Avolta

TCFD Report
2023

Task Force on Climate-Related Financial Disclosures (TCFD) Report 2023
Content

Avolta's ESG strategy and engagement has always been an inherent part of the company's strategy – a commitment also reconfirmed in the company strategy Destination 2027. Avolta's ESG strategy includes 4 focus areas – Create Sustainable Travel Experiences, Respect the Planet, Empower our People, and Engage Local Communities – and subsumes climate change as part of the focus area Respect the Planet.

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

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

The TCFD Report, together with the ESG Report (including the ESG Report 2023 Annex) constitutes Avolta's 2023 Non-Financial Reporting in accordance with the requirements regarding transparency on non-financial matters of Art. 964(a)-(c) of the Swiss Code of Obligations. The ESG report is included on pages 97 – 148 of the Annual Report.

1. Governance

1.1 Board oversight

The supervision of the implementation of Avolta's ESG strategy – including climate change topics – has always been within the responsibility of the Board of Directors. In 2023, to further highlight the importance of ESG, the former Nomination and ESG Committee of the Board of Directors was reorganized into two individual committees: the ESG Committee, chaired by the Lead Independent Director, and the Nomination Committee that assists the Board of Directors in fulfilling its nomination related matters.

The ESG Committee advises the Board of Directors on matters concerning the sustainable success of the business and monitors and assesses the company's activities in this area; such functions include promoting the integration of sustainability within the Group's strategies and culture and fostering these concepts among all stakeholders, reviewing stakeholder engagement, and periodically assessing the Group's position on sustainability themes (including financial market, ratings and sustainability index analyses).

The Lead Independent Director supervises Avolta's ESG strategy development and execution, ensuring alignment with the business strategy. The Lead Independent Director and the other members of the ESG Committee are experienced in corporate citizenship, sustainability and ESG, bringing subject matter expertise to the committee. As ESG is seen as a holistic approach, climate-related topics are discussed as part of the regular ESG Committee meetings.

Further underlining the strategic importance, ESG is now represented also at the level of the Global Executive Committee by the Chief Public Affairs & ESG Officer, who drives the implementation and the execution of the defined strategy. Interaction with the ESG Committee occurs through the regular quarterly information meetings, as well as through additional meetings and information exchanges upon request of the Lead Independent Director.

The entire Board of Directors is updated, at least on a quarterly basis on non-financial information. This also includes, among other matters, updates on progress on the implementation of the company's ESG strategy.

1.2 Management oversight & implementation

Execution of the sustainability strategy at the operational level is led by the Chief Public Affairs & ESG Officer, who reports to the group CEO and leads the ESG department. The day-to-day implementation of the ESG strategy is executed by the ESG department. The corporate governance structure and policies are continuously assessed to ensure compliance with the applicable legal frameworks, environmental guidelines as well as Avolta's Code of Conduct to reflect stakeholder's needs and expectations. Additionally, the ESG department develops approaches to identify, assess, monitor and report on climate-related risks and opportunities.

Avolta's Corporate Governance Report 2023 provides more information on the governance structure concerning ESG on page 296. Since 2022, ESG and climate-related performance goals are integrated in the compensation schemes of the Global Executive Committee as well as the senior management. Details are included and disclosed in the Remuneration Report 2023 on page 311.

2. Strategy

2.1 Avolta's climate strategy

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

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

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

In 2021, the company amongst other ESG initiatives established an emission reduction strategy for Scope 1 and 2 emissions until 2025 (based on the Dufry retail business scope 2022 and the 2019 base data), which follows the 1.5°C pathway and was validated by the Science-Based Target initiative (SBTi) in early 2023. For Scope 3 emissions, the company (based on the Dufry retail business scope 2022 and the 2019 base data) follows SBTi 's "well below 2°C pathway" with two separate objectives. Through supplier engagement programs, the company will commit to ensure that, by 2027, 74% of emissions (based on the Dufry retail business scope 2022 and the 2019 base data) will be covered by SBTi committed suppliers. At the same time, through collaboration with its logistics partners, it commits to reduce its logistics carbon footprint (based on the Dufry retail business scope 2022 and the 2019 base data) by 28% by 2030. Both initiatives combined will serve to reduce Avolta's Scope 3 carbon footprint (based on the Dufry retail business scope 2022 and the 2019 base data) in alignment with SBTi criteria, which were also validated by SBTi.

