



Gebr. Heinemann
Gegründet 1879

RESPONSIBILITY. TEAMWORK. TRADITION.

Corporate Responsibility Report 2016






Dear Reader,

A company like ours, which has a presence in many travel destinations around the globe, needs to be mindful of its actions and their consequences. We have a will to grow, create and achieve, but not at the expense of the world around us. We are committed to acting in harmony with the environment – whether that means showing sensitivity for the customs and practices of the countries in which we operate as a distributor and retailer, or safeguarding the natural world. For us, corporate social responsibility is no mere lip service to fashion; it is hardwired into our DNA. It is the time-hallowed ideal of honour and integrity in business upon which Gebr. Heinemann was founded in 1879. The difference today is that we are documenting this ideal in writing and publicly reaffirming our commitment to it.

Our core values are as simple as they are fundamental: trust, honesty, reliability, constancy and customer delight. And we are proud that our employees the world over live up to these values each and every day. Our values underpin the spirit of solidarity and cohesion that makes us a global family in which all members support and respect one another.

By reading the present report on our sustainable activities, you will gain an understanding of the many and diverse measures we undertake as we shoulder our responsibilities to our employees, to society, and to the environment.

Happy reading!

Gunnar Heinemann

Claus Heinemann

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ENVIRONMENTAL

OUR BUSINESS MODEL

What's the secret to Gebr. Heinemann's global success as a duty free company? The short answer is, a winning blend of tradition and vision. Market change has been a constant ever since we were founded in 1879. It has created a culture of innovation that has kept us at the forefront of the travel retail business from day one.

We provide the travelling public with the very best multichannel offering, and we always will. Our business model is geared towards working with our partners to realise tailored solutions worldwide while honouring our core values in every respect. Our mission is to live and breathe service and to create value by delighting our customers and engaging with them at an emotional level.

Supervisory Board:



Claus Heinemann
(owner)



Gunnar Heinemann
(owner)

Executive Directors:



Stephan Ernst
(Finance, IT)



Peter Irion
(Distribution)



Kay Spanger
(Purchasing, Logistics)

