

Transparency Act Report

Introduction

Travel Retail Norway is covered by the Norwegian Transparency Act. This document is the report on our due diligence assessments for the reporting year 2023.

The Transparency Act aims to promote enterprises' respect for basic human rights and decent working conditions by ensuring increased transparency.

According to the law and in accordance with the OECD Guidelines for Multinational Enterprises, companies are required to identify risks for adverse impact by conducting due diligence assessments, implement measures, monitor, communicate with stakeholders and, if relevant, cooperate to remedy and compensate where this is required to ensure respect for human rights and decent working conditions.

As a shop window to the world, serving different customers and cultures, Travel Retail Norway is duty-bound to comply with accepted international environmental, legal, and social standards, and we expect the same from our supply chain and business partners.

Our work with the due diligence assessments in accordance with the Transparency Act is continuous, with a focus on implementing measures that can lead to genuine improvements in our work.

General description of structure, area of operations, guidelines and procedures

Travel Retail Norway is a Norwegian company with Norwegian and German ownership. On the German side is Gebr. Heinemann, who has both part ownership in Travel Retail Norway and is our most important supplier. Travel Retail Norway was established in 2004 and currently has 1100 employees. Travel Retail Norway is organised as a privately limited company, AS (sector code 2100).

Travel Retail Norway has run duty-free and Travel Value shops at Avinor's largest airports since 2005. Today we are present in Oslo, Bergen, Stavanger, and Trondheim. Our most important task is to drive responsible sales and exemplary service to travellers at Avinor's airports and to generate income for Avinor and the Norwegian society.

Top level executives:

- CEO: Tore Ove Hov
- Deputy CEO: Haakon Dagestad
- CFO: Adrienn Földesi

- Operational Manager and Category/Marketing: Marianne Jensen
- IT/ WEB: Linda Brenden

Board:

- Raoul Spanger, chairman
- Florian Seidel, member of the board
- Per Christian Voss, member of the board
- Finn Torstein Dybvik, member of the board
- Cathrine Olsen, member of the board (employee representative)
- Rozina Nazli Nazar, member of the board (employee representative)
- Anette Byrkjeland Holt, member of the board (employee representative)

Markets

Travel Retail Norway offers various products and brands in different price segments and offer substantial savings in all Duty-Free product categories. We have a wide range of products that extends from perfume and cosmetics to wine and spirits, as well as tobacco, from confectionery and delicatesses to fashion, accessories, watches, and jewellery. Travel Retail Norway is, as mentioned above, partly owned by Gebr. Heinemann, who operates in more parts of the world – and offers many of the same products.

Embedding responsible business conduct into policies and management systems

Guidelines: Code of Ethics

Travel Retail Norway have a Code of Ethics for our own operations and a Code of Ethics for business partners.

Travel Retail Norway's Code of Ethics covers matters related to fundamental human rights and decent working conditions, similar to those covered by the United Nations Universal Declaration of Human Rights and the conventions and recommendations of the International Labour Organization (ILO) on Labour and Social Standards, such as the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

The Code of Ethics applies to the organisation as well as all employees, while the Code of Ethics for Business Partners applies to partners and suppliers directly or indirectly associated with Travel Retail Norway.

The purpose of the two Code of Ethics is to guide Travel Retail Norway employees and business partners when dealing with other ecological, social and legal risks in their day-to-day business.

The Code of Ethics and Code of Ethics for Business Partners build on Gebr. Heinemann's Code of Ethics.¹ Gebr. Heinemann provides supplementary guidelines addressing specific themes in the Code of Ethics of Gebr. Heinemann. These guidelines assist employees and business partners with implementing the Code of Ethics and Code of Ethics for Business Partners.

Responsibility, mandate, and policies regarding human rights and decent working conditions are engrained in the board of Travel Retail Norway. The board reviews and updates relevant documents regularly, while the administration/executive management follows up on the day-to-day work.

The board of Travel Retail Norway has discussed and adopted the procedure for the work related to the Transparency Act. The Code of Ethics and the Code of Ethics for Business Partners were updated in the reporting year 2022, to adapt to the requirements set by the Transparency Act. In this reporting period, the Code of Ethics and the Code of Ethics for Business Partners have been translated into Norwegian. Our goal with the translations is to make them more accessible for both our Norwegian suppliers and employees, and interested third parties.