The targets were validated by SBTi in early 2023 and relate to the Dufry retail business and company scope of 2022 based on 2019 data. Following the business combination of Dufry and Autogrill in 2023, Avolta plans to restate the targets in 2024 to cover the full scope of the combined business.

Avolta has a dedicated Shop and Restaurant Design Strategy to develop sustainable shops and restaurants with respect to reduced energy consumption, use of recyclable materials and circular economy for refurbishments. Avolta follows the principles established by leading green-building certification systems, such as the Leadership in Energy and Environmental Design (LEED). For details on the Environmental Guidelines and additional information, please refer to the section "Respect the Planet" on page 123 of the ESG Report 2023.

2.2 Climate related risks and opportunities

Climate change is anticipated to impact Avolta's business over the short-, medium- and long-term. Physical risks might impact Avolta's business operations and supply chain in the form of e.g. extreme nature-related events. With respect to the F&B business, physical risks may impact also the agricultural output, with negative effects on crop yields and livestock production.

Transition risks might affect Avolta through moving the economy into a low-carbon future which is characterized by e.g. environmental legislation, carbon taxes or higher aviation fuel and / or gasoline prices that increase price levels and hence consumers' preparedness to fly and travel in general. In the F&B business, product preferences of customers might change. On the other hand, climate change can also provide opportunities for Avolta.

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

Type	Risk / opportunity factors	Potential impact	Avolta's response
Transition Risks (Policy & Legal)	– Regulations on CO_2 taxation of flights / cruise ships / automobiles etc. leading to a reduction in passenger traffic and changes in customer behavior. – Environmental legislation and requirements on e.g. energy consumption, transportation, packaging materials in the own operations and supply chain. – Regulations on CO_2 taxation of direct emissions of carbon intensive agriculture, e.g. livestock farming.	– A reduction in passenger traffic could adversely affect Avolta's sales. – Environmental legislation can affect cost of energy consumption, cost for transportation and influence business processes by regulation on the use of packaging material (e.g. single use plastics). – CO_2 taxation of carbon intensive agriculture can affect procurement costs.	– Business diversification has always been and will continue to be a key strategic element to mitigate risks and drive company growth. – Diversification by geographies, sectors, suppliers and channels to mitigate the impact of regional or local phenomena (see sales splits on pages 8 – 9 of the Annual Report 2023). – Avolta has a dedicated Shop Design Strategy to develop sustainable shops with respect to reduced energy consumption, use of recyclable materials and circular economy for shop refurbishments. – Avolta is replacing its single-use plastic packaging with sustainable alternatives, where possible and in particular within its travel retail operations (see details page 127 of the ESG Report 2023). – Cooperation with industry associations to develop sustainable solutions for the industry. – Strong and long-term partnerships with airport authorities and other concession partners. Mutual trust and shared objectives with these landlords are key for value creation. – Development of technical monitoring and management capabilities in order to reduce its greenhouse gas emissions and minimize the climate risks to which its business is exposed. – Start of Avolta's global sustainable product identification initiative and the increase of healthy, sustainable (i.e. plant based) and certified (organic, fair trade, etc.) products in the F&B stores' assortments.
Transition Risks (Market)	– Changes in customer behavior towards higher ecological awareness leading to a reduction in passenger traffic at airports, a change in travel destinations, reductions or changes in motorway and railway stations traffic or a change in purchasing behaviors and product preferences. – Changes in customer behavior towards higher ecological awareness leading to a reduction in carbon intense food product purchases.	– The change in ecological awareness might influence travel traffic, customer sentiment as well as traveling and spending behavior. This can influence sales performance of Avolta's outlets locally and globally. – The change in product preferences might lead to sales risks when not meeting customer demands.	– Avolta has a Global Consumer Insight department who regularly performs customer surveys and marketing analysis several times per year to early identify potential changes in customer behavior and preferences. – In cooperation with Avolta's brand partners, the central procurement teams identify new trends and customer needs to optimize assortments. – Avolta also operates owned Innovation Labs endowed with dedicated "R&D kitchens", where new F&B concept and products are developed to meet new customer requirements. – Enhanced communication activities to support customer make responsible product choices – as started with Avolta's global sustainable product identification initiative and the increase of healthy, sustainable (i.e. plant based) and certified (organic, fair trade, etc.) products in the F&B stores' assortments. – Avolta's diversification strategy by geographies, sectors, categories and channels (see sales splits on pages 8 – 9 of the Annual Report 2023) mitigates the impact of regional or local phenomena and the fact of passengers travelling to other destinations.

