

# Account of due diligence assessments in Hurtigruten Group in accordance with the Norwegian Transparency Act

## 1. Introduction

The Norwegian Transparency Act entered into force on 1<sup>st</sup> July 2022. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions. The Act applies to larger enterprises that are resident in Norway and that offer goods or services in or outside Norway. In accordance with the Transparency Act Sections 2 and 3, Hurtigruten Group AS, including its wholly owned subsidiaries, are covered by this Act (collectively, "Hurtigruten Group").

Section 4 of the Transparency Act inter alia imposes obligations on companies to carry out due diligence to map actual and risks of adverse impacts on human rights or decent working conditions in their operations, supply chain and other business relationships. More specifically, the due diligence requirement means that the company must:

- a) embed responsible business conduct into the enterprise's policies;
- b) identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products or services via the supply chain or business partners;
- c) implement suitable measures to cease, prevent or mitigate adverse impacts based on the enterprise's prioritisations and assessments pursuant to (b);
- d) track the implementation and results of measures pursuant to (c);
- e) communicate with affected stakeholders and rights-holders regarding how adverse impacts are addressed pursuant to (c) and (d); and
- f) provide for or co-operate in remediation and compensation where this is required.

In addition, companies have a duty to publish an account of the company's due diligence assessments (Section 5) and upon written request provide information to the public (Section 6).

This document is an account of the due diligence carried out by Hurtigruten Group in the period 1<sup>st</sup> July 2022 to 18<sup>th</sup> June 2023. The purpose of this account is to provide information to the public regarding key findings from our due diligence and how we address risks of, and adverse impacts on, human rights and decent working conditions in our operations and supply chain.

In the process of preparing for this law, Hurtigruten Group has engaged with a broad range of stakeholders to seek input and clarifications and to align expectations. We have established an internal cross-functional working group to strengthen collaboration, coordination and preparedness.

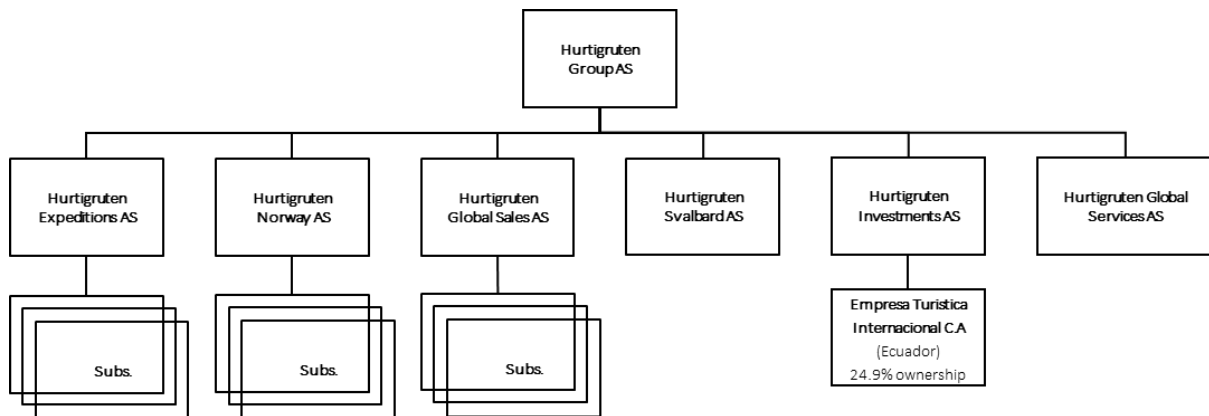
Section 2 of this document contains a description of the governance in Hurtigruten Group related to the Transparency Act. This includes an overview of our organization, core service offering, roles and responsibilities, and guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions. Our due diligence approach and key findings are described in Section 3. Section 4 provides a summary of implemented and planned measures to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures. Section 5 includes a list of resources used by the Group in ensuring compliance with the Transparency Act.

