

DUFRY WORLD


WorldClass.WorldWide.

**CORPORATE
MAGAZINE**
ISSUE 29
December 2018



**OPENING OF THE NEW GENERATION
STORE AT LONDON HEATHROW T3. READ
MORE AT FAVORITE SHOP ON **PAGE 20****

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Strong Cash Flow Generation and Resilient Results

In the first nine months of 2018 Dufry continued to grow and we reported resilient results. Our turnover grew by 4.6% and reached CHF 6,560.7 million, with organic growth coming in at 3.1%. While most of our operations showed a positive performance, in three specific markets – Spain, Brazil and Argentina – we faced some headwinds during the main summer season, which impacted our overall organic growth development.

Despite the headwinds mentioned above, we managed to further increase our EBITDA, which amounted to CHF 806.5 million, up 8.5% on the same period last year, and we improved our operational profitability by increasing our EBITDA margin to 12.3%. On the positive side, we also confirmed our strong cash flow generation capability – free cash flow reached a record level at CHF 618.7 million in the nine months, which is an increase of 33.1% on the same period last year.

Good progress with the Business Operating Model

The implementation of the new Business Operating Model (BOM) is progressing well and we saw first efficiencies of CHF 33.0 million being reflected in the Q3 results faster than expected, which is a very positive sign and supports our performance. Currently, the BOM has been launched in 46 countries, of which 23 have already completed the first certification. And 11 of these (7 in Africa, Mexico, Nicaragua, Australia and Switzerland) also successfully passed the second certification. Despite this overall positive development, it is key that we all remain focused to complete the implementation as planned by the end of the year.



Beyond the early delivery of efficiencies mentioned above, the accelerated rollout of the BOM is putting Dufry in a stronger and more robust position and making us more capable of tackling challenging situations such as those reported in the latest quarter. It also creates the base on which we can operate as an efficient company, independent of external factors.

Ongoing expansion of footprint and shop redesign

In the first nine months we considerably invested in further extending our footprint and in refurbishing important operations, both of which are key elements to drive our organic growth. In this context openings amounted to 18,300 m², while another 27,700 m² of retail space was refurbished. Among others, I would like to mention the opening of our duty-free stores at the MTR high-speed railway station in Hong Kong, as well as the new duty-free shops opened at Perth airport in Australia. A further milestone was reached with the official inauguration of additional New Generation Stores at Heathrow T3 and Cancún T3, which impressively feature the elements of our digital strategy and provide customers with a highly innovative shopping experience. Last but not least, in the first nine months we also opened an additional 36 shops in our North American division, which include new retail spaces at the Boston Logan and Chicago Midway airports.

Extending our corporate social responsibility engagement

The key story in this issue focuses on our efforts to further extend our corporate social responsibility engagement with new collaborations to support initiatives around the world, besides the ongoing support we provide to the UN #YouNeedToKnow initiative. This year we have decided go one step further and to also extend our efforts to our supply chain by asking suppliers to

acknowledge our Supplier Code of Conduct, which we developed earlier this year. In a first step we approached our main suppliers and the vast majority have already confirmed their acknowledgment to us. Read the full story on our supply chain.

Forum – connecting the digital dots

Forum is the new Dufry online magazine aimed at an exclusive, glamorous and high-end audience of travelers. Forum by Dufry connects with our other digital initiatives such as Red by Dufry and Reserve & Collect and serves as a vehicle to connect with our potential customers

when they are planning their journey and even before that. Forum helps to build the desire and inclination to shop with us and to change the customer perceptions and position Dufry shops as the place to find the latest trends and launches for the main categories – find the address of the online magazine in the article and take a look. ■

D3 New Cartier and Montblanc Brand Boutiques at Shanghai Hongqiao International Airport

Dufry, in close partnership with the prestigious brands of Cartier and Montblanc, has opened in October two luxury boutiques at Shanghai Hongqiao International Airport in the departure hall.



The new Cartier boutique stands for luxury and elegance.

With a wide and welcoming entrance, the Cartier boutique located in Terminal 2 is the first to be opened with the new airport concept, which strikes a subtle balance

Dear colleagues, feel free to send us **your stories, news and any other contributions** to suggestions@dufry.com so that we can continue to develop Dufry World as a magazine from employees for employees.

between tradition and modernity. The contemporary interior, with its warm color palette, showcases the Maison creations including jewelry, watches, accessories and fragrances.

The Montblanc Boulevard boutique is also located in Terminal 2 and presents itself in the attractive Neo Concept. Customers visiting the store will discover the full Montblanc range including watches, writing instruments, large and small leather goods, and accessories. Dedicated areas have been allocated to each product category, and customers can relax and browse in comfort as they are served by expert staff.

These unique boutiques complement our strong luxury presence within Shanghai Hongqiao airport, where we currently operate with brands such as Hermès, Ferragamo, Bally, Zegna, Shang Xia and Versace. ■

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HQ National Future Day 2018

By Sultan Gürsoy

National Future Day 2018 took place on November 8, 2018 at Dufry Headquarters in Basel, Switzerland. The Human Resources team welcomed school pupils from the 5th to 7th grade, aged from 11 to 13, who accompanied their parents to work.

National Future Day is a nationwide initiative in Switzerland that has been running for many years, and its aim is to promote open career and life planning for girls and boys, regardless of gender. Experiencing a variety of professional possibilities that are available at Dufry Headquarters, as well as allowing exploration of the different careers paths that are open to them, gives the young pupils a valuable and inspiring insight.

