



Gebr. Heinemann
Gegründet 1879

United Nations Global Compact **Communication on Progress**

Reporting Period: August 2021–2022

WE SUPPORT



Dear Readers,

As a major distributor and retailer for the international Travel Retail market and a global family business with around 7,000 employees worldwide, we are over the moon that travel has returned. Even though it is facing challenges due to the ongoing Covid-19 situation and the war in Ukraine.

The current passenger figures emphasise that people want to travel, explore the world and meet their families and friends in person. Travellers also want to shop. And more and more of them attach great importance to travelling and shopping responsibly. That's why we are striving on with shaping a responsible future in Travel Retail. In September 2021, we launched a new mission statement that will guide and accompany us into the future. With our mission statement, we clearly refer to our cultural heritage. We will continue to put people at the centre of everything we do and express this in our vision:

We are the Heinemann Family. We turn travel time into valuable time as the most human-centric company in global Travel Retail.

A key element of our mission statement is the sustainable impact, which has been anchored there as a promise to travellers, our partners and our employees. Gebr. Heinemann pursues a sustainable corporate strategy that will drive and inspire all of us.

Our company's activities will contribute particularly to four of the UN Sustainable Development Goals (SDGs): Decent Work and Economic Growth (8), Responsible Consumption and Production (12), Climate Action (13) and Partnership for the Goals (17).

With our business activities, we are at the heart of the supply chain and our reach is far – from producers and suppliers of products to logistics and our worldwide Duty Free operations all the way to the customer – allowing us to be a strong role model and partner for the UN SDGs.



Florian Seidel

Florian Seidel,
CSO

Raoul Spanger

Raoul Spanger,
Co-CEO

Max Heinemann

Max Heinemann,
Owner & Co-CEO

Dirk Schneider

Dr Dirk Schneider,
CCO

Kai Deneke

Dr Kai Deneke,
CFO

The Ten Principles of the UN Global Compact

Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, we are not only upholding our basic responsibilities to people and the planet, but also setting the stage for long-term success.

1

Human rights

Businesses should support and respect the protection of internationally proclaimed human rights.

2

Human rights

Businesses make sure that they are not complicit in human rights abuses.

3

Labour standards

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

4

Labour standards

Businesses should uphold the elimination of all forms of forced and compulsory labour.

5

Labour standards

Businesses should uphold the effective abolition of child labour.

6

Labour standards

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

7

Environment

Businesses should support a precautionary approach to environmental challenges.

8

Environment

Businesses should undertake initiatives to promote greater environmental responsibility.

9

Environment

Businesses should encourage the development and diffusion of environmentally friendly technologies.

10

Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery.



Human rights and labour

UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

UNGC Principle 2: Businesses make sure that they are not complicit in human rights abuses

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

UNGC Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

UNGC Principle 5: Businesses should uphold the effective abolition of child labour

UNGC Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

HOW WE MANAGE A FAIR, SAFE AND NON-DISCRIMINATORY WORKING ENVIRONMENT

UN SDGs 8, 12

By 2030, we guarantee a fair, safe and non-discriminatory working environment through global health and diversity standards.

Relevance: Our global business thrives on this – with a diverse workforce, business partners and international travellers as well as products manufactured by people all over the world. In order to create a sustainable impact, we are committed to establishing a fair, safe and non-discriminatory working environment along our value chain. What is more, with the further roll-out of our Future Friendly concept, we want to increase the travellers' perception of sustainability and responsibility.

Management: Measures are to be implemented in all functional C-level divisions. Key stakeholders are Human Resources, Marketing, Purchasing, Category Management, Sales and Retail Design. In a strategic advisory capacity, Corporate Responsibility is responsible for the global implementation of the goal and regularly reports to the CEO.

Status quo: We added our commitment to a fair, safe and non-discriminatory working environment to the mandatory intra-company Code of Ethics online training next to the health and safety training courses. In addition, our logistics centre in Hamburg-Allermöhe was once again certified in accordance with ISO 45001 (occupational health and safety). Both measures underline our determination to ensure a fair and safe working environment for our employees.

Human rights risk assessment / due diligence



In the period from July 2021 to April 2022, 83 per cent of our commercial goods suppliers as well as our most important non-commercial goods suppliers received a self-assessment questionnaire to disclose their sustainability performance together with the Gebr. Heinemann Code of Ethics.

We have set ourselves the goal of knowing the sustainability performance of all our suppliers by 2024, assessed by the independent external software EcoVadis. Therefore, since the beginning of 2022, risk analysis and other measures to reduce the risk of human rights violations have been managed via EcoVadis. All identified high-risk suppliers were asked to undergo an external assessment.

An analysis of supply chain risks at the product level was also carried out internally and is used to raise awareness among our employees. In addition, we will continuously work on improving human rights due diligence through increased employee training, dialogues with partners on human rights issues, expansion of the grievance procedure and annual reporting on our progress. The positive sustainability assessment is mandatory to be listed as 'Future Friendly', our concept for responsible shopping.