## 2. Governance

### 2.1. Organization and areas of operation

Hurtigruten Group comprises three main business units. Hurtigruten Norway, Hurtigruten Expeditions and Hurtigruten Destinations offer experiences along the Norwegian coast, Greenland, Svalbard, Iceland, British Isles, Alaska, South America, Arctic, Antarctica, Galapagos and to other unique destinations to travellers from all over the world. The Group has global headquarters in both Oslo and London. In addition, the Group has offices and operations in Hamburg, Tromsø, Paris, Seattle, Melbourne, Tallinn, Hong Kong, Longyearbyen and Kirkenes serving the most important and emerging markets. Hurtigruten Group has a 24.9% ownership share in Empresa Turistica Internacional CA (Metropolitan Touring), an Ecuador based destination provider which also operates cruises to the Galapagos.

Figure 1 provides an overview of the top companies in Hurtigruten Group. Except for Metropolitan Touring, all companies are covered by the Transparency Act (ref. Transparency Act Section 2). Metropolitan Touring has been assessed in accordance with our risk assessment methodology for suppliers.

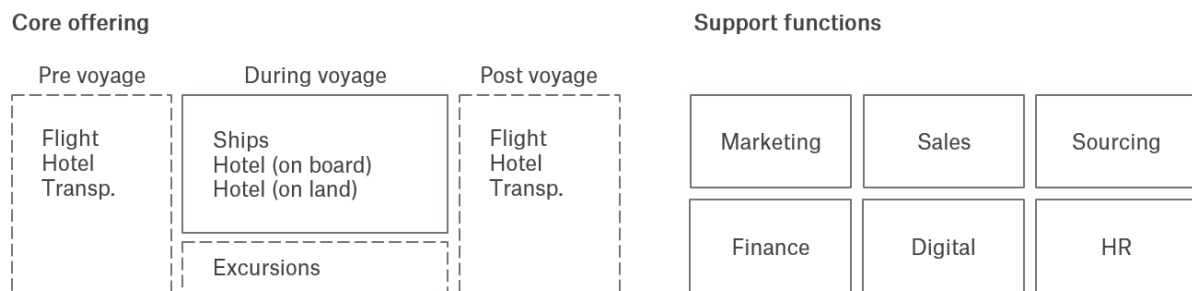


**Fig. 1: Organizational overview of Hurtigruten Group**

### 2.2. Our core service offering

Hurtigruten Group is one of the world’s leading adventure travel and expedition cruise companies. We bring people to unique destinations worldwide while maintaining a strong focus on travel with purpose and sustainability. We inspire people to adventure and deliver on our promise of guest centred travel packed with memorable experiences. Hurtigruten Group’s fleet of custom-built expedition and coastal ships takes modern-day adventurers to the most spectacular destinations all over the planet.

Our core offering is travel experiences to customers, via ship and hotel, as well as additional services pre- and post-travel. Our cruise services along the Norwegian coast under the state contract, in addition to our fully commercial sailings from Bergen to Svalbard, are operated by Hurtigruten Norway AS. Hurtigruten Expeditions AS operates fully commercial cruises across the globe, with examples including sailings along the Norwegian coast, the British Isles, Arctic and Antarctic regions and South America. The Group’s onshore hotel services are operated by Hurtigruten Svalbard AS. Figure 2 provides an overview of our core service offering and support functions.



**Fig. 2: Core offering and support functions in Hurtigruten Group**

### 2.3. Roles and responsibilities

The Board of Directors has the overall responsibility for Hurtigruten Group's compliance with the Transparency Act. This means that the Board of Directors inter alia is required to ensure a responsible process in the organization and to approve and sign our account of due diligence each year prior to publication <sup>1</sup>.

The Group CEO has the overall responsibility for execution, while the Group CFO has process responsibility as outlined in Table 1. An internal working group consisting of Group Legal, Group Procurement, Group ESG, Group Risk Management and Group Communications is established to strengthen collaboration, coordination and preparedness related to the Transparency Act.

Requests for information sent to the email address listed on the Transparency Act section of our website are received by Group Communication. In cases where such requests are received by other departments, e.g. Group Procurement, the recipient is responsible for forwarding the request to Group Communication.