The children had the opportunity to see behind the scenes of the travel retail company and get more in-depth knowledge of Dufry and some of its departments, such as Category Management, Information Technology, Trade and Digital Marketing.

The respective teams presented their daily work to the young visitors, who were also given the opportunity to carry out some small tasks. After a shared lunch, they were then able to carry on and help their parents in the office.

The event was a great success, and the children had an exciting and informative day at Dufry Headquarters. ■



Philippe Moryl, Global Category Management Head Confectionery, Food, Souvenirs & Toys, presents his daily work to the school pupils.



The children had the opportunity to experience on tablets the digital tools that Dufry offers.



Sultan Gürsoy (left), HQ and Global Functions Human Resources Assistant, who was responsible for the implementation of National Future Day with the young attendees.

D3 Inauguration of New Shops at Belgrade Airport

On October 8, 2018 Dufry Belgrade celebrated the grand opening of two new stores and one coffee shop at Nikola Tesla Airport. Simo Carevic, Country General Manager Serbia, and Sasa Vlasisavljevic, CEO and General Director of Nikola Tesla Airport, inaugurated the new duty-free shops.



Simo Carevic, Country General Manager Serbia (left), and Sasa Vlasisavljevic, CEO and General Director of Nikola Tesla Airport (right), inaugurated the new duty-free shops.

The main store located in Terminal 1 is the exclusive duty-free shop in the newly refurbished terminal of Belgrade airport. Travelers will find an assortment of best-selling beauty, liquor and confectionery products as well as authentic Serbian souvenirs.

Next to the main shop and smoking lounge, passengers can enjoy a relaxing break in the coffee shop "Pamaro", which offers a wide range of food and beverage items. A Last Minute shop was opened in the C wing, creating the only one of its kind at the airport that will offer all core categories to customers.



The Dufry team together with representatives of Nikola Tesla Airport at the inauguration event.

A contemporary and world-class shopping environment was created with a collection of international brands and local products in order to further increase sales growth and customer satisfaction and to help strengthen Dufry's position as the largest travel retailer in Serbia. ■

D2 The Glenlivet – Exclusive Single Cask Edition

The Glenlivet's latest rare American Oak Barrel Single Cask Edition was launched in September in Dufry's fifth New Generation Store at London Heathrow Airport Terminal 3 and in the World of Whiskies stores across Heathrow. Set to be a coveted collectors' item, there are only 222 bottles of this definitive Speyside Single Malt available. Hand selected from an individual first fill American Oak cask by The Glenlivet's expert team of craftsmen, the Single Cask Edition is a tribute to The Glenlivet's rich heritage and wealth of expertise. No two casks are ever the same, and the result is a rare and distinctive tasting experience. Each Single Cask Edition is individually numbered and presented in a hand-crafted wooden box to echo the craftsmanship that goes into the whisky within. ■



Only 222 bottles are available and will be sold in main World Duty Free stores and World of Whiskies stores at all Heathrow terminals.

D2 Most Outstanding Global Travel Retailer

Dufry has been recognized as the "Most Outstanding Global Travel Retailer – Europe" in the 2018 edition of the Global Excellence Awards organized by the magazine Acquisition International (AI). These awards were launched to recognize and reward both companies and individuals whose commitment to sustained outstanding performance has seen them leading the way, not only in their own sector or industry, but across the entire global corporate spectrum.

Through these awards, AI Magazine showcases the businesses that demonstrate innovation, growth and continual improvement while pushing the boundaries of what has previously been thought possible for peers in their industry. Winners are selected following a rigorous judging process from AI magazine specialists, and the award winners are chosen purely on merit and based on company or individual performance in the past 12 months. ■

Better Call Tobias

In this issue of Dufry World, we get to know Tobias Meyer, Dufry's General Counsel Corporate & Chief Compliance Officer. With a fantastic background, including having attended the Swiss Army Officer School, Tobias leads the compliance function for Dufry and is in charge of keeping Dufry's business and employees "out of trouble" – something he didn't manage to do for himself, however, in forgetting to disconnect the burglar alarm of the Miami office when he went there for an early video call with Basel! More on that later!

By Jorge Muñiz

Much has changed in the company and the industry in general since you joined Dufry in 2011 ... What would be your main highlights after these years?

There have been plenty of great moments. An ongoing highlight is certainly to be part of the Legal department's development in these last years: we have built a team to keep pace with the rapid growth of the company and its needs, and at the same time had and have the ambition to serve our clients better every year. It is an ongoing everyday challenge and highlight at the same time.

I was also fortunate to work on the sequence of acquisitions we made, all of which had their own challenges. If I had to pick a particular one, it would certainly be the World Duty Free Group acquisition, not only because it was the most important one, but also because a personal circle closed for me: in 2007 I was working in a Swiss law firm for Dufry as external lawyer and pulled a couple of "all-nighters" on Dufry's bid for the UK duty-free business. We didn't win it back then, so closing the deal in 2014 was very satisfying.

Last, but certainly not least, I fell in love at Dufry and am now happily married to a former colleague. Hence, plenty of reasons to be grateful, really!

Lately, you've been appointed as Chief Compliance Officer. For those of us who are not so much into the legal world ... what is "compliance" and why is it so important?

Compliance is indeed a bit of a buzzword recently. The number of rules and regulations companies have to comply with increases every year, and so does the enforcement action by the regulators – accordingly, you can read about violations and fines imposed on companies in the newspapers almost on a daily basis. Compliance is a set of policies, controls and trainings intended to keep us safe from regulatory and legal violations. It concerns, among others, anti-bribery, data privacy rules as well as a workplace with equal opportunities and free of harassment. Let me take the opportunity to refer to a video we recently released summarizing Dufry's compliance function which can be



Tobias Meyer, General Counsel Corporate & Chief Compliance Officer, has a moving and exciting life at Dufry.

seen on the Dufry Gate in the "Compliance" section – or you just visit <https://vimeo.com/album/5491830>.