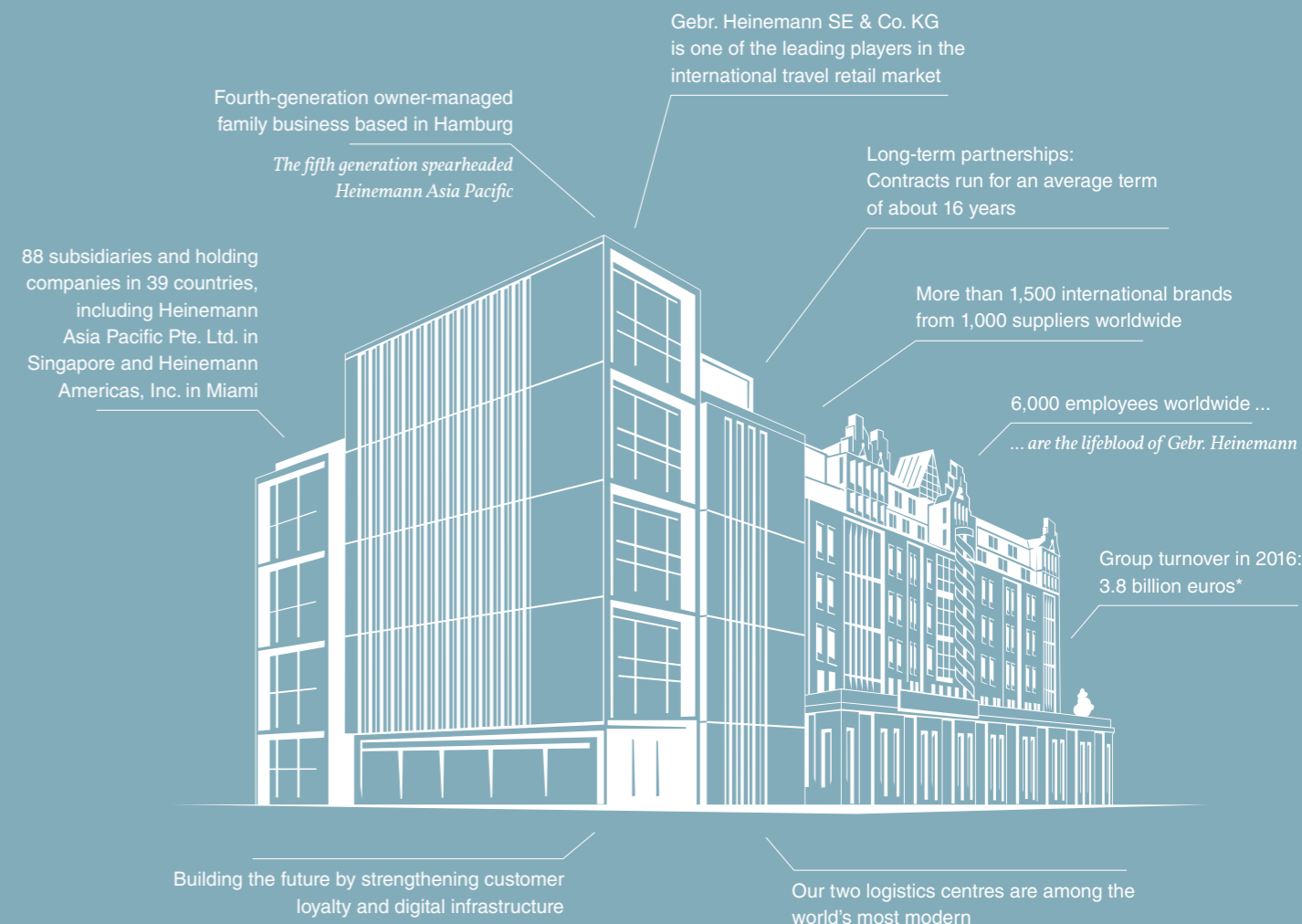


Raoul Spanger
(Retail, HR)

Business areas

Distribution: 1,000 customers (including airports, airlines, border shops and ferries) in over 100 countries

Retail: The company operates more than 320 HEINEMANN Duty Free and Travel Value Shops plus various fashion-label boutiques and concept stores at 77 international airports in 28 countries. It also operates over 60 border shops under the Travel FREE retail brand and 20-plus shops on more than ten cruise liners