Health and safety management



In 2009, we established a health and safety management system in our logistics centre at Allermöhe. This ISO 45001 standard was successively recertified in January 2021.

In light of the ongoing Covid-19 pandemic, our office employees were further asked to work from home. The pandemic and associated changes and upheaval both at home and at the workplace have brought mental health into focus. Therefore, our HR teams around the world have implemented various initiatives for their colleagues – from free subscriptions to mental health apps to employee assistance programmes offering external psychological and practical help during times of social distancing as well as remote work and furloughing.

Global Career Pool



Internationality and diversity are part of Gebr. Heinemann's DNA, which you can tell from the wide variety of people working for our group worldwide. With the launch of our Global Career Pool, 50 employees have now embarked on their own international career journey.

Our Global Career Pool platform provides a gateway for cross-locational and cross-divisional development. Transparency on worldwide potential helps our company to fill vacancies quickly from a global pool of the most suitable candidates. The international talent exchange enables knowledge transfer within the multinational working environment of the Gebr. Heinemann community. Investing in our employees not only offers career opportunities for promising talents but is also an incentive for long-term employer loyalty.

Outlook: Looking ahead, we will carry out an extensive human rights risk analysis for our own company and continue to assess further suppliers with EcoVadis. Additionally, we will implement new e-learning courses on human rights as well as diversity and equal opportunities. The Future Friendly concept will be further developed, including fair production, and rolled out to more shops.



Environment and climate

UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges

UNGC Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

UNGC Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

HOW WE MANAGE CLIMATE PROTECTION

UN SDG's 12, 13

By 2030, we will be carbon neutral by avoiding CO2 emissions primarily through the reduction of energy consumption at headquarters and in logistics centres.

Relevance: Greenhouse gas emissions are mainly emitted by mobile combustion during transport, industrial waste and energy use. We are committed to reduce CO2 emissions following the 1.5-degree goal of the Paris Climate Agreement.

Management: A reduction in energy and emissions is to be implemented in all functional C-level divisions. A key stakeholder is the Supply Chain division involving logistics activities. In a strategic advisory capacity, Corporate Responsibility manages the global implementation of the goal and regularly reports to the CEO.

Status quo: We've determined the emissions under the Greenhouse Gas Protocol for our direct Scope 1 emissions and indirect energy-related Scope 2 emissions for our German logistics centres in Allermöhe and Erlensee and for our headquarters in Hamburg. The base year for the calculation of the reduction is 2019. We already achieved a significant reduction of around 70 per cent in Scope 1 and 2 emissions by switching to green energy.

Green Supply Chain Initiative



The commitment to environmental protection has been well-established for many years within the logistics division at Gebr. Heinemann. Although logistics is generally a very energy-consuming line of business, our company has continued to improve its environmental performance assessment. The logistics centres, for example, have been certified for their environmental management system in accordance with ISO standard 14001 for more than a decade.

With our Green Supply Chain Initiative, implemented in the Supply Chain organisation in mid 2021, our company is also aligning its processes in this area to further reduce its corporate carbon footprint. The initiative has already recorded major milestones in this reporting period. The carbon footprint of the German logistics centres and the transports was calculated and measures to reduce it were defined. In addition, both logistics centres were converted to green power and fitted with LEDs and an energy management software was introduced.

Promoting greater environmental responsibility at Hamburg headquarters



Energy Scouts initiative of trainees and Chamber of Commerce

Our apprentices conducted an energy scout training with the Hamburg Chamber of Commerce. For the Hamburg headquarters, they have calculated the main levers for energy consumption and sensitised colleagues to energy-saving use, especially of lighting, but also of heating.

Employee bike initiative

Colleagues at the Hamburg headquarters can lease a work bike in order to increase fitness and reduce carbon emissions.

Introduction of digital payroll

We have taken another important step towards the digitalisation of HR processes. The wage tax statement, social security notification or salary statement: all important payroll documents can be accessed via a digital platform. The previous standard printing and mailing will be discontinued and resources saved in the process.

Compensation projects with Lufthansa

Travel is our business. At the same time, we have promised to make a sustainable impact. For this purpose, a compensation agreement was concluded with the Lufthansa Group, with which we, as a business customer, booked most of our air travel last year. Based on the respective flight-related carbon emissions, limited to Europe for the time being, the corresponding compensation is calculated and used for sustainable climate protection projects.

Outlook: The energy management software will continue to be rolled out to our Hamburg headquarters.

In order to further uplift our energy and climate protection management, we are receiving support from a consultancy to develop a procedure for tracking, reporting the corporate carbon footprint (CCF) of the Gebr. Heinemann Group and reducing carbon emissions across all three scopes.

The base year for the measurements is 2019. We will align our reduction strategy with the 1.5-degree goal of the Paris Climate Agreement.

Supply chain to become carbon positive

Our “Green Supply Chain initiative” has set the goals to calculate the emissions baseline of Scope 1 to 3, develop a road map to zero emissions, and implement reduction measures and build up an automatic reporting.