Is compliance a new term for bureaucracy? How can companies like Dufry can benefit from this function?

I guess we speak of bureaucracy when an organization's action is obstructed by insistence on unnecessary procedures. This might be the case in some organizations, but is certainly not what Dufry's compliance is about.

The purpose of Dufry's compliance program is to keep each employee and Dufry itself out of trouble and to ensure a fair and respectful workplace. I believe that we have found pragmatic, yet effective solutions for Dufry and strike the right balance. If I can make a comparison to soccer, compliance is part of the defense of a team, it does not score any goals (i.e. does not increase sales), but helps to avoid goals against us (such as fines, loss of concessions due to non-compliance etc.)

I think we all understand that each country has their own legal microcosms. Different legal frameworks, laws etc. which adds many layers of complexity to the management of your area of responsibility. What makes the Legal department truly global?

This is indeed one of the most fascinating parts of our work: we essentially advise on the laws of more than 60 different jurisdictions. To meet this challenge, a diverse team is crucial. Our department consists of lawyers representing 16 different nationalities in 10 cities (with the core in Miami, which is itself a melting pot), and we advise in nine languages on a professional level. Even more important in my opinion are the "soft skills," i.e. a culturally sensitive mindset with the curiosity and willingness to understand in depth the particularities of a foreign jurisdiction and culture. It needs some humility. In addition to our in-house team, we've also developed over the years a strong network of external law firms worldwide, who understand our specific business and needs. In some jurisdictions it was and is quite a challenge to find reliable advice.

Where do you see the Legal and Governance department in five years?

Already today, we are in charge of more than 1,000 concession agreements, more than 700 pending litigations, about 400 subsidiaries, more than 1,000 trademark registrations and more than 1,000 agreements and other legal documents that are reviewed and signed every year. I believe that Dufry will continue to grow, and so will these numbers and the complexity to properly manage the legal matters. We are addressing this issue through technology and would like to further automate and standardize our work process. A number of digital initiatives are already implemented or underway, such as electronic signature software, e-billing and live tracking of legal costs, a sophisticated document management system, and a great number of standardized agreements and checklists. While it is "difficult to make predictions, especially about the future," I do believe that the use of technology will further advance and make our work process easier and faster.

You studied at Berkeley, the Universities of St.Gallen, Zurich and Budapest ... and also attended the Swiss Army Officer School! Is there something that you learned in the Officer School that served you well in progressing in your career?

The Army is a bit of a special environment, but two experiences certainly helped me later on: first, the op-

portunity to lead people while at a young age. I made a few leadership mistakes when leading my platoon, from which I learned. The other is a certain resilience and confidence in difficult situations. In some maneuvers you are in charge with almost no sleep for a number of days, and you realize that this is – while very testing at the time – not the end of the world! An overnight work marathon for an M&A transaction left me thereafter always rather unaffected. One probably doesn't have to join the Army to learn this, but in my case it was one of the takeaways.

What was the most unusual situation you experienced in your time with Dufry?

I once had a videoconference call very early in the Miami office. When I arrived at the office (which is in the same building as the warehouse) I didn't disarm the alarm system properly, which I unfortunately didn't realize! So about one minute into the videoconference the alarm went off. I wasn't able to stop it and soon the police arrived, convinced that I was burglar stealing merchandise from the warehouse and wanted to arrest me! It took me quite a while to convince them differently. The other participants of the videoconference – Xavier Rossinyol and I believe also Luis Marin – were extremely entertained by the show! ■

IN A MINUTE:

- A meal: Émincé de veau à la zurichoise. A fancy way of saying hash browns and minced veal, a very traditional Swiss dish that I don't get in the USA
- A book: "Thank You for Being Late" by Thomas Friedman
- A city: San Francisco
- A film: "A Few Good Men," a legal drama with Jack Nicholson and Tom Cruise
- A hobby: I collect old travel posters. Some of them hang in our Miami office – if you're ever coming to Miami, I'll gladly give you a short tour
- A leader: Winston Churchill

Wall of Fame



Matilde Ramirez
Country Tax Specialist
(Spain)

If you know Matilde, you would definitely want her to buy you your next lottery ticket. Matilde has a tradition of winning raffles in the Madrid office! But she is in this edition of Dufry's Wall of Fame for a different reason - her devotion for good causes. She has spent the last three months organizing a paddle tennis event to raise funds for the M1 Project, a research program of the Spanish Multiple Sclerosis Society. And when you put in as much passion as she did, nothing can go wrong! The first edition of this charity paddle tournament was an all-round success - it received media coverage on local TV and in the national press and involved over 150 participants - as well as many more who just came to see the tournament. Much-needed funds were raised for this charity which, yes, somehow won the lottery with Matilde!