**Table 1: Governance structure in Hurtigruten Group related to the Transparency Act.**

#	Process	Responsible	Support
<b>1</b>	<b>Duty to carry out Due Diligence</b>		
1a	Map and identify actual and potential negative impacts	Procurement	Risk, ESG
1b	Initiate appropriate measures to mitigate and stop negative impacts	Procurement	Legal, Risk, ESG
1c	Track and report step 1a and 1b on a quarterly basis to the Board	Procurement	Legal, Risk, ESG
<b>2</b>	<b>Duty to account for due diligence (by June 30<sup>th</sup> each year)</b>		
2a	Give a general description of the organization and operations	Legal	Procurement, Comms
2b	Inform about negative impacts and significant risks of negative impacts	Legal	Procurement, Comms
2c	Inform about the measures taken (1b)	Legal	Procurement, Comms
<b>3</b>	<b>Right to information</b>		
3a	Any person has the right to information on how we address section 1 <sup>2</sup>	Legal	Comms
3b	Provide an adequate response to 3a within three weeks	Legal	Comms

<sup>1</sup> The account shall be signed in accordance with the rules in Section 3-5 of the Norwegian Accounting Act.

<sup>2</sup> This right can be denied if certain requirements are met as per Section 6 a-d in the Transparency Act.

In addition, all employees in Hurtigruten Group are responsible for reporting, and are encouraged to report, unwanted incidents through our whistle-blowing channel. Such incidents include, but are not limited to, risks and incidents with adverse impact on fundamental human rights and decent working conditions. More information about our Whistleblower Policy is located on our website under Reports and Policies.

## 2.4. Guidelines and procedures

Hurtigruten Group has a set of guidelines, procedures and tools for handling actual and potential adverse impacts on fundamental human rights and decent working conditions. How these potential or actual issues are handled will depend on the situation.

Our Code of Conduct, Anti-Corruption Policy, Procurement Policy, Diversity, Equity and Inclusion Policy, Freedom of Association Policy and Remuneration Policy reflect our values and include expectations and requirements regarding our behaviour and working conditions. Breaches of these policies are followed up by the line organization, Legal and HR.

Our Supplier Code of Conduct has been communicated to suppliers in several waves and is available on our website. It covers labour rights (modern slavery, freedom of association, child labour, discrimination etc.), health and safety, corruption, animal welfare and the environment. Group Procurement are qualifying and following up our suppliers, including actual or potential breaches to human rights. This is further described in our Group Procurement Policy.

Our digital contracting tool and procurement analytics tool support our systematic follow-up of suppliers. These tools support Group Procurement in ensuring sufficient contracts are in place and enable structured analyses of suppliers and business partners with regards to country- and category risk, and in turn increase our ability to influence the supplier's behaviour.

We believe in having a culture with an open dialogue and we encourage all our employees to raise any concerns to their manager or through our whistle blower mechanism. The whistle blower process is governed by our Whistleblowing Policy. Cases reported through our whistle blower channel are received and followed up, or distributed as appropriate, by the Group Legal department.

All above-mentioned policies are available at: <https://www.hurtigruten.com/group/sustainability/reports/esg/>

## 3. Due diligence

### 3.1. Mapping of supply chain and business partners

Details from all invoices received by Hurtigruten Group over the last three years have been imported to our procurement analytics tool. In 2022, Hurtigruten Group received invoices from around 2,400 companies. These companies have been classified as either suppliers or business partners as per Section 3 d) and e) of the Transparency Act.

**Suppliers:** Any party in the chain of suppliers and sub-contractors that supplies or produces goods, services or other input factors included in an enterprise's delivery of services or production of goods from the raw material stage to a finished product.

**Business partners:** Any party that supplies goods or services directly to the enterprise, but that is not part of the supply chain.

These 2,400 companies provide goods and services to the entire group, with the majority linked to the two ship operating companies Hurtigruten Expeditions AS and Hurtigruten Norway AS. The three supply categories Ship repair and maintenance, Fuel and energy and Marine operations are directly linked to these two companies and represent more than 70% of the Group's total spend.