In the Codes of Ethics, Travel Retail Norway underlines the high ethical standard we promote. Laws and regulations must be followed, and there is a particular focus on the following areas:

- Respect and integrity
- Human rights and labour rights
- Environmental protection
- Fair competition
- Anti-corruption and conflicts of interest
- Confidentiality and data protection
- Animal welfare
- A responsible and secure supply chain

Travel Retail Norway expects suppliers and business partners to have a policy that covers matters related to fundamental human rights and decent working conditions, as for example covered by the United Nations Universal Declaration of Human Rights, the conventions and recommendations of the International Labour Organization (ILO) on labour and social standards or the UN Guiding Principles, and/or comply with our Code of Ethics. More information can be found in our Code of Ethics for Business Partners.

Routines and procedures

New suppliers and business partners sign the Code of Ethics for Business Partners. Existing

¹For more information, see Gebr. Heinemann's Code of Ethics. Link: https://www.gebr-heinemann.de/heu/en/responsibility/code_of_ethics

suppliers and business partners sign the Code of Ethics for Business Partners when their contract is revised or renewed.

The Category Managers of Perfume and Cosmetics and Fashion and the Category Manager of Alcohol, Tobacco and Confectionaries are responsible for coordination and following up of the suppliers, including new and existing contracts. Managers have a particular responsibility to foster ethical behaviour within their departments. They serve as role models and help their team members adhere to the Code of Ethics in their daily activities.

In order to systematically prevent or counteract violations, Travel Retail Norway has established a channel for affected parties and observers of human rights violations to report irregular behaviour or raise concerns. We treat reports of possible human rights violations confidentially and discreetly; our compliance team investigates them immediately.

All Travel Retail Norway employees have the right and duty to report potential and actual breaches of our Code of Ethics. In the event of serious conditions which, despite notification internally or which, contrary to presumption, cannot be resolved internally, it is possible to report anonymously through an independent law firm. This channel is also available for external parties.

In addition, we have internal routines and processes for how we handle messages of concern, reports, and potential breaches of our policies. The routines are regularly reviewed, updated if necessary and communicated to our employees. Moreover, we have routines to ensure that we follow legal requirements and other rules set up by, for example, the Norwegian Labour Inspection Authority and similar bodies.

In our Code of Ethics for Business Partners, we encourage our business partners to establish reporting channels to prevent or counteract violations, as well as do regular due diligence assessments. Our biggest supplier, Gebr. Heinemann, has reporting channels for their employees in their Code of Ethics, and further concerns or breaches in relation to their Code of Ethics can be reported to a separate e-mail address.²

If we have caused, contributed or are directly linked to adverse impacts, we will work to find solutions for recovery that are in line with the nature and extent of the damage.

Inquiries about the Transparency Act

In 2022, Travel Retail Norway created a separate e-mail for inquiries about our work with the Transparency Act.

Inquiries about the Transparency Act and requests for information can be sent by e-mail to aapenhet@trn.no. Inquiries will be answered within three weeks. The administration will process the inquiries. The email is also directly available on our website, for easier access.

See the Code of Ethics of Gebr. Heinemann. Concerns or breaches in relation to Gebr. Heinemann's Code of Ethics can be reported to the following e-mail address: ethics@gebr-heinemann.de

Due diligence assessment

As a result of the Transparency Act, Travel Retail Norway is required to conduct due diligence to identify and assess potential and actual adverse impacts for fundamental human rights and decent working conditions that Travel Retail Norway has either caused or contributed to, or which are directly linked to the business, products, or services of the enterprise through supply chains or business partners.

Process

The due diligence assessments have been conducted by an internal group consisting of the deputy CEO and the two heads of category with assistance from external consultants. The aim of the due diligence assessments is to investigate, account for, prevent and limit actual and potential adverse impacts.

The due diligence assessments conducted for the reporting year 2023 have been based on risk and proportionality in our own operations, in the supply chain and amongst business partners.

After a risk assessment based on connection, severity, likelihood of negative consequences and scope, we have concluded that the greatest risks for potential and actual adverse impacts for fundamental rights and decent working conditions is in our supplier chain.

In 2022, we focused solely on our international suppliers. This year, we have expanded our reach and followed up on our work for 2022. We have therefore assessed our local suppliers in Norway and followed up on their work.