Dori Dozier
Systems Administrator
Information Technology
(USA)

Dori is a colleague who always offers service with a smile. Throughout his tenure at Dufry, he has been on a wonderful adventure! His journey started in April 2014 with Hudson Group, where he worked in his first role as a temporary hire with the Information Technology group. With the help of his "sidekicks" (colleagues) across the business, he developed his strengths, acquired key knowledge about all the various disciplines and grew into his role as Systems Administrator, Information Technology. This helped him earn a trip to Hudson Group's Annual Vendor Show and Management Seminar in December 2017 to support the Corporate Communications team in not only setting up the event from a technology standpoint, but also providing a backbone of support. Playing such a high-profile role in this massive undertaking was a huge confidence booster, and has further developed Dori's existing and deep commitment to his role. When not saving the day (one broken hard drive at a time), Dori tinkers with technology in other ways, playing both "Mr. Fix-It" at the office and at home. And while he may be responsible for the division's North American-based office systems, his heart belongs to the wild, wild

West. John Wayne is a personal hero of his! Dori is an irreplaceable asset to our team!

Natasha Ghafur
Country Retail
Project Manager
(UK)



Natasha should be proud of being our highest reaching employee ... at least when it comes to altitude! Last October, she took a flight from London to Kathmandu and then a small domestic flight to Lukla, landing at the Tenzing-Hillary Airport. This is a tiny airstrip that is the gateway to the Everest region - which is well worth googling - then you will understand how this didn't help with her known fear of flying! Once landed there, the hard work began, with over 14 consecutive days walking around eight hours a day to Everest base camp and then on to Kala Pattar, reaching 5,545 m. Camping along the way was probably one of the most challenging issues she faced, as night temperatures were as low as -15 ... every day! That, however, couldn't beat the excitement of making a dream come true! Natasha planned and prepared herself for this trip for months and, by sharing this project with friends and colleagues, she raised over £1,400 for Macmillan Cancer Support, a true UK NGO!

Mónica Saura
Global Retail Operations
Analyst
(Spain)



The story of Mónica is an example of a career progression driven by dedication and passion. She started her career with us as a Sales Assistant in World Duty Free in Spain in 2006. Soon after that she was Supervisor and Customer Service Manager, driving the implementation of best customer services practices in Spain. She took part in shaping Dufry's customer vision and the guiding principles incorporated in the ONEDUFRY project. In January 2016 Mónica joined the Global Retail operations team and is helping operations across all of Dufry's geographical reach in their journey to implement the BOM. For all of us, she is a great example of someone who started at the front line and is now sharing the insight and know-how gained to inspire other colleagues. Watch this space for more Mónicas to come!

Wall of Fame



Yakima Selph
Assistant General
Manager
Myrtle Beach (USA)
International Airport

Known as Keiz by her friends and co-workers, Yakima Selph became one of Hudson Group's most valuable team members in Myrtle Beach when Hurricane Florence hit the Carolinas in September, leaving thousands stranded without power or shelter. During the brunt of the storm, Keiz received a call that a supervisor was stuck at a gas station, and planned to sleep in his car for the night because the road he was driving on was closed due to major flooding. Keiz knew this wasn't an option, and spent the next few hours making calls to local hotels, 911 and nearby police stations to see if anyone could help, without luck. She was eventually able to get in contact with the town's fire chief, who provided our supervisor with directions to the roads that were not flooded, eventually leading him to a shelter nearby where he stayed the night. We're so happy to have people like you in our Hudson Group family, Keiz!



Ana Zambrano
General Manager
Myrtle Beach (USA)
International Airport

Knowing that Hurricane Florence was predicted to be a Category 4 storm before making landfall on the east coast in September, Ana Zambrano took preventative measures to ensure her team members at Myrtle Beach were safe and accounted for. Not only did she stay in constant contact with the six team members who were not evacuating their homes, but she also made sure pallets of water were on standby at the airport when her team members returned, since all the stores were mostly sold out. The North American Support Center set up a hotline to ensure that all staff were accounted for, and when Ana received word that one of her team members was diabetic and running out of medicine, she worked with our Human Resources team to ensure he was connected with a doctor to get his required medications. It's clear Ana leads by example and is a true embodiment of our core values. We're so proud!

Dimitrios Logaras Graikousis
Sales Assistant Manager
Madrid (Spain)



"What doesn't kill you makes you stronger." This is not a hit from Dimitrios - or Dimitris, as most of his colleagues call one of our sales assistants in Madrid - who is neither a former football star nor a local talent. However, Dimitris' story is one of personal triumph and deserves some space in this Wall of Fame. Soon after overcoming a heart attack, he was diagnosed with that terrible disease that, either because of lack of awareness, fear or just to be on the safe side, nobody wants to mention by name. Life was putting Dimitris to the test again. Far from giving up and throwing in the towel, Dimitris' determination and faith pushed him forward, and he's been a true inspiration for the rest of the staff at the Madrid airport. The work itself and the team have been a great asset and support, and Dimitris is very grateful to the company and the team. He has paid them back by showing complete dedication, determination and hard work, even if he needed to be at the airport at 4:30 a.m. for the store opening. All of Dimitris' efforts and commitment have undoubtedly contributed to creating a great place to work and shop in Madrid.

Evangelos Vourdougiannis
Cashier - Sales
Professional
Evzoni BS (Greece)



Evangelos has worked for our company since 2014. In the past, however, he was a professional soccer player, participating for many years in the professional league for his country. It's clear to see that the competitive mindset and team spirit the sport taught him have carried through to his subsequent career path. On Sunday, October 14, Evangelos participated in a friendly match organized by the team of Naoussa in support of the veteran international soccer player Nikos Kizeridis, who suffers from a serious illness. "When Naoussa's team suggested I joined them, I didn't hesitate to say yes! We athletes - active and veterans - should lead by example in terms of showing how we can help and support our fellow man!" It's not the first time he's responded positively to a call to offer his help, nor will it be the last one. Focus on Our People! is a core value of our company. And it seems it's one of Evangelos' values as well ...