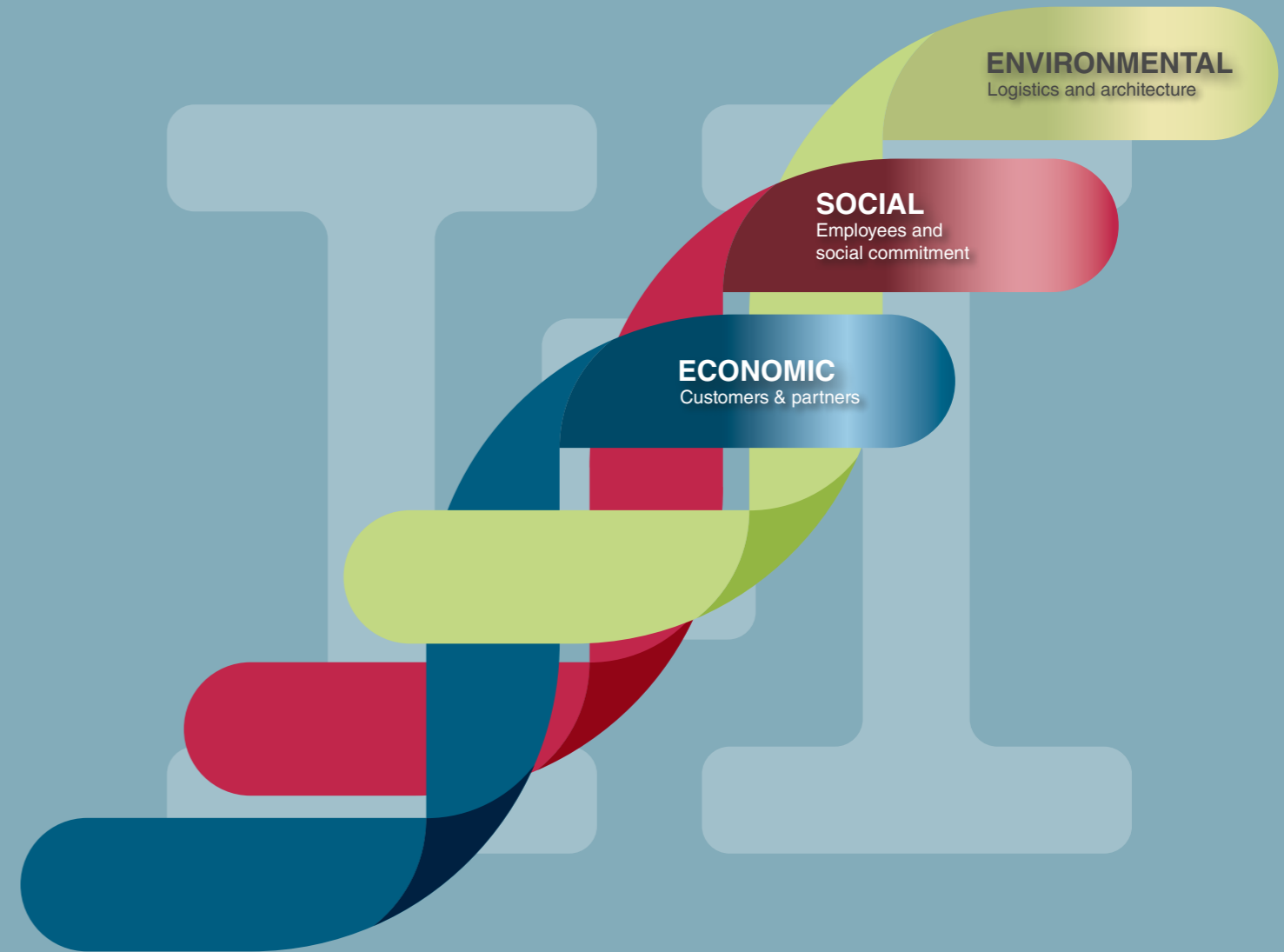
*Preliminary group turnover of Gebr. Heinemann and affiliates. Consolidated Gebr. Heinemann turnover according to HGB: 2.9 billion euros.

OUR PROFILE AS A SUSTAINABLE COMPANY

For us, corporate responsibility is not about being up with the latest trends. It's about being true to our business DNA.

At Gebr. Heinemann, corporate responsibility is based on a classic three-pillar model that facilitates assessment of the company's operations from three perspectives: *economic*, *social* and *environmental*. These three pillars are further broken down into five separate core areas: customers/partners, employees, social commitment, architecture and logistics. This report mirrors that structure. The weightings given to the economic, social and environmental aspects vary according to the make-up of the individual core areas.

Corporate Responsibility (CR) model of Gebr. Heinemann



OUR STAKEHOLDERS

In a world of high standards, we are our own toughest critics.

“Gebr. Heinemann is a world leader in the duty free sector, with operations in retail and distribution.” That, briefly, is our line of business. What motivates us is a desire to delight and inspire people from many different social backgrounds and countries and to succeed in doing so. Ours is a global enterprise, and with it comes global responsibility. Shouldering that responsibility is what we care about the most.

Our responsibility is local because our business is global.

Our business is constantly growing, and with it, the number of people who are affected by what we do. These are our stakeholders – groups of individuals and organisations with differing, and often competing, interests and priorities. Our suppliers, for instance, are interested primarily in efficiency and reliable logistics, while our employees look to us for job security and a positive workplace environment.

Growth is no accident. It comes from within.

When it comes to recruiting employees, we choose people who are the best in their field and the best fit for our organization. These are our people, and we expect a lot of them. We have to – our customers depend on it. Of course, that works both ways, and our employees expect a lot of us in return. Meeting that expectation is one of our top priorities, because our business will succeed over the long term only if we remain an attractive, valued employer.

And while our stakeholders may have differing interests, there is one value they all have in common: mutual respect.

Our business is enormously diverse – just like our stakeholders.

Here’s an overview of the main groups who are affected by our activities.