We reached the major milestones at the end of 2021 and in the beginning of 2022. The initiative’s work packages are divided into transport, packaging and energy. Our road map and reduction measures focus

on these three areas. For example, we will implement alternative fuels and drive for our modes of transport, focus on recycled materials as well as circular waste management and realise sustainable energy sources in electricity and heating.

These measures will lead to a significant reduction of most of our carbon emissions by 2030. As for technical and economic reasons, we will still have to offset a very low two-digit percentage of our emissions to reach carbon neutrality. In the following years until 2032, we will continue to work on our measures to reduce our remaining emissions and simultaneously invest the same amount in carbon-positive projects from 2030 onwards to reach our milestone of a calculative carbon-positive supply chain.

HOW WE MANAGE WASTE REDUCTION

Relevance and mid-term goal: The following types of waste, among others, accumulate in our sector: paper, film packaging and shipping boxes as well as non-saleable food items and luxury goods due to transport damage, expired best-before dates, insect infestation or product recalls as well as diverse waste at the point of sale (POS). In order to create a sustainable impact, we are committed to reducing the volume of waste and packaging, increase the traveller's perception of sustainability with the further roll-out of our Future Friendly concept and replace disposable service items and POS materials with more environmentally friendly alternatives.

Management: A reduction of waste and packaging is to be implemented in all functional C-level divisions. A key stakeholder is the Supply Chain division in relation to logistics activities as well as Marketing, Purchasing, Category Management, Sales and Retail Design. In a strategic advisory capacity, Corporate Responsibility manages the global implementation of the goal and regularly reports to the CEO.

Status quo: We have primarily pushed ahead with initial measurements of waste quantities. Furthermore, we have introduced the pilot of our Future Friendly standard across all categories, with a focus

on Future Friendly packaging in the Duty Free & Travel Value shops in Hamburg, Berlin and Frankfurt as well as in the online shop. The product and supplier information is based on the results of the self-assessment questionnaire which we sent to about 700 suppliers together with our Code of Ethics in 2021.

Future Friendly concept

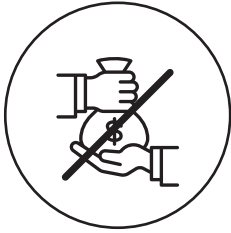


Travellers sometimes find many diverse sustainability standards and sometimes none at all. At Gebr. Heinemann, we have invited them to meet our Future Friendly selection that is great for them and better for the planet. We started with products or packaging that are plastic-free or made from recycled materials, and then added further Future Friendly attributes such as organic, fair production and vegan.

How do we identify Future Friendly products? We work closely with the brands every day to continuously expand our Future Friendly range with many exciting and sustainable products. In the first step, we request information from suppliers if their products are produced in a resource-saving way regarding packaging and materials. Furthermore, we ask them to share information on their overall sustainability performance. This responsible supplier rating is conducted by a third party.

Outlook: We intend to conduct a detailed measurement of the waste quantities in logistics, at headquarters and in the shops. We will actively implement closed-loop systems, such as the use of reusable containers. Our retail design will be successively oriented towards the standards of a sustainable built environment like BREEAM or LEED. More and more POS materials and service items like shopping bags will follow environmental protection guidelines.





Anti-corruption

UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Compass for responsible Travel Retail

Our managers have a special responsibility to ensure that our Code of Ethics and our Compliance Guidelines are trained, implemented and adhered to in the companies and departments they manage. And on top of that, they have to be able to follow the mandatory guidelines in their daily work. They have to know that failure to do so – accidentally, unknowingly or even intentionally – can cause great harm to the company. For this reason, a package has been compiled for all managers containing a full set of documents showing the interaction between the Code of Ethics and the Compliance Guidelines.

We are also in the process of introducing training on diversity, equal opportunities and unconscious bias as a mandatory measure for all managers and as an optional measure for interested employees.

Further expansion of the compliance department

The further expansion of the compliance department and the reorientation of the compliance management system towards a preventive approach remained in focus in 2021 and 2022.

Based on the Code of Ethics, the compliance topics of anti-corruption, antitrust law and data protection were systematically developed and integrated into our company through guidelines and mandatory training for all employees. In addition, needs-based classroom training was conducted on the topics of money laundering and sanctions.

The advisory services provided by the Compliance department were continuously integrated into the company. Despite the crisis, the Compliance department grew by two additional staff members. The continuous training of the department took place through the use of on-line seminars as well as the implementation of a team workshop.



Gebr. Heinemann
Gegründet 1879

Credits

Publisher:

Gebr. Heinemann SE & Co. KG, Koreastrasse 3, 20457 Hamburg · Germany

Phone +49 (40) 30 10 20

Email: info@gebr-heinemann.de

www.gebr-heinemann.de/en

Editors:

Svenja Fischer (s_fischer@gebr-heinemann.de)

Team Leader Corporate Responsibility

Marie Elfert (m_elfert@gebr-heinemann.de)

Corporate Responsibility Expert

Artwork:

Kelvin Thiemann (ke_thiemann@gebr-heinemann.de)

Corporate Media Designer

Publication date:

September 2022