The supply chain has been assessed according to country of origin (geographical risk), sector risk, product risk and enterprise risk.

Approximately 90 % of Travel Retail Norway's sales volume consists of products purchased through Gebr. Heinemann from a limited number of large, global enterprises. The rest of the products are purchased through local Norwegian suppliers. Therefore, the risk assessment of the supplier chain is done in collaboration with Gebr. Heinemann.

Gebr. Heinemann is covered by the German Transparency Act ("Act on Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chain") which covers environment-related risks in addition to human rights risks.³ As Gebr. Heinemann also operate in the Australian market, due diligence assessments have been carried out for several years according to the Australian Modern Slavery Act. Gebr. Heinemann utilises the internationally renowned provider EcoVadis to get an understanding of the risks in the supplier chain. In addition, Gebr. Heinemann has in a few cases, and after a thorough assessment, decided to accept third-party ratings and certifications on as equal level to

³ See section 2 in the German law: https://www.bmas.de/SharedDocs/Downloads/DE/Internationales/act-corporate-due-diligence-obligations-supply-chains.pdf?__blob=publicationFile&v=4

EcoVadis. Gebr. Heinemann itself has rated almost 100 suppliers, and is determined to continue their work in the coming years.

Overall risk assessment

Travel Retail Norway has not discovered any actual adverse impacts on basic human rights or decent working conditions in the reporting period.

232 of Travel Retail Norway's international suppliers through Gebr. Heinemann has been classified as Travel Retail Norway-suppliers by EcoVadis. 21 of these have one or more high risk factor. Of these, two enterprises have been classified as high risk for social sustainability overall. Gebr. Heinemann has requested a formal rating from one of these enterprises, and a reassessment from the other. Travel Retail Norway has requested information about the ongoing processes and will continue to follow up Gebr. Heinemann and requesting actions.

When it comes to Travel Retail Norway's local suppliers, 7 have one or more high risk factor. Travel Retail Norway has made a plan to follow up these suppliers further.

Product risk assessment through Gebr. Heinemann

Gebr. Heinemann conducted a due diligence assessment of product risk associated with the main categories of goods: liquor, tobacco, chocolate, perfume, and cosmetics in September 2022, which has been judged to also be highly relevant for the risk assessment done in 2023. This risk assessment covers the very same categories of products as Travel Retail Norway offers. This risk assessment does not include the enterprise risk.

1) Supply chain: Perfume and cosmetics

This category includes products related to perfume care & cosmetics, mica particles, palm oil, mineral oil & silicones, paper packaging, plastics, and glass packaging. Among these, palm oil stands out as a product with various risk factors, particularly concerning labour rights. Products within perfume care and cosmetics are related to several risks on human rights and decent working conditions. Amongst these are impacts on local communities and occupational safety and health.

2) Supply chain: Fashion, accessories, watches, and jewellery

This supply chain covers products such as textiles, cotton, down, furs, leather, jewelry, wooden toys, paper packaging and plastic. The risk factors include human rights and ethics issues, as well as labour rights, specifically occupational health and safety.

3) Supply chain: Liquor, tobacco, confectionery, and fine Foods

This supply-chain encompasses products such as coffee, tea, chocolate, nuts, liquorice, tobacco, alcoholic drinks, paper packaging, glass products and plastic packaging. One area stands out: Labour rights (occupational safety & health in particular). Agriculture, being one of the most hazardous sectors according to the International Labour Organization (ILO), contributes to the risk. Human rights issues, such as illegal child labour and modern slavery

in the chocolate industry, as well as consumer interest and product safety concerns related to tobacco products, are also noted as risks.

Human rights due diligence

In addition to the beforementioned assessment of product risk and overall risk, Gebr. Heinemann has conducted a risk mapping of commercial and non-commercial suppliers and business partners.

In the first step, suppliers subject to Human Rights Due Diligence are sorted out. A *pre-sorting* is conducted based on the existence of a National Action Plan on Business and Human Rights. In order to focus on the most critical suppliers, suppliers whose headquarters are located in a country with a National Action Plan on Business and Human Rights (NAP) in place are filtered out before the actual Human Rights Risk Assessment. Those suppliers are expected to satisfy the regulations regarding Human Rights Due Diligence in their country rigorously and check on their sub-suppliers reliably.