Stakeholders and their interests



ECONOMIC

Like every enterprise, Gebr. Heinemann is engaged in the pursuit of commercial success. The difference is that we see success in the more contemporary sense of partnership. We do not operate in a vacuum. We are part of a complex weave of requirements, tasks and expectations; so for us, the only real measure of success today is whether it contributes to success tomorrow. The financial bottom line is important, but for us it's not everything, because we put people first. That is why, at Gebr. Heinemann, a handshake is so much more than just a legal formality. It is an outward expression of a personal promise – a sense of connection that is pivotal to the success of our business. For it is only by working hand-in-hand with our partners and customers that we can achieve our goals. And those goals? Excellent performance across the board paired with sustained success in a broad sense that extends far beyond the purely commercial.





CUSTOMERS & PARTNERS

Many countries, many value systems. The only universal constant is passion.

Ultimately, we are in the business of making our customers happy, so building relationships with them is much too important a job to leave to mere words. It calls for passion – the one true measure of the value we attach to our customers, as demonstrated in each of over 40 million customer interactions every year. To be clear: we value our customers not because they are items like any other on our balance sheet, but because they are at the very heart of who we are and what we do. That is why passion plays a key role in guiding our activities.

*We use many tools to manage our business.
By far the most important of these is emotional intelligence.*

Commerce is built on relationships. Easier said than done, especially when the relationships in question span the globe and involve a multiplicity of cultures, languages and legal systems. Because then you have to make sure not only that your products are the best, but your relationships too. Luckily, building those relationships is one of the great joys of what we do. Our business is totally about people and therefore requires a great deal of intuition and emotional intelligence. We use risk management tools as well, of course, but in the end the entire process – from production and distribution to the delighted smiles on the faces of our customers – comes down to intuition, the soul of our business.

*We take ownership of quality.
That's why we outsource its assurance.*

At irregular intervals, Bureau Veritas, a world leader in testing, inspection and certification services, tests individual items of our non-resale goods for compliance with current social and environmental standards. The items tested even include the uniforms worn by the employees in our HEINEMANN Duty Free Shops – a small, but highly visible example of how we are living up to the values of our family business on a global scale.

*For us, 'Think global, act local' means
shining just as brightly in Sydney as we do in Frankfurt.*

At Gebr. Heinemann, we believe in international partnerships that last through thick and thin. For us, business relationships are human relationships – which is why one of our management principles is “We support local communities”. This attitude has a number of benefits for the countries in which we operate. For instance, we pay in-country taxes and we are valued locally as good employers who have positive and trusting relationships with local employee representative organisations. We likewise foster close, trusting relationships with our local establishments and are in daily contact with our subsidiaries around the world. And we are immensely proud that the people at our local establishments, subsidiaries and affiliates around the globe are so very committed to adhering to the high moral standards enshrined in our corporate culture.



The key to great performance in business? Great people.

We started out over 135 years ago as wholesalers and ship chandlers – a heritage that lives on today in the business we do with over 1,000 distribution customers in more than 100 countries, among them airports, airlines, border shops and ferry operators. But then, 47 years ago, we discovered another passion: the travel retail market. This part of our business has also grown over the years, and we now provide friendly, personal retail service to some 46 million travellers in our HEINEMANN Duty Free Shops every year. Our intelligent, highly nuanced approach to customer service translates into solid, long-term and trusting business relationships that benefit all involved. That includes retail end customers, such as the half million or so individuals who have remained loyal to us as exclusive HEINEMANN & ME members for many years. And it includes our airport and distribution customers, with whom we have long-term contracts with average durations of 16 years – no mean feat in today’s fast-changing air transport industry. Our longest-standing partnerships with distribution customers have been running for 66 years.



**AVERAGE DURATION OF AIRPORT
RETAIL AND DISTRIBUTION CONTRACTS**

**LONGEST DISTRIBUTION
PARTNERSHIPS**

66 YEARS*

* Ship supply companies Prätorius and Gebr. Schoemaker (indefinite-term contracts)



**OVER 500,000
CUSTOMERS PARTICIPATE IN
HEINEMANN & ME
LOYALTY PROGRAM**



Quality is a product of high standards – and long-term business relationships.