Wall of Fame

William Coats
Operations General
Manager
Zurich (Switzerland)



In his search to find an industry with more customer contact, William started his journey with Dufry in 2014 as Country Finance Manager. But when he left the chemical company he'd worked with for years to get into the retail industry, he couldn't have expected to be immersed in "an environment full of nearly endless professional and personal opportunities," as he describes these four years in Dufry. From leading key integration processes and business development projects, to managing the day-to-day requirements of an operation, William has always been up for a good challenge! Back in May 2017 he took on a special one when taking over the role of Operations General Manager

in our Zurich Airport operation. He was part of the team that worked intensively with Zurich Airport on the negotiations for a long-term contract extension, which included an innovative commercial project and the ambitious renovation of our stores in this airport, including the opening of four New Generation Stores (two at departures and two at arrivals). A tiring but very rewarding effort where William had the chance to work hand in hand with a great team of professionals. As Operations General Manager he led his team and the relationship with the airport always with a focus on numbers and people, as well as placing the business first, and more broadly as a large family where everyone's opinion is respected and joint dialogue is key for future success. That trip came to an end in July this year, when William took a part-time job back in the Finance department, which allows him the time needed for other projects outside work that he's passionate about.

Divisions

HQ Dufry Wins Top Retailer Prize at Sunglasses Awards

On the 10th anniversary of the annual Sunglasses Workshop & Awards in Cannes held during the TWFA exhibition in October, Dufry achieved the top retailer award in a contest that had record entries. Dufry won in the category "Sunglasses Retailer of the Year (above US\$2 billion)."

The Dufry team under the lead of Manuela Facheris, Global Category Management Director for Fashion and Luxury, accepted the award for "Sunglasses Retailer of the Year" during an event ceremony, which was co-sponsored and judged by leading sunglasses suppliers De Rigo, Essilor, Kering Eyewear, Luxottica, Marchon, Marcolin, Maui Jim and Safilo.

This year, 2017 winners were not able to enter the same award category but they were invited to pass the baton to 2018 winners.

In general, sunglasses have become a key component of the fashion and accessories segment in the past decade. The sunglasses category has grown for the past three consecutive years in the travel retail sector. ■



Manuela Facheris, Global Category Management Director Fashion and Luxury (right), accepted the award from Jason Blejwas, DFS Group Global Merchandising Director (third from left).

£2 Million for One Water

There are still 884 million people in the world without access to safe drinking water, and over 2 million people die every year from water-borne diseases. One is a life-changing ethical drinks brand that funds sustainable clean water projects in some of the world's poorest communities. World Duty Free has sold One Water in its UK stores since 2007, and a proportion of the money from every bottle of water sold goes toward funding the vital work of the One Foundation.

By Ema Murphy

In August 2018, World Duty Free reached the huge milestone of raising £2 million from sales of One Water in its stores.

Over the years, employees throughout World Duty Free have been selected to go on trips to Malawi as part of a staff incentive to celebrate stores that have shown the most growth in terms of sales. Staff that have been nominated to go on the trips are real advocates for the brand, and the trips are a chance for them to see the work that One Water has done. The trips to Africa are a great way to keep inspiring our staff to get involved and keep supporting One Water.

As in previous years and to celebrate their new fundraising goal, One Water had a stand at World Duty Free's recent Liquor and Confectionery Roadshow. Held annually at Manchester and Heathrow airports, these are learning and development events where between 21 and 26 brands have the opportunity to engage with around 450 staff. With attendees from every UK airport, this is excellent exposure for the brands to showcase current and priority stock and what's new for the upcoming year.

To raise awareness and support for this new fundraising goal, One Water had a large pop-up board on display on which employees were invited to stick "butterflies" onto a water pump. The butterflies were personalized with messages of support for One Water. This not only encouraged employees to interact with the brand, but also to pledge their personal support for reaching the new donation target.

This was a great opportunity for One Water to meet our employees, inform them about the brand and reiterate their goals. The brand benefited enormously from the Roadshow, especially as they were able to communicate their new target directly with employees and understand how they can help reach the One Water goal in-store.

Furthermore, attendees had a VIP in their presence at the Roadshows, as the founder of The One Brand, Duncan Goose, gave a speech and showed a short film to congratulate and thank staff on working so hard toward the target and for raising so much funding to date.

One Water is an excellent example of how brands can utilize opportunities such as the Liquor and Confectionery Roadshow to strengthen partnerships and in-store engagement. World Duty Free is thrilled to continue to support this worthwhile cause. ■



Trips to Malawi are part of a staff incentive to witness the efforts of One Water.

Having raised over £17.4 million, One Water is now aiming to raise £20 million by 2020, and World Duty Free has vowed to continue our support and has pledged to raise another £250,000 by 2020.



Get Inspired – Forum by Dufry

Although it's been with us for a few months and anyone could visit the website, Forum by Dufry will see its official "go-live" on December 15. Conceived as an innovative and dynamic online platform aimed at an exclusive, glamorous and high-end audience of travelers, Forum by Dufry is our new online magazine. It has been created as a vehicle to connect with our potential customers when they are planning their journey and even before that.

The launch of Forum by Dufry builds on our objective of making airport shopping a special and engaging experience. It is closely linked to other initiatives such as RED by Dufry, Reserve & Collect and the whole digital strategy that we are deploying.

What can I find on Forum by Dufry?