In the second step, the actual human rights risk assessment of all remaining suppliers takes place. The risk assessment is based on product risk and the origin country risk of the product using nine different human rights related indicators to calculate an average indicator. The result is a numeric value between 1 and 4 (4 being best). The threshold separates critical products from less critical products and must be defined in the context of the respective division.

The suppliers classified as “critical” in the assessment and the Top 20 indirect suppliers receive a detailed Self-Assessment Questionnaire covering all aspects of the suppliers’ human rights management system.

Local suppliers

Travel Retail Norway has for the reporting period 2023 also assessed local suppliers. The local suppliers have been classified according to geographical risk, product risk, sector risk and enterprise risk.

We have used ITUCs Global Rights Index 2023 to determine the geographical risk.⁴ Almost all suppliers are located in Norway.

To determine the product risk, we have used The Norwegian Agency for Public and Financial Management’s High-risk list and the underlying documents.⁵

To find the sector risk, we have relied on the OECD-FAO Guidance for Responsible Agricultural Supply Chains⁶, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector⁷, the Norwegian Labour Inspection Authorities’ risk

⁴ <https://www.ituc-csi.org/ituc-global-rights-index-2023>

⁵ [Høyrisikolisten | Anskaffelser.no](https://www.hoyrisikolisten.no/)

⁶ [Landbruk – Ansvarlig Næringsliv \(responsiblebusiness.no\)](https://www.responsiblebusiness.no/landbruk-ansvarlig-naeringsliv/responsiblebusiness.no)

⁷ <https://www.responsiblebusiness.no/oecds-sektorveiledere/tekstil-og-sko/>

assessment for 2023⁸ and the Joint report from the Departments' work against labour crimes 2023 from the National Authority for Investigation and Prosecution of Economic and Environmental Crime⁹.

To determine the enterprise risk, we have looked at available Transparency Act reports, sustainability reports and ethical guidelines – and the quality of these reports.

Through the risk assessment, we have discovered 7 local suppliers with one or more high-risk factors. The recurring risk factors are in the suppliers' own supply chains and largely connected to agricultural goods and textiles.

Travel Retail Norway has made a plan for the follow-up of suppliers and visits on-site.

Findings and Measures

Findings

We have not discovered any adverse impacts or significant risk of adverse impact in our own operations. Nor have we identified any actual adverse impacts or significant risk of adverse impact in our supply chain or among our business partners.

We have identified risks in our supply chain, as described above, and are working to find effective measures, as outlined below.

Measures

In the reporting period, Travel Retail Norway has focused on working together with Gebr. Heinemann to assess the international suppliers and to follow up on the work of the local Norwegian suppliers.

Travel Retail Norway has had continuous dialogue with Gebr. Heinemann, and will continue the dialogue on the two international suppliers with high overall risk for social sustainability.

In the reporting year 2022, we made an action plan to ensure that we follow the standards set by the Transparency Act and follow up on our work as we go. The action plan has been updated in the reporting period for 2023.

In our work with the local suppliers in Norway, we have focused on bettering the dialogue with suppliers and stakeholders, and to learn more about the working conditions for each supplier. This work has been prioritised and has led to five visits to suppliers in the reporting period. Through these visits, we have gained a better understanding of our suppliers, a better dialogue with affected stakeholders and more insight into the working conditions on each site.

⁸ <https://www.arbeidstilsynet.no/om-oss/forskning-og-rapporter/>

⁹ <https://img8.custompublish.com/getfile.php/5297153.2528.ptkpawubjssuzj/Felles+a%CC%8Arsrapport+for+etatenes+innsats+mot+arbeidslivskriminalitet+2023.pdf?return=www.okokrim.no>

Altogether, we believe that the work we have done will make it easier for us to ensure that we adhere to current regulations and standards, as well as track and follow up on our results.

For the reporting period 2024, we will continue our efforts, both regarding our international suppliers and the local ones in Norway, to receive a better understanding of the risks in our supplier chain. We have updated our action plan, will follow up with Gebr. Heinemann as required, and made a plan for further supplier visits.

Anchoring in the organisation and the board

The due diligence assessments and the Transparency Act report have been discussed and approved by the board.

Per la Voss

Floer-vidal

Cathrine Ols

Anette B. Hoge

Raund

Per Dyvik

Maart Pamp

Per la Voss