*Ship repair and maintenance* was the category with the highest spend in 2022. This represents our yard activities with main suppliers in Norway, Germany and Poland. *Fuel and energy* was the category with the second highest spend in 2022. Hurtigruten Norway AS purchase fuel from key suppliers in Norway, while Hurtigruten Expeditions AS purchase fuel through recognized partners with a global network of suppliers. *Marine operations* include all suppliers directly involved in the technical operation of our ships. For Hurtigruten Norway AS these suppliers are mainly located in Norway, whilst Hurtigruten Expeditions AS, due to their geographical operation, has suppliers world-wide. *Crewing* also represents a significant part of the Group's spend. All crew in Hurtigruten Norway AS and senior officers in Hurtigruten Expeditions AS are employed directly by the respective companies. Marine crew in Hurtigruten Expeditions AS are contracted through Hurtigruten Technical Services, a joint venture between Hurtigruten Group and Bernhard Schulte Shipmanagement. Hotel crew in Hurtigruten Expeditions AS are contracted through our supplier OSM Thome.

Out of the around 2,400 companies, 622 are classified as suppliers and 354 are considered business partners. Together, these represent 98% of the total spend in Hurtigruten Group. This is where we buy the majority of our goods and services, have the highest impact and the highest degree of influenceability. The remaining spend (1.7%) is coming from non-classified suppliers, typically outside our core services where we often have a limited number of transactions per supplier and hence lower impact and influenceability.

### **3.2. Focus areas and selection of due diligence parameters**

As per Section 4 of the Transparency Act, due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

Our business partners provide goods and services that are not directly included in our core offering. These partners often involve highly educated personnel in low-risk industries such as digital, marketing, financial services, etc. Hurtigruten Group has an obligation to ensure that our business partners comply with relevant laws and regulations, including those related to adverse impacts on fundamental human rights and decent working conditions. This is done via the expectations set in our Supplier Code of Conduct. Our business partners are selected and followed up in accordance with our Procurement Policy.

As part of our due diligence, we have screened our suppliers based on the following parameters:

- Domicile Country
- Category of business
- Business relationship
- Revenue from Hurtigruten Group to supplier in 2022
- Number of transactions in 2022
- Influenceability/"Share of wallet"

### **3.3. Risk assessment methodology**

The purpose of the process described above was to establish a risk-based selection of suppliers for further follow-up. Through the screening process we have identified 84 suppliers that required further attention. All of these suppliers have already gone through a risk-reducing selection process in accordance with our Procurement Policy at the time of contract signing. They are also expected to comply with the expectations set in our Supplier Code of Conduct.

As a further risk-based follow-up activity, Hurtigruten Group has requested information from these key suppliers in two rounds. The first round was specifically targeting Norwegian yards contracted by Hurtigruten Group over the last three years while the second round was aimed at other suppliers highlighted in the screening process. The suppliers have been and will continue to be followed up based on the received (or not received) information.

### **3.4. Key findings**

Our due diligence has not revealed any actual adverse impacts on fundamental human rights or decent working conditions in our own operations, our supply chain or amongst our business partners.

Our whistleblowing channel is hosted by an external provider and available for both internal and external stakeholders. In the reporting period, we have received no reported cases related to human rights or decent working conditions.

During the last years Hurtigruten Group's fleet has undergone significant drydocking, refurbishments and conversion programs. Our main yard activities in 2022 were carried out in Norway, Germany and Poland. These activities expose Hurtigruten Group to risks of adverse impacts on human rights and decent working conditions in the supply chain. During 2020 and 2021, the Norwegian Labor Inspection Authority, the Tax Authority and the Police conducted joint controls of 8 different shipyards on the north-west coast of Norway. The controls revealed non-compliances amongst subcontractors, including deviations between reported and actual working hours, salaries below minimum wage and companies not being registered in official company registers.

Maritime crew are exposed to risks to human rights and decent working conditions. This risk may to some extent be mitigated through union memberships and participation in collective bargaining agreements. Hurtigruten Norway AS employs crew directly, while crew in Hurtigruten Expeditions AS are either employed directly or contracted through our joint venture Hurtigruten Technical Services or our supplier OSM Thome. In 2022, 67% of all employees in Hurtigruten Group were covered by a collective bargaining agreement. This includes all maritime crew in both Hurtigruten Norway AS and Hurtigruten Expeditions AS.