Type	Risk / opportunity factors	Potential impact	Avolta's response
Physical Risks (Acute and Chronic)	– Extreme nature-related events such as rise in sea level, heat waves etc. or natural disasters might affect the supply chain, production processes and Avolta's operations. – Acute and chronic physical risks influence the agricultural output, with negative effects on crop yields and livestock production.	– Acute risks such as extreme weather events and natural catastrophies might lead to asset damages or disruption to the supply chain, production processes and could impair Avolta's ability to sell its products. – Chronic risks such as the rise in sea level might impact locations where Avolta operates and eventually lead to a reassessment of the operation, with the costs this implies. – The effect of global warming may lead passengers to select different holiday destinations where Avolta may not be present, hence, impacting sales. – Fluctuations in the agricultural output can negatively affect the availability of procured products, purchasing costs and planning security.	– Avolta's diversification strategy by geographies, sectors, categories and channels (see sales splits on pages 8 – 9 of the Annual Report 2023) mitigates the impact of regional or local phenomena and the fact of customers travelling to other destinations. This strategy will continue to be a key strategic element going forward to mitigate risks and drive company growth.
Risks / Opportunities (Reputation)	– Trustful climate strategy and enforcement.	– Avolta might strengthen its reputation and build a competitive advantage compared to competitors as it is the only company disclosing a TCFD report in its industry.	– Avolta's ESG strategy covers different aspects of sustainability in a holistic approach. The company has defined emission reduction goals and discloses emissions on Scope 1, 2 and 3 (for its Dufry business scope 2022 and 2019 base-line). – Avolta has set up main lines of action, which include the continuous assessment of its corporate governance structure and policies, alignment of ESG and business strategies ensuring critical business decisions, ensuring compliance and control as well as having an open stakeholder dialog and engagement. – Avolta has an ESG strategy in place which is also aligned with main ESG objectives of concession partners and main stakeholders and which also represents many new opportunities to be embraced with dedicated ESG initiatives. This places the company in a stronger position to obtain new and retain existing concessions.

2.3 Qualitative climate scenario for Avolta

In 2023, Avolta embarked on examining the utilization of climate scenarios. While our work has only just begun, we are happy to share some of our initial considerations.

We have carefully assessed which climate scenarios are adequate for Avolta. There is a growing consensus in the travel retail and F&B industries that scenarios developed by the Network for Greening the Financial System (NGFS) are apt for describing different futures for the travel retail and F&B sector. While designed largely for use by central banks and regulators, NGFS recognizes that it is also valuable to the business community as a common starting point. We started examining our prime risk through the lens of three NGFS reference scenarios: Orderly Transition, Disorderly Transition, and Hot House World.

The three scenarios chosen are the following ones:

The Orderly Transition scenario assumes climate policies are introduced early and become gradually more stringent. This leads to a gradual and predictable transition to a low-carbon economy. Both physical and transition risks are relatively subdued.

Overall, in an orderly transition scenario, a travel retail and F&B firm would be able to plan and adapt to the changing market and regulatory environment in a structured manner, enabling a smoother shift to sustainable practices and aligning its business model with the goals of a low-carbon economy.

The Disorderly Transition scenario envisages a situation where climate action is delayed and then suddenly accelerated. In this scenario, the delay in taking action leads to a more abrupt and disruptive transition later on.