Always ahead of the pack, Gebr. Heinemann was one of the first duty free retailers to include wine in its product range. That was in the 1980s. In 2016, the company took luxury travel retail to new heights with the addition of an exclusive Bordeaux, the Sichel Family Reserve, offered at selected Heinemann shops, including in Frankfurt, Oslo, Istanbul and Copenhagen.

Produced and bottled exclusively for us by Maison Sichel, the limited-edition Bordeaux has an exceptionally high Petit Verdot content and is the perfect complement to the Schloss Vollrads 1211 Riesling that we added to our range in 2015. Schloss Vollrads is one of the oldest wine estates in the world. Apart from our shops, you will find the Sichel Family Reserve only in the world's best fine-dining establishments. This venture with Maison Sichel stands tall in our history because it is a perfect and effortlessly natural expression of our two companies' deep and unwavering commitment to quality. And that is what we mean when we talk of the importance and power of long-term relationships: Gebr. Heinemann and Maison Sichel have been partners for some 20 years.



Charles Sichel (front left) and three of his four brothers – David, James and Allan Sichel (ltr) – present Claus and Gunnar Heinemann with the Sichel Family Reserve.



Savouring the sublime: Alcohol Code of Conduct.

More is not always better, and good living is not measured in fluid ounces. A glass of quality red wine after work, savoured in the company of the ones you love – that, in our view, is the true meaning of luxury and indulgence. Because at Gebr. Heinemann, we believe life's simple pleasures are all the better for being taken in moderation. We therefore advocate responsible attitudes to alcohol. Our philosophy is to savour the fine things in life with all one's senses – but always in the right measure.



SOCIAL

In our business philosophy, the compass that guides us between the dictates of business and the needs of the environment is our total focus on people. This focus is reflected in the way we treat our employees and shapes our social commitment in the various locations where we do business. It also finds expression in our involvement in charitable projects in our home city of Hamburg and in our ongoing employee development initiatives. The challenges we face every day often seem overwhelming, but they are a lot less daunting when we remember that we are not alone. A problem shared is a problem halved, and we always draw the greatest strength and inspiration from the person next to us, sharing our load.





EMPLOYEES

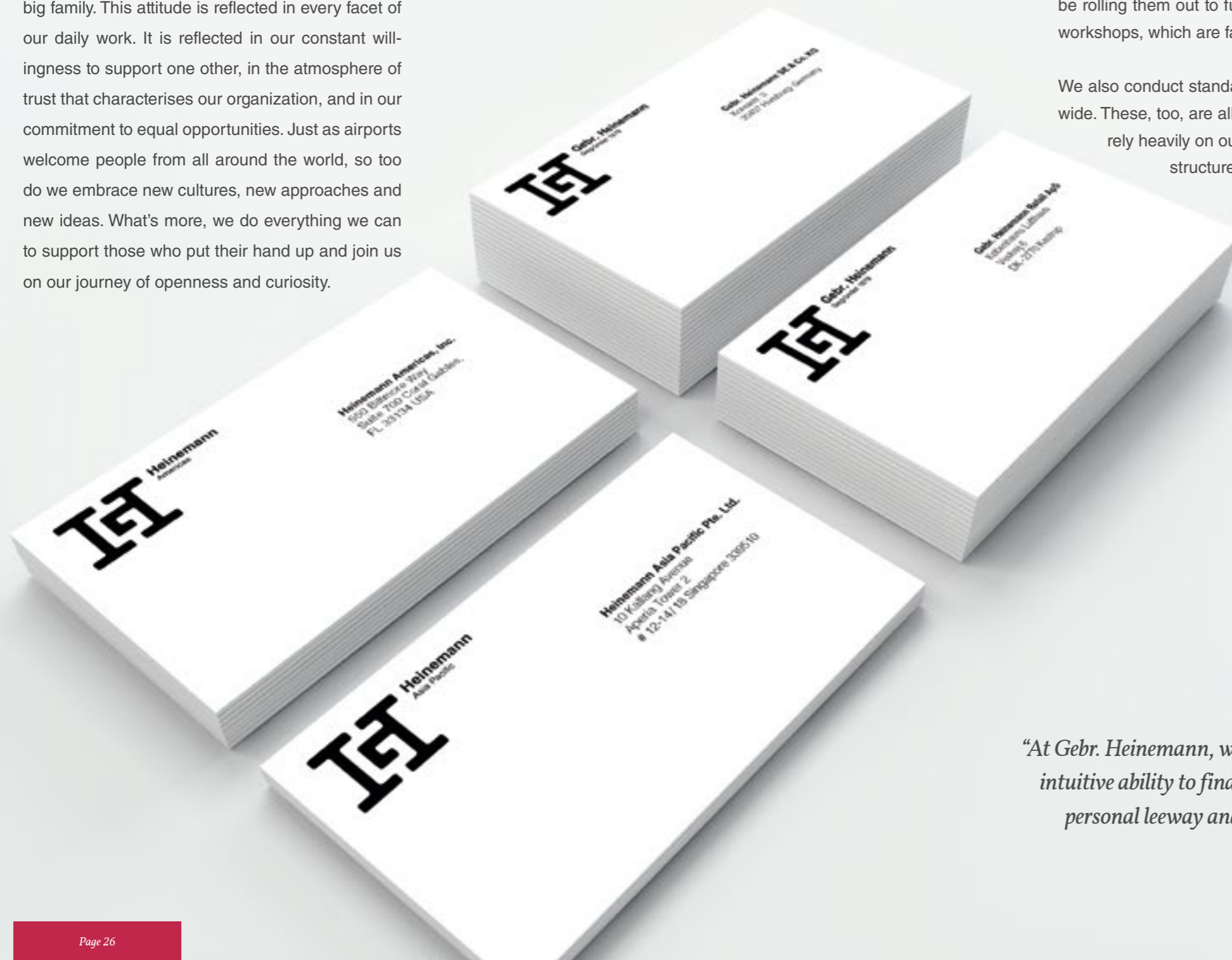
We are a family business with a shared culture that transcends 85 languages.

