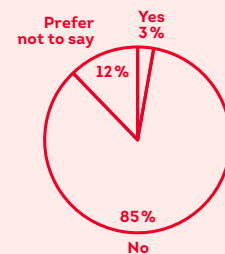
### TENURE IN CURRENT JOB



### CARE GIVING RESPONSIBILITIES



### THOSE WHO DEFINE AS HAVING A DISABILITY





### Updated Human Resources policy creating 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 102 within this report). During 2021, Dufry has updated its HR Policy, which is now publicly available in 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 to 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 2021 Dufry continued with the roll-out 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 and Airport Community) and includes a Friends & Family program. By the end of 2021, Emporium was available in 10 countries, including Dufry's main locations by headcounts – UK, US, Canada, Spain, Switzerland, Greece, Brazil, Mexico and Hong Kong & Macau. The company will continue with the rollout of Emporium throughout 2022.



#### 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 106 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 her/his 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 has been re-certified again in 2021. This certification underscores the commitment to a fair and unbiased reward structure, 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 fol-

low 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 (for specific Covid-19 related initiatives see the separate paragraph below). 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 working-related accidents, implementing the necessary occupational risk prevention plans in its work centers, 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 management processes change from one location to an-



other, 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 sits with local operations and HR teams
- At airport and seaport environments, close collaboration with landlord teams is maintained to ensure compliance with their own H&S regulations and management process.

#### *COVID-19*

The outbreak of COVID-19 posed an additional health and safety risk for Dufry, as well as for the whole retail industry. In response to this challenge, Dufry developed a global coronavirus in-store Health & Safety Protocol, which provides guidelines and recommendations to protect the health and safety of employees and their families, as well as customers, business partners and other stakeholders. This protocol establishes the main guidelines and allows flexibility to adapt them on a location-by-location basis to adhere to the landlord's and local authorities' requests. Similar protocols were developed and deployed across all Dufry offices and warehouses. Across all locations, the company also guarantees the provision of signaling elements and protective elements – such as facemasks and sanitizing gels – as requested by local health and safety protocols.

#### *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 ensure remediation plans (where needed) are designed and implemented, 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, this 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 has 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 has is what Dufry calls “the employee journey”, and it is the company's systematic approach to identify all opportunities Dufry has to feature a great place to work in 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, Dufrey’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 origin, political orientation, disability or other discriminating factors.

Available positions are first published internally to ensure opportunity and growth of internal talent. Dufrey’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.dufrey.com/careers](http://www.dufrey.com/careers).

To ensure fair play in the selection process, all interview evaluations by Dufrey recruiters and hiring managers are reported in Dufrey’s HR portal Dufrey 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 onboarding and development plan.

### Training and education

Dufrey’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).

Dufrey 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 2021, and despite some training programs being interrupted, 300,523 formal training hours were provided by Dufrey.

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

- Global Welcome - Designed for office and retail staff alike, the Global Welcome is a comprehensive onboarding program for newcomers aimed at shortening the learning curve. In 2021, 218 new joiners were trained on this program.
- Dufrey Growth and Dufrey Leaders Growth - This program for our office staff aims at developing knowledge and skills around functions and departments and preparing mid-level managers to take the next step in their career progression. During 2021, we had 86 new enrolments to 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 Dufrey. 443 employees, including store leaders, have benefited from this program (interrupted during business closure).
- Future Store Leaders program - A development program aimed at developing the next generation of store leaders by providing hard and soft skills required for their promotion, which in 2021 had 38 participants from Dufrey’s seven largest operations.





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

During 2021, we continued the deployment of our online training capabilities through:

- Dufrey Connect – Dufrey’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 103) is increasing the reach of both product and skills training and benefiting a higher number of employees.

#### *Career Progression*

Dufrey 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). Dufrey 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. At year-end 2021, this pool of talented individuals included 38 high-potential managers. With these managers, we address and safeguard succession in specific key management positions.
- 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 2021, on whose development we will focus in order to ensure a quality store-management succession pipeline.

Dufrey also established a mentoring program to support employees in taking ownership of their development and helping them maximize their potential and accelerate their leadership development. The mentoring program pairs Dufrey 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 2022 with additional mentors and mentees.

#### *Awards and staff recognition*

Employee recognition is an important way to value employee and team achievements. Every year, Dufrey celebrates the One Dufrey 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, landlord, 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 Dufrey. For this reason, Dufrey 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 com-



pany 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. The next survey is expected to be carried out during 2022.



#### *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 2021, we have continued with the rollout of technologies and tools to reduce the information gap 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.