Overall, a disorderly transition to a low-carbon economy would demand swift and significant adaptations from travel retail and F&B firms. While presenting certain risks and challenges, it could also open up new opportunities for innovation and sustainability-focused business models.

The Hot House World scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.

Travel retail and F&B firms, like many other businesses, would need to adapt and innovate in the face of these challenges, potentially reshaping their business models, supply chains, and product offerings to remain viable in a drastically changed environment.

Area of business potentially affected	Orderly Transition	Disorderly Transition	Hot House World
Operations	A focus on energy efficiency would become paramount. Retail stores, restaurants, warehouses, and distribution centers would need to invest in energy-efficient lighting, HVAC systems, and other technologies to reduce energy consumption.	The introduction of carbon pricing or energy taxes could significantly increase operational costs. Travel retail and F&B firms may need to invest quickly in energy-efficient technologies and processes to reduce costs and comply with new regulations.	Rising temperatures and extreme weather conditions could impact the physical operations of retail stores, restaurants, warehouses, and distribution centers. This includes higher costs for cooling, potential damage to infrastructure, and disruptions in logistics.
Supply Chain	With a gradual shift, travel retail and F&B firms would have more time to adjust their supply chains to ensure sustainability. This might involve sourcing more eco-friendly materials, working with greener suppliers, or optimizing logistics for lower emissions.	The disorderly transition could lead to abrupt changes in the availability and cost of raw materials, especially those with high carbon footprints. Travel retail and F&B firms might face difficulties in sourcing products and materials, leading to supply chain disruptions and increased costs.	Increased frequency of extreme weather events like storms, floods, and droughts could disrupt global supply chains. Travel retail and F&B firms might struggle with inconsistent supply of products, increased costs for raw materials, and challenges in maintaining inventory levels.

Area of business potential-ly affected	Orderly Transition	Disorderly Transition	Hot House World
Changes in Consumer Behavior and Brand Loyalty	Consumer awareness and demand for environmentally friendly products would likely increase steadily, allowing travel retailers and F&B operators to gradually expand their range of sustainable products.	The rapid transition might lead to a swift change in consumer awareness and behavior, with a heightened demand for sustainable and environmentally friendly products. Retailers and F&B operators not already offering such products might struggle to meet this new demand.	Consumer preferences and demands may shift significantly in response to environmental changes. There might be a greater demand for sustainable, eco-friendly products, or products adapted to new climate realities (e.g., cooling products, durable goods for extreme weather).
Policy Change	Travel retail and F&B firms would face progressively stricter environmental regulations, but these changes would be introduced in a predictable and manageable way, giving companies time to adapt.	The sudden implementation of strict environmental regulations and policies could catch travel retail and F&B companies off-guard. These might include sudden bans on certain materials, abrupt changes in packaging requirements, and steep carbon taxes, requiring rapid adjustments in business operations.	Even in a "Hot House World," some regions may implement stringent environmental regulations. Retail firms might face increased costs related to compliance, packaging, waste management, and carbon footprint reduction.
Market Opportunities and Innovation	The orderly transition could open new market opportunities in the green economy, encouraging innovation in product development, supply chain management, and customer engagement.	Despite the challenges, this scenario could also present opportunities. There may be a growing market for sustainable products, and retailers who adapt quickly could capture new customer segments.	The broader economic impacts of a "Hot House World" scenario could lead to market volatility, affecting consumer spending power and overall economic stability, which in turn could impact travel retail and F&B sales.
Workforce	Travel retail and F&B operators would have the opportunity to train and develop their workforce in new, green technologies and practices, aligning their skills with the demands of a low-carbon economy.	Travel retail and F&B firms may need to retrain or reskill their workforce to adapt to new technologies, processes, or products that align with the low-carbon transition.	The health and safety of employees could be at risk due to extreme weather conditions, leading to potential workforce challenges and increased costs for health and safety measures.