A family business. For us, that's not just a description of our ownership structure. It's an expression of our soul, our core philosophy. Wherever in the world they may be, from Hamburg to Sydney, the people at Gebr. Heinemann work in a spirit of teamwork shaped by traditional family values, including trust, respect and responsibility. We really do cooperate and share with one another like one big family. This attitude is reflected in every facet of our daily work. It is reflected in our constant willingness to support one other, in the atmosphere of trust that characterises our organization, and in our commitment to equal opportunities. Just as airports welcome people from all around the world, so too do we embrace new cultures, new approaches and new ideas. What's more, we do everything we can to support those who put their hand up and join us on our journey of openness and curiosity.

The ability to inspire customers is built on the quiet confidence of having the right people, structures and systems.

We have grown very rapidly over the past ten years, an achievement which we believe is due in large measure to our “leading through trust” management philosophy. Our HR management approach is built on personal initiative and decision-making autonomy, so the management systems and tools we use are small in number, but all the more effective for it. They include employee appraisal interviews, which are extremely valuable forums for two-way dialogue between management and staff. We have been conducting these interviews at our sites in German-speaking Europe and Sydney, Australia, since 2016, and will be rolling them out to further international sites in the near future. Other global systems include training workshops, which are facilitated by various IT-based processes and tools, including e-learning.

We also conduct standardised leadership training programmes and Heinemann sales workshops worldwide. These, too, are all part of our “leading through trust” philosophy. Being a fast-growing company, we rely heavily on our judgement and intuition to find the right balance of decentralised organisational structures and standardised processes. In this sense, our internationalisation strategy will remain a key challenge over the years ahead.



“At Gebr. Heinemann, we don’t believe in employee monitoring tools. We believe in our well-honed, intuitive ability to find people who are a good fit for a family business that allows considerable personal leeway and who possess the skills we need to tackle the challenges of the future.”

Dr. Wolfgang Thiele, Director Human Resources

*The best way to inspire others?
Be passionate about what you do.*

Quality is a simple matter of setting your sights high from the outset and keeping them there. In our company, success has many sources. For instance, the fact that we are open and honest and treat one another with respect. Or that we can work as a team to constantly find new ways of inspiring and delighting our customers. But there's one simple truth that underpins all of these success factors: we recruit people who are the best fit for our organization.