In a nutshell, inspiration for your next journey: new and exclusive products, celebrities and influencer stories, cool in-store experiences, store activations ... the best idea is to spend some time browsing Forum for yourself by visiting <https://forum.shopdutyfree.com> where you will find:

- **A unique showcase** where the best brands present exclusive and new products that can only be found in duty-free stores
- **Brand stories:** A space to discover each brand's story in an engaging and dynamic way and to find out about the latest launches and detailed information about their other products

- **What brand experts say:** The voice and recommendations of celebrities and influencers around the globe
- **Special services,** including Reserve & Collect and RED by Dufry and the associated benefits of these services
- **Travel & Lifestyle:** A network of like-minded individuals, brought together to experience fashion, luxury, travel and beauty in a contemporary and interactive way

Why Forum by Dufry?

To understand a little bit about the context and where this initiative came from, we have to revisit Javier González's interview in Dufry World 26, where he presented Dufry's digital strategy and how we are streamlining our e-commerce capabilities.

Yes, we recognize Forum by Dufry is not purely a sales website. However, it has an important role within our

strategy. With Forum by Dufry we start the conversation with the customer before he or she gets to the airport. By highlighting what can be found in our stores, we achieve two goals. On the one hand, we build the desire and inclination to shop with us by showing travelers what they may find on their next visit to a Dufry shop. And even more importantly, we can change customer perception and position Dufry shops as the place to find the latest trends and launches for the main product categories.

Forum by Dufry does not pretend to be the next Harper's Bazaar! However, if Harper's was the world's first fashion magazine when it made its debut in 1867 – and ever since has been inspiring "women who are the first to buy the best, from casual to couture" as their editors claimed, Forum strives to follow a similar path by serving as an inspiration for the many shopping travelers that pass by our stores.

Not just for end-customers

A few "scroll-downs" at Forum by Dufry serve to show that this initiative has been very well welcomed by our brand partners. In Forum by Dufry they see a great

opportunity to engage with one of the most attractive customer niches – travelers – and a platform to position themselves in a very inspirational and aspirational environment.

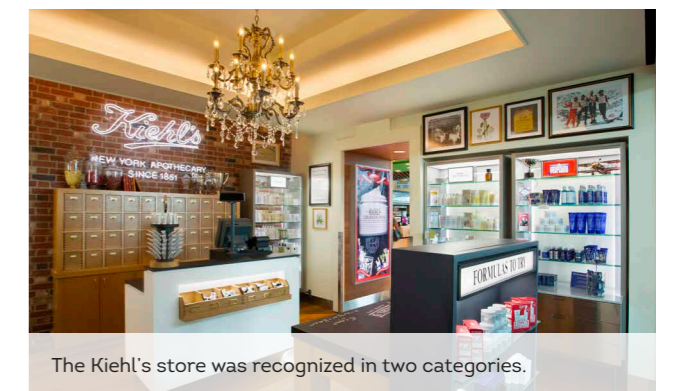
Connecting the dots

The next step is to make Forum by Dufry the place where travelers find the trendiest, newest and most exclusive products, along with travel tips and celebrity stories on an ongoing basis. This will help bring potential customers closer to Dufry and impact customer perceptions about duty-free shopping in a sustained manner. Forum by Dufry is integrated in the RED by Dufry app and is communicated to Dufry customers in RED by Dufry e-mails. It is also being promoted on Reserve & Collect websites so people can learn more about the products they are interested in buying. Forum by Dufry is being communicated through social media, as Forum content can now be leveraged across Dufry's different communications platforms. In December, we are aiming to increase the reach and visibility of Forum by Dufry and are asking all Dufry members to visit forum.shopdutyfree.com and follow us on Instagram: [@ForumByDufry](https://www.instagram.com/ForumByDufry).

Divisions

D5 EDGIE Awards 2018 – Recognition in Three Categories

At the prestigious 2018 EDGIE Awards event on September 27, MarketPlace PHL – the private partner with the City of Philadelphia who coordinates management of the concessions program at Philadelphia International Airport – recognized the Kiehl's store operated by Hudson Group in two award categories: "Merchant



The Kiehl's store was recognized in two categories.



The Edgie Awards 2018 were a triple success for Dufry.

of the Year" and "Highest Regard for Customer Service." In addition, Asimena Pasteros, Specialty Manager, was awarded as "Employee of the Year." The awards ceremony was held at a banquet where Lauren Rago, General Manager for the Hudson Group shops at Philadelphia airport, and her team celebrated their success. Every year, the EDGIE Awards honor retailers who demonstrate exemplary commitment to excellence in customer service to passengers at Philadelphia airport. Additionally, this year MarketPlace PHL commemorated its 20-year anniversary relationship with its concessionaire partners at Philadelphia airport. ■



Starting at the Source: Sustainable Supply Chain

We are a sustainable business. We look after our employees, offer good working conditions, fight corruption and bribery, and ensure that we comply with rules and regulations across the 65 countries where we operate, and we work hard to reduce our environmental impact as much as we can. However, the duty of care and diligence of any company goes beyond that and also impacts business partners and suppliers ...

By Jorge Muñiz

According to research from the consultant McKinsey & Company, some 1.8 billion people are expected to join the global consuming class by 2025. Compared to the 2010 figure, that's a 75% increase. Consumer spending

is expected to grow more than that, as household income, and more specifically the share of the family budget for consumer goods, grows at a more rapid pace. This means that we are likely to face about two decades of sustained growth in the consumer industry.

There is one thing, however, that can slow a company's growth, and this is poor sustainability performance, as measured in environmental and social impact.

In order to run their business, producers need access to affordable, reliable supplies of energy and natural resources, and must also have the necessary permissions and support from consumers, investors and regulators to enable them to do business.

Running a sustainable company then becomes more of a necessity, rather than just a reputational aspiration.