While each of the three climate scenarios – Orderly Transition, Disorderly Transition, and Hot House World – is possible, it is not clear to what extent either one will materialize. For Avolta, it is key to take specific measures to increase our business' resilience and prepare for the future as well as we can.

Monitor policy adaptation. Stay informed about regulatory changes and plan ahead to meet new standards. Engage in policy discussions and advocacy to shape favorable outcomes.

Sustainable Supply Chain Management. Gradually transition to sustainable suppliers, invest in eco-friendly materials, and optimize logistics for lower emissions. Develop relationships with suppliers who share a commitment to sustainability.

Invest in energy-saving technology and environmentally friendly packaging. Refurbish stores, restaurants and warehouses with energy-efficient systems and appliances, implement sustainable packaging solutions, and reduce waste. Explore renewable energy options.

Expand green product and F&B lines. Gradually increase the range of environmentally friendly products and meals to meet growing consumer demand. Educate customers about the benefits of sustainable products and meals.

Brand enhancement. Promote the company's sustainability efforts to boost brand reputation. Engage in marketing campaigns highlighting environmental commitments.

Workforce training. Invest in training programs for employees on sustainable practices and green technologies. Foster a culture of sustainability within the organization.

Innovate and explore markets. Invest in research and development for innovative, sustainable products and services. Explore new market opportunities in the green economy.

2.4 Plans to expand scenario analyses

Avolta's first TCFD Report published in March 2023 focused on identifying climate-related risks and opportunities, which foster building appropriate scenarios going forward. To analyze climate scenarios and subsequently identify management tools, further discussions between risk and strategy departments are necessary, in particular also against the background of the business combination of Dufry and Autogrill in 2023 and the needed update of the strategy and the specific initiatives. Internally, Avolta is liaising with its risk management team to this end and plans to provide further information on scenario analysis expansion in its TCFD Report in 2025.

3. Risk Management

3.1 Organizational processes for identification and management of CRRO

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

During 2023, further improvements of the enterprise risk management process were put in place including the alignment of the company organization and processes following the business combination of Dufry and Autogrill, now renamed to Avolta. This new process harmonizes risk management processes concerning format and time-frame. One pillar of the risk management organization is ESG, which also contains the management of climate-related risks and opportunities.

3.2 Integration in the organization's overall risk management

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

1. The commitment of Avolta and all its subsidiaries to integrity and transparency begins with its own staff and the adherence to the Avolta Code of Conduct.

2. There are various governance functions across the organization including the Compliance, Legal, Finance, ESG and Human Resources departments that are in charge of monitoring the main risks and establishing the most appropriate controls to mitigate them, as well as ensuring compliance with the policies and procedures of the Group.

3. The Group's Internal Audit department provides independent and objective monitoring and consulting services designed to add value and improve Avolta's operations. This function covers all subsidiaries and applies a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes as well as risk management and control, including assessing risk management procedures and the potential committing of fraud.

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

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

Further information on the overall risk management process is provided in the Corporate Governance Report 2023 on pages 298 – 299 including chapters «3.5 Internal Organizational Structure», «3.6 Definition of areas of responsibility» and «3.7 Information and Control Instruments vis-a-vis the senior Management», as well as in the ESG Report 2023 on page 117 of the Annual Report 2023. The Financial Risk Management is disclosed in the Financial Report 2023 on pages 237 – 248.

4. Targets & Metrics

4.1 Greenhouse gas emissions

The Greenhouse gas emissions for the years 2019-2023 as shown below are calculated in accordance with the Greenhouse Gas Protocol (GHGP).

Greenhouse gas emissions

In tons of Co_2-EQ.	2023	2022	2021	2020	2019
Scope 1[2]	9,506	1,524	935	717	1,736
Scope 2[1,3]	126,021	18,900	19,813	21,290	27,923
Scope 3[4]	18,057	7,509	3,728	1,451	10,766
Total	153,584	27,934	24,477	23,475	40,425

Carbon intensity

Carbon Intensity[5]	2023	2022	2021	2020	2019
Tons of CO_2-eq,/MCHF net sales	10.8	0.0697	0.0521	0.0500	0.0740

[1] Energy consumption is based on reported data from single locations. For missing data concerning US F&B scope, an extrapolation has been conducted to estimate consumption for 2023. Thereof, 48'000 MWh were purchased with Renewable Energy Certificates (RECs). 2023 data are not comparable with previous years, since they reflect the new scope of the company (retail+F&B activities). Data from 2022 to previous years reflect only the retail business sector (ex. Dufry). Data of the years 2022, 2021 and 2020 are not comparable with 2019 due to temporary shop closures during Covid 19.