We have clearly defined goals and we stick to them even when times are tough. Which is one reason why we can look back on a successful track record spanning over 135 years. It's also why we are constantly challenging our employees to make the most of their development opportunities. The same is true of our next-generation talent – the 68 apprentices and dual-track students we have here in Germany. Then there are our trainees. We work hard to ensure that they, too, are able to play a role in shaping the future of duty free retail. For instance, in 2016 we had 14 trainees, and we are proud to say that all 14 have successfully graduated from their programmes and have taken up the positions they trained for. We are confident that all of these talented young people have what it takes to play a role in making our company even more successful.



We believe in sustainable growth through sustained talent development.

Our talent management programme is a carefully structured and self-sustaining company-wide process for identifying and developing high potentials. It provides a pathway into technical and management careers for promising employees.

Since 2013, a total of 71 employees have been selected for our talent development programme. Of this number, 41 have successfully graduated. Moreover, 31 of these 41 employees have since gone on to secure promotions in our organization – a statistic that speaks volumes for the quality both of our talent management programme and of our employees. The programme, in turn, underscores our HR philosophy that success is best cultivated by giving each employee the freedom to grow, develop and contribute.

31 HIGH POTENTIALS
HAVE GONE ON TO
SECURE PROMOTIONS

A SUCCESS STORY FROM OUR
INTERNATIONAL TALENT MANAGEMENT PROGRAMME

"I have been part of the Gebr. Heinemann family for six years and have served as Managing Director in Budapest since 2016. I remember thinking on my very first trial day at Budapest International Airport back in 2010, 'Yes, this is where I want to be!' And so, on completing my business degree, I started there as Head of Assortment and Activity, with a staff of four. The support I received from my mentors was absolutely invaluable. And when I started a family, the company was very accommodating, offering me flexible working hours. In 2013, I had the good fortune to be selected for the talent management programme, and I have to say, it really turbo-charged my professional development! I benefited enormously from the intensive feedback culture because it taught me to take necessary risks and to accurately appraise the potential of my staff. In 2014, I was appointed Team Leader Central Europe/ South Eastern Europe, based at our head office in Hamburg. There, I was encouraged to learn German - because it's a lot easier to understand the company's values and your staff if you know the local language."

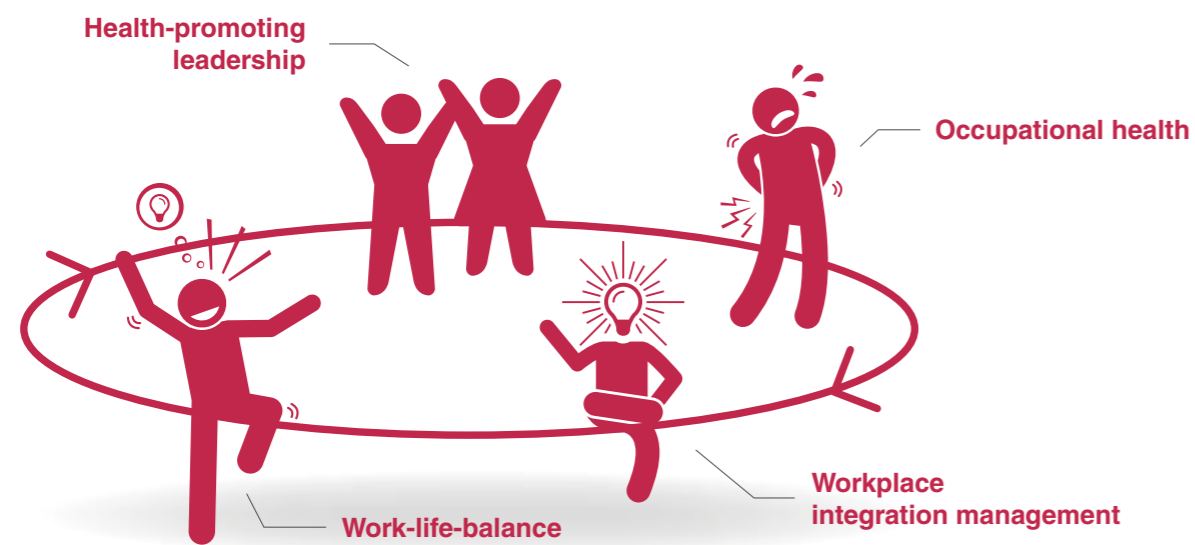


Ildikó Jankovich,
Managing Director,
Hungarian Duty Free Ltd.,
Budapest International Airport

Looking out for our employees' best interests starts with their health.