Dufry's responsibility

You may be aware that, this year, Dufry published its first sustainability report prepared according to international standards. And this was a great step forward in terms of transparency with our stakeholders.

Out of all the areas which Dufry has an impact on - environment, consumers, employees - we identified those that were more relevant (materially) to our business, with the aim of tracking our impact and sharing with our stakeholders what we do to ensure the impact we have on them is a positive one.



The overall result was good and well received by stakeholders: from investors to airports and brand partners, they all acknowledged that this builds on Dufry's reputation. However, simply claiming our operation is "sustainable" or "green" isn't enough anymore. Especially in the hyperconnected world that we are living in! Dufry has a responsibility not only to ensure that we are good corporate citizens, but also to ensure that the people we do business with also play their part.



Where are we at right now?

With over 1,000 suppliers working with Dufry, and an unaccountable number of product references or SKUs (stock keeping units), there is no retailer - or company - in the world with sufficient resources capable of tracking the source of all products sold on their shelves. So what can a company like Dufry do? There is no a simple answer. However, there is growing concern about sustainability issues on a global basis and across all

industries. And a general consensus to do business in a sustainable way.



Efforts started many years ago. Some of the most relevant milestones on the road toward a more sustainable world include the United Nations Global Compact - an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies - which was introduced in 2000.



Building on that, the 17 global goals set by the United Nations General Assembly in 2015 (the Sustainable Development Goals, SDGs) was another step in proving the determination of governments and companies to do business in a more sustainable way.



And, as you know, Dufry has been supporting the UN SDGs for the last two years with several activities in

our shops. Much of the work done so far on an international level plays in our favor. Many of those 1,000 suppliers we work with have put mechanisms in place to ensure they do business in a sustainable way. This means protecting their employees, ensuring fair trade, reducing the negative impact on the environment, providing fair salaries and decent working conditions, and eradicating corruption and abusive working practices, among others.



There is also a general consensus that special emphasis needs to be put on supply chains to ensure that these good practices don't just apply in the factories, but also at the original source of their individual supply chains.

As part of our responsibility, we have started questioning our suppliers, to ensure they are taking all the necessary care that they should. This has taken shape with the creation of a Supplier Code of Conduct, where we ask suppliers from all product categories if they comply



with 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

At the same time, and by accepting this code of conduct, they accept that they must inform Dufry immediately if they detect any activity that could contravene the principles of this code. That same approach has been taken by some of our suppliers who, in the same spirit of seeking reputable business partners, have taken a similar approach with Dufry by asking about our approach toward the above-mentioned topics.



The future

Achieving a more sustainable business environment is a titanic effort that needs the support of every stakeholder involved. The introduction of this Supplier Code of Conduct is a significant step forward for Dufry. We have started by approaching the most relevant global suppliers, asking them to acknowledge our code, and have received confirmation from 78% of them. This joint effort of the Global Procurement, Global Compliance Office and Corporate Communications teams is an important and successful first step that will continue, with the aim of covering a larger proportion of our suppliers. ■



D5 Tennis Star Maria Sharapova's Premium Candy Line – Sugarpova

Hudson Group serves as the exclusive US travel retailer for sales of international tennis champion Maria Sharapova's premium candy line, Sugarpova. The sweets are available across the United States at Hudson and Hudson News stores, as well as Hudson Group's localized travel essentials, convenience, and candy concepts. The eclectic brand will sweeten the journey for passengers, offering a luxurious interpretation of classic treats they know and love.

By Kristen M. Clonan

Interview with Maria Sharapova:

Tell us more about your brand, Sugarpova.

Sugarpova was created out of my desire to share a little taste of my lifestyle with my fans and candy-loving consumers. As travel is a large part of my everyday life, it seemed a natural fit to bring Sugarpova to Hudson Group. I'm very excited to see how this partnership takes off.

We know you have a bit of a sweet tooth, so when you get a temporary respite in between tournaments, what is your favorite candy treat?

I love Russian chocolates. They are chocolate wafers neatly wrapped in playful wrapping designs. And



Sugarpova sweets are high-quality treats you can feel good about indulging in.

Sugarpova rum cherry truffles have been my guilty pleasure since we launched truffles.

Sugarpova recently launched an expansion to its chocolate line. What are some of your favorite chocolate candy types that summer travelers will love?

The recently launched chocolate-covered gummies have been a hit ever since I gave all my friends samples. And that's the one I'm most looking forward to gifting this summer.

Name your favorites?

- **Favorite new book?** I will be reading Marina Abramovic's "Walk Through Walls."
- **Summer travel: Favorite travel destination, and why?** Amalfi coast, Italy, in the summer. There are hidden gems that are still unknown as well as established charming hotels on the cliffs.
- **Airport: Favorite airport to travel to/from, and why?** LAX because home is only 20 minutes away.

Proudest moments on and off the court?

I have a few. One was in 2004, with my win at Wimbledon. Another was in 2012, with the launch of my own candy company, Sugarpova. And my most recent is my new partnership with the National Association of Women Business Owners (NAWBO) to mentor female entrepreneurs.



Tennis star Maria Sharapova in the midst of the Hudson team.

When I started my own company, Sugarpova, I wish I'd had a group of mentors. I recognize that supporting women-owned businesses by sharing expertise and valuable business resources can have a dramatic impact on the growth of a business and can be a real catalyst for advancing the success of a business. Simply put, this partnership is about women helping women. ■

D3 New Duty-Free Shopping Area at Kuwait Airport

Dufry, and its local partner, That Al Salasil will manage the new duty-free shopping area in Terminal 5 at Kuwait International Airport, which was opened on October

15, 2018 by Jazeera Airways, Kuwait's leading low-cost airline, operating regionally and internationally.