We have an ambition to support local communities and source locally in the markets we operate in. In 2022, we procured more than 60% of our goods and services in Norway. However, we also procure goods and services from suppliers in countries with elevated risk ratings (risk rating 2-5 on International Trade Union Confederation's (ITUC) Global Rights Index). These include countries such as the USA, Chile, UAE and Ecuador. Despite the risks associated with these geographical areas, we have not identified any actual adverse consequences to human rights amongst our suppliers.

### **3.5. Available risk mitigating measures**

The information provided by our direct suppliers following our first round of requests has not called for immediate actions. However, we are still waiting for the responses from the second round. These, as well as answers from future rounds of requests and audits, may call for additional risk mitigating measures. Examples of such measures may include, action plans, audits, internal audits, implementation of additional contractual clauses and sanctions for contractual breaches (including termination of contractual relationships). The need for, and type of, action will depend on the situation. This will be continuously evaluated as we receive more feedback from suppliers or as other findings emerge.

## **4. Implemented and planned measures**

Even though our due diligence of direct suppliers and business partners has not revealed any actual adverse impacts on fundamental human rights and decent working conditions, Hurtigruten Group has taken, and is

planning, various measures to mitigate risks of such adverse impacts. A few selected initiatives are described below.

Group Procurement plays a key role in our work to address risks to human rights and to ensure decent working conditions. Hurtigruten Norway AS has been a member of the procurement collaboration group GRESS since 2007. GRESS supports its members with access to resources, including topics related to the Transparency Act, climate change and animal welfare.

In 2022, Hurtigruten Group invested in a procurement analytics tool to improve visibility of our spend across different geographical areas and categories of goods and services. In this reporting period, focus has been on direct suppliers. The information we have received, and will continue to receive, from our suppliers and business partners will enable further risk-based analyses of the supply chain in the next reporting period.

To improve visibility of supply chain risks in the yard industry, we have requested information from yards contracted by Hurtigruten Group over the last three years. Based on the responses received, we believe these shipyards have appropriate controls in place, including their selection of subcontractors and compliance with Norwegian laws and regulations.

OSM Thome and Hurtigruten Expeditions work in partnership to ensure that all the crew who work onboard Hurtigruten Expeditions are well looked after. We regularly visit the office in Manila with colleagues from OSM Thome Cyprus to audit and verify processes, to look at ways of working ensuring the crew are always at the heart of our decisions.

All crew from OSM Thome share the same collective bargaining agreement as direct Hurtigruten employees, ensuring transparency of processes and fairness of entitlements. In addition, Hurtigruten Expeditions directly formulate the rotations and oversee the planning and promotions informing OSM Thome to action accordingly. Our crew whilst they are contractors return time and time again and are part of the Hurtigruten Expeditions family.

As a global company we can have a positive economic and social impact on local businesses, and we can use our purchasing power to improve environmental and social development. As an example, we have recently updated our contract templates with stricter ESG requirements to our suppliers. As we expand our global footprint, we also need to develop our qualification and monitoring of suppliers. Going forward, Hurtigruten Group will continue to work cross-functionally across business units to qualify suppliers' codes of conduct and select focus areas where we believe there is a risk of sub-standard working conditions in the supply chain.

## 5. References

1. Transparency Act:  
<https://lovdata.no/dokument/NLE/lov/2021-06-18-99/>
2. The Norwegian Consumer Authority's (Forbrukertilsynet) Guide to The Transparency Act:  
<https://www.forbrukertilsynet.no/the-transparency-act>
3. OECD Due Diligence Guidance For Responsible Business Conduct:  
<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>
4. 2022 ITUC Global Rights Index:  
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5. Transparency International - Corruption Perceptions Index 2022:  
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Oslo, 20 June 2023

The Board of Directors of Hurtigruten Group AS



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Director



**Jonathan Barlow Rosen**

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**Linda Zhang**

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