[2] Includes consumption of Avolta-managed goods transportation in Egypt, Jordan, Morocco, United Arab Emirates and the United Kingdom as well as diesel and gas for heating purposes.

[3] Scope 2 emissions for year 2023 are reported under the “market-based” approach. They include the contribution of Renewable Energy Certificates (RECs). Average emission factors used: IEA 2023, trade-adjusted for OECD countries. Applying the “location-based” approach, the emissions amount to 137,558 tCO_2eq.

[4] Scope 3 emissions only include data from logistics partners accounting for 87 % of total volume of good transported globally in 2023 (2022: 83%; 2021: 64%; 2020 & 2019: 55%). Not included here are the product purchasing related Scope 3 emissions or other Scope 3 emission categories.

[5] Carbon intensity calculated over the total net sales of Avolta in tCO_2eq. per million CHF. The carbon intensity calculated over the total square meters of commercial surface operated in the retail sector amounts to 0.727 $tCO_2eq./m^2$ (Total area 2023: 477,464 m^2). For 2022 and previous years the carbon intensity data are not comparable with the new reality of Avolta, since they were calculated over the total square meters of commercial surface operated within the retail sector (ex. Dufry).

4.2 CO_2 Reduction targets

Avolta has defined science-based emission reduction targets for the former Dufry scope 2022 based on 2019 data, thus recognizing the crucial role the business community can play in minimizing the climate change risk. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement – to pursue efforts to limit global warming to 1.5°C.

After committing to the Science Based Targets initiative in spring 2022, the Group submitted emission reduction targets following the SBTi guidance (SBTi Target Validation Protocol). SBTi validated the following emission reduction targets in early 2023 for the former Dufry scope 2022 (not including the Autogrill business) based on 2019 data:

- Committment to reduce absolute Scope 1 & 2 GHG emissions 94.2 % by 2030 from a 2019 base year.
- Committment to increase annual sourcing of renewable electricity from 0 % in 2019 to 100 % by 2025 and to continue annually sourcing 100% renewable electricity through 2030.
- Committment to reach 74 % of the suppliers by emissions covering purchased goods and services will have science-based targets by 2027.
- Committment to reduce absolute Scope 3 GHG emissions of upstream transportation emissions by 28 % by 2030.

The targets were validated by SBTi in early 2023 and relate to the Avolta retail business and company scope of 2022 based on 2019 data. Following the business combination of Dufry and Autogrill in 2023, Avolta plans to re-state the targets in 2024 to cover the full scope of the combined business. In addition, Avolta wants to invest into climate protection to counter-balance non-avoidable emissions of its own retail operations (Scope 1 & 2 emissions) by 2025 with carbon offsetting initiatives to be defined in the near future; also based on the Dufry business scope 2022 and the 2019 baseline.

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

For the next years, Avolta will investigate whether additional key figures on CRRO e.g. vulnerable assets to climate change, and in particular considering the new scope after the business combination, can be reported.

4.3 Integrating ESG and climate-related metrics in remuneration

In 2022, the Nomination and ESG Committee of the Board of Directors recommended the inclusion of ESG and climate-related performance metrics in the remuneration schemes of the Global Executive Committee and senior management. This proposal was implemented in 2022 and continued in 2023. Moreover, in 2023, the former Nomination and ESG Committee has been split into two dedicated committees: the ESG Committee, who now supervises the implementation of the ESG strategy, including climate related topics, and the Nomination Committee, which assists the Board of Directors in fulfilling its nomination related matters. For more information, please also refer to page 296 of the Corporate Governance section in the Annual Report 2023.