The new shopping at Kuwait International Airport is well prepped to serve the needs of travelers looking for a good duty-free experience.

Covering 470 m², the new duty-free store offers over 3,000 items of food, beauty, travel accessories and jewelry, in addition to exclusive offerings and novelties that are introduced all year long in the food and beauty categories. With the inauguration of its new dedicated Terminal 5 in May 2018, Jazeera Airways provides travelers a seamless travel experience thanks to a capacity exceeding 2.5 million passengers annually through a quick and simple 90-m journey from parking to boarding. ■

D5 Celebrating the Grand Opening of Las Vegas Dufry Shopping

By Megan Souza

What was once a highly foot-trafficked, vacant space has now taken on an exciting new life of its own. Hudson



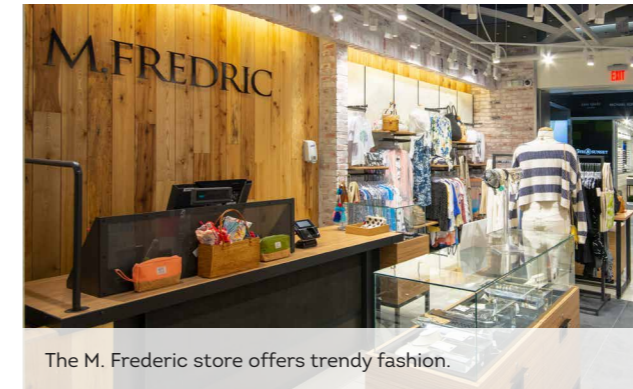
From left to right: Joseph DiDomizio, President & CEO Hudson Group; Barbara Robinson-Costas (joint-venture partners); Andres Costas (joint-venture partners); Scott Kichline, Assistant Director of Aviation McCarran International Airport; Melissa Olivas (joint-venture partners); Jay Brown Junior (joint-venture partners); James Chrisley, Deputy Director of Aviation Operations McCarran International Airport.

Group, its partners and executives from Las Vegas McCarran International Airport celebrated at the grand opening of the Las Vegas Dufry Shopping and rotunda Runway Shops in Terminal 1, Concourse D.



The proprietary sunglass concept shop 5th & Sunset.

The opening comes at the end of a several-year process that kicked off when Hudson Group approached the airport management team with ideas for invigorating an underutilized open area at the base of the escalators in the rotunda leading to the D gates, where the trains enter and exit the terminal.



The M. Frederic store offers trendy fashion.

The goal was to turn the location into productive retail space and to bring these concepts and opportunity to life. This area now has a total of five stores, three of which opened in the second quarter, including Hudson Group's first airport Swatch store, proprietary sunglass concept shop 5th & Sunset, and M. Frederic.



Hudson Group's first airport Swatch store.

Hudson Group had already opened a Tech on the Go, which is its tech concept and opened the final store, an Urban Decay, in August 2018. Also at McCarran Airport, Hudson Group is the sole duty-free retailer and opened a 557 m² walk-through store in Terminal 1, Concourse D. This was part of a successful seven-year extension in 2017 and replaced an existing 93 m² in-line store.



The Las Vegas Dufry Shopping store has a vast product and brand assortment across all main duty-free categories.

However, the words "Duty-Free" and "Tax-Free" on the store-fronts can often serve as a barrier to entry for domestic passengers. To remove this barrier, in McCarran Terminal 1, which is a mixed-use terminal serving both domestic and international passengers, Hudson Group elected for the first time in North America to remove the "Duty-Free" and "Tax-Free" signage from the storefront, while keeping the signs over key categories that can only be sold to customers traveling internationally. ■

HQ Charity Water – Support for a Small Hydropower Plant

The Charity Water project was launched in 2014 as a joint project between Flughafen Zürich AG and Dufry AG. Since then, Zurich duty-free mineral water has been sold for a good cause in duty-free stores at Zurich Airport. Sourced from the Adello in Adelboden, each bottle of mineral water sells for CHF 2.50, and 50 cents is donated to a nonprofit organization. Some of the sales revenues made between September 2018 and the end of August 2019 will be devoted to Swiss Mountain Aid. A first aid project has already been identified, along with the refurbishment of a small hydropower plant, which will secure the supply of electricity for three alpine farmhouses owned by four mountain farming families on the Kleines Melchtal alp in the Swiss canton of Obwalden. Last summer, the power plant's condition deteriorated badly. In order to ensure the power supply of the three farmhouses for the next season, there was an urgent need to replace the generator and the turbine wheel, as every summer these farmers produce several tons of cheese on the alp. ■



New Generation Store at London Heathrow T3

Dufry's fifth New Generation Store was officially inaugurated on September 17, 2018 at London Heathrow Terminal 3. With over 2,500 m² of retail space, the newly refurbished store features the latest digital technology to deliver a highly personalized shopping experience to the 25,000 customers who visit it each day. Digital technology helps boost customer engagement by "talking" to the most represented nationalities in their own language and addressing the individual preferences of the different passenger profiles.

At the store's entrance, passengers first encounter the two key categories of beauty and liquor. Within the 1,000 m² beauty hall, customers can discover an extensive range of brands - including many that are new to the New Generation Store - supported with interactive, digital technologies which enable them to "virtually" experiment with different makeup looks, or find out more about different products in their preferred language. The newly opened New Generation Store at Heathrow Terminal 3 is the first of its kind in the UK. ■