Over the year, we have further progressed with the rollout of Beekeeper. This app-based solution enables employee connection, facilitates workplace engagement and increases productivity through unified communications. Through Beekeeper, we are sharing with the more unconnected members of our staff information related 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 18,000 live users on the Beekeeper platform, reaching more than 80% of its workforce and expects to fully rollout the app globally during 2022.

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 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



Dufrey 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 107 of this report. That means going beyond the strict compliance of legal frameworks and leading the way in terms of sustainability. To do so, Dufrey has set up main lines of action, which include the following:

- Corporate Governance - Continuous assessment of our corporate governance structure and policies to ensure compliance with the applicable legal framework, as well as the Dufrey Code of Conduct to reflect stakeholder's needs and expectations
- Alignment of ESG and business strategies - Ensuring that critical business decisions made to drive Dufrey's sustainable and profitable growth also consider potential ESG impacts. Dufrey's ESG strategy is supervised by the Board of Directors 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 of codes and regulations, including internationally accepted human rights standards and a zero-tolerance policy in respect of bribery and corruption
- 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 Dufrey. Furthermore, Dufrey 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, ensuring fair salary and working conditions, sharing of expertise and partnering with local companies is part of this area of focus.

**GRI INDICATORS:**

102-12, 13, 16, 17, 18, 20, 22, 23, 24, 26, 28, 30, 31, 32  
 201-1, 4, 204-1, 205-2, 206-1,  
 407-1, 410-1, 415-1, 419-1

**SDGs:**

5.2, 5.3, 5.5, 5.7  
 8.1, 8.2, 8.3, 8.8  
 9.1, 9.4, 9.5  
 16.1, 16.3, 16.5, 16.6, 16.7

**A member of the SXI Sustainability 25 Index®**

Dufrey became a component of the SXI Switzerland Sustainability 25 Index® Price (SSUSTX) in September 2021. This index measures the development of Swiss companies which are considered sustainable according to a measurement framework provided by Sustainalytics, a provider of ESG research and analysis. All stocks in the index universe are screened for their sustainability score by Sustainalytics. The top 25, representing leaders within their respective global industry, are selected for inclusion in the new index. The index has a fixed composition of 25 components which is reviewed annually. The index was launched by SIX Swiss Exchange (SIX) in 2014.

For Dufrey, who debuted in the SIX indices in 2005, this represents an important milestone as it reflects an endorsement of the group's efforts in terms of transparency of sustainability management and underpins the Group's ESG strategy.

**ESG governance**

Dufrey's top-management oversees the development and implementation of Dufrey's ESG Strategy. The highest responsibility over ESG-related decisions relies on the Board of Directors' Lead Independent Director who, among others, oversees the Group's ESG strategy development and execution, ensuring alignment with the business strategy.





Execution of the sustainability strategy is led by the Group 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 2021, the ESG Committee met 6 times.

### Socio-economic compliance

Having operations in 66 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 & corporate policies

Dufry believes that active corporate governance is important to the development of the company and also a way 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 report.

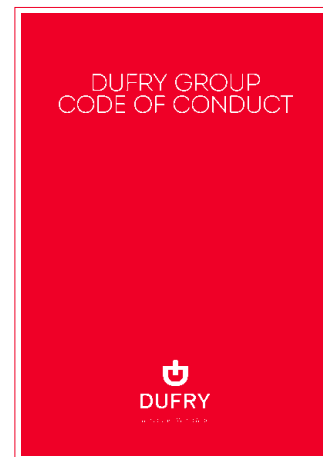
Especially relevant for the sustainability of our industry is the corruption and bribery phenomena, which can be the cause of negative economic, social and environmental impacts. From a business perspective, corruption distorts the functioning of the market and undermines governance institutions and 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 procurement 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 the sustainability, diversity, decent work, human rights, zero tolerance to harassment and discrimination standards adopted by the Dufry Group as set out in the Code of Conduct.



Dufry's 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 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 have been 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 Dufrey 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 2020 and 2021, over 950 managers at all levels of the organization and from across all the regions have completed this training. New employees, officers and directors are provided with a copy of the Dufrey Code of Conduct when they join the company and are required to acknowledge acceptance of its terms in writing. Additionally, Dufrey employees, officers and directors have access to all of Dufrey's compliance and corporate policies, including its Code of Conduct on Dufrey Gate for their reference.

### GENERAL COMPLIANCE TRAINING

REGION	Staff trained in 2021
HQ	153
Europe, Middle East & Africa	6,583
Asia Pacific	728
Americas	7,043
<b>Total</b>	<b>14,507</b>

The rest of the employees not included in the managers list do also receive compliance training. In 2021, this training reached over 14,500 employees on average via online compliance update trainings and communications campaigns. The primary training topics included harassment, discrimination, insider trading, data privacy and how to report a wrongdoing.

Dufrey 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 Dufrey operates; and (2) the online reporting website [www.dufrey-compliance.com](http://www.dufrey-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 Dufrey's General Counsel and member of the Global Executive Committee, for further investigation.

### Risk management and control

The risks inherent to Dufrey's business are divided into two groups: Financial risks (pages 189 - 209) - 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 2021 Annex on pages 282ff.

Dufrey 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 Dufrey and all its subsidiaries with integrity and transparency begins with its own staff. Dufrey 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 Dufrey plans to work, including a procedure to be followed to examine all new minority partners, consultants for business development projects, partners for transactions & M&As and similar counterparts.

**Second level** - There are different governance functions across the organization including the Compli-



ance, 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.



### 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 2021, the group of relevant stakeholders included in our materiality assessment remains valid, and includes airports and other landlords, 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 Dufry with its core stakeholders. Especially remarkable is the interaction with both suppliers and landlords, which permits Dufry to provide a superior service to customers. Known in the industry as the Trinity (airport authorities & other landlords, retailers and suppliers), the tight lines and collaboration between these three groups allow for an improved dialogue and mutual understanding between landlords, retailers and suppliers, to the ultimate benefit of our customers. This interaction has remained critical and valuable during 2021 as air traffic started to be restored and the operation of our stores recovered towards normality.

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

- **Travel Retail Associations and Industry Bodies:** Dufry is an active member of each of the relevant regional and national industry associations in the geographies in which it operates (see pages 58 – 59). 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 Dufry 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 Dufry’s operating environment. New laws and regulations can have a significant impact on the business and Dufry 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 Dufry with key service providers – mainly with IT, and logistics suppliers among others – is fundamental for Dufry to have a more holistic view of its ESG impact and to assess and eventually address improvement areas.
- **Media** – Is an important group for Dufry as it permits the company to communicate with some of our main stakeholders. Dufry strives to build strong and close collaborative relationships with media and our communications teams maintain direct and long-term relations with media representatives and influ-



encers and provide them with timely information on a wide range of global, regional and local topics.

- **ESG Community** - Comprised 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 110 - 116.



**Partnerships with landlords 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 in ensuring that the responsibility towards society and the environment expected from Dufry, is also demonstrated by our partners.

*ESG Trinity Cooperation*

The close ties that unite the members of already mentioned Trinity have significantly extended in 2021 to ESG-related issues, especially environmental issues. 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 proposition and that has served to fuel our pilot project on "sustainability signaling" described under the customer focus section.

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 water 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 developed its Supplier's Code of Conduct already 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 sustain-



able 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.dufrey.com/sustainability-dufrey](http://www.dufrey.com/sustainability-dufrey).

We expect all of our suppliers and business partners to comply with the principles included in Dufrey Supplier's Code of Conduct, and ultimately to replicate these standards further down their own supply chain. As explained in page 84 (Customer Focus - Recertification of Supplier Code of Conduct), in 2021 we continued our effort to proactively share the Code with additional suppliers from all product categories, and Dufrey will continue to extend the reach to additional suppliers in 2022.

### Corporate citizenship

Dufrey is aware of its responsibilities towards society. As a corporate citizen, Dufrey is expected to contribute to the production of higher standards of living, wealth and quality of life wherever the company operates, whilst maintaining profitability for shareholders. Dufrey showcases its strong corporate citizenship foundations through its undeniable commitment to ethical behavior when doing business, as described in the Community Engagement section of the Annual Report.

This is paired with Dufrey's participation in several industry initiatives geared towards safeguarding the consumer and to 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. Dufrey is also a signatory member of the UN Global Compact since January 2020 and has actively promoted the adoption of the UN Sustainable Development Goals (SDG) through awareness campaigns organized in cooperation with airport landlords and the UN.

### Stakeholder Value Allocation

As part of its corporate citizenship, Dufrey contributes to the economic 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, Dufrey 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 635.4 million in fiscal year 2021. CHF 250.2 million were interest expenses as payments to our bondholders and lending banks. Income taxes paid to public authorities and communities amounted to CHF 19.8 million in 2021. Due to the COVID-19 pandemic and the impacts on the industry and on Dufrey's business, the Board of Directors had proposed to the 2021 General Meeting not to pay any dividend for the fiscal year 2020, in order to protect the liquidity of the Company. As explained in the Chairman Letter on page 10 and with respect to the 2022 General Meeting of Shareholders, the Board of Directors will propose to keep the dividend payment suspended, thus continuing the strong focus on protecting the liquidity.

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

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**WE SUPPORT**