One of our guiding principles is "We persevere". And we certainly do when it comes to protecting the health of our employees. Gebr. Heinemann has a four-part workplace health management structure that facilitates holistic employee health and wellbeing.

The first part of this structure is health-promoting leadership – a commitment to eliminating stress and insecurity and fostering trust and enthusiasm. This is flanked by occupational health, a broad offering that includes things like workplace ergonomics and social counselling. The third part of the structure is reintegration management. This is where we help employees with their return to working life after long illnesses, providing retraining where necessary. We also provide advice and support with retirement pension matters. And finally, perseverance is also one of our virtues when it comes to helping our employees achieve a healthy work-life balance.



Some see employee satisfaction as a strategic goal. We see it in the faces of our people.

Verifiable fact: our employees love working for us. That is both a source of enormous pride for us and a powerful motivator to always do the very best by them. The work our people do here at Gebr. Heinemann is demanding, obviously, but it is also extremely varied and stimulating. Every day brings new challenges to keep us on our toes. To make meeting these challenges easier, we offer our employees a wide range of training and professional development opportunities.

Each of our employees draws strength from the trust invested in them by their managers and peers and from the supportive, collegial atmosphere that characterizes working life throughout our organisation. Each person feels that they are part of something bigger, an important part of the Gebr. Heinemann team. This, in turn, enables us to live up to our core principle of delighting our customers – each and every day and at all of our locations, whether at head office, in Oslo, Budapest or Sydney. And that, in itself, is an achievement worthy of celebration and pride.



INTERNATIONAL EMPLOYEE FEEDBACK



Yang (Simon) Wang,
Sales Team Leader, Heinemann Tax & Duty Free Sydney

“

Why do I like working at Heinemann? Because we all pull together as one big family. That's what sets Heinemann apart from other companies I've worked for. If an item in our shop is out of stock, the other shops are happy to pitch in and help us out. Also, I have a fantastic manager who listens and genuinely values my opinion. And that makes me truly feel part of the wider Gebr. Heinemann team.

”

“

At Heinemann Asia Pacific, everything is geared for growth. I've never had a dull moment in the whole time I've been here, which is good, because it keeps you focused. Also, there are lots of development opportunities for us. Bring it on!

”



Nur Faradillah Azmi,
Category Officer at Heinemann Asia Pacific (HAP)

“

For me, Heinemann is a family that tries to make other families happy. A key part of the Heinemann culture is that we support and stand up for one another and, of course, for our customers, whom we aim to delight with a world-class travel retail experience. The atmosphere is wonderful, and as an employee you feel listened to and valued. Thanks to this sense of cohesion and belonging, going to work is like spending time with friends, because we're all pulling together and want the same thing. Also, the sense that the people here care about me makes me feel right at home in my work. I never feel like I'm just a number.

”



Sarah Noor,
Sales Assistant, Piershop Tax Free Copenhagen

“

I've been working at Heinemann Americas six months now, and it's been an absolute joy. With a great working atmosphere, reliable co-workers and great leadership from management, I am really happy to be part of this team. Our focus on growth gives me confidence that we can achieve even more – as a team and as part of Heinemann, but also as individuals. I am really looking forward to the future and the many exciting new challenges it will bring.

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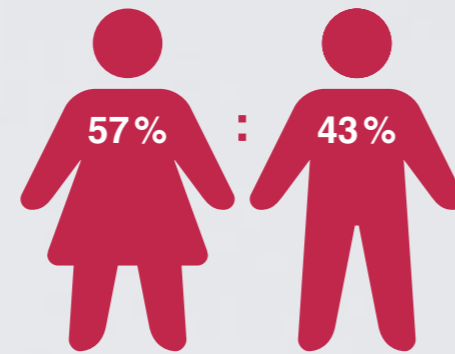


Mirjana Renic,
Controller at Heinemann Americas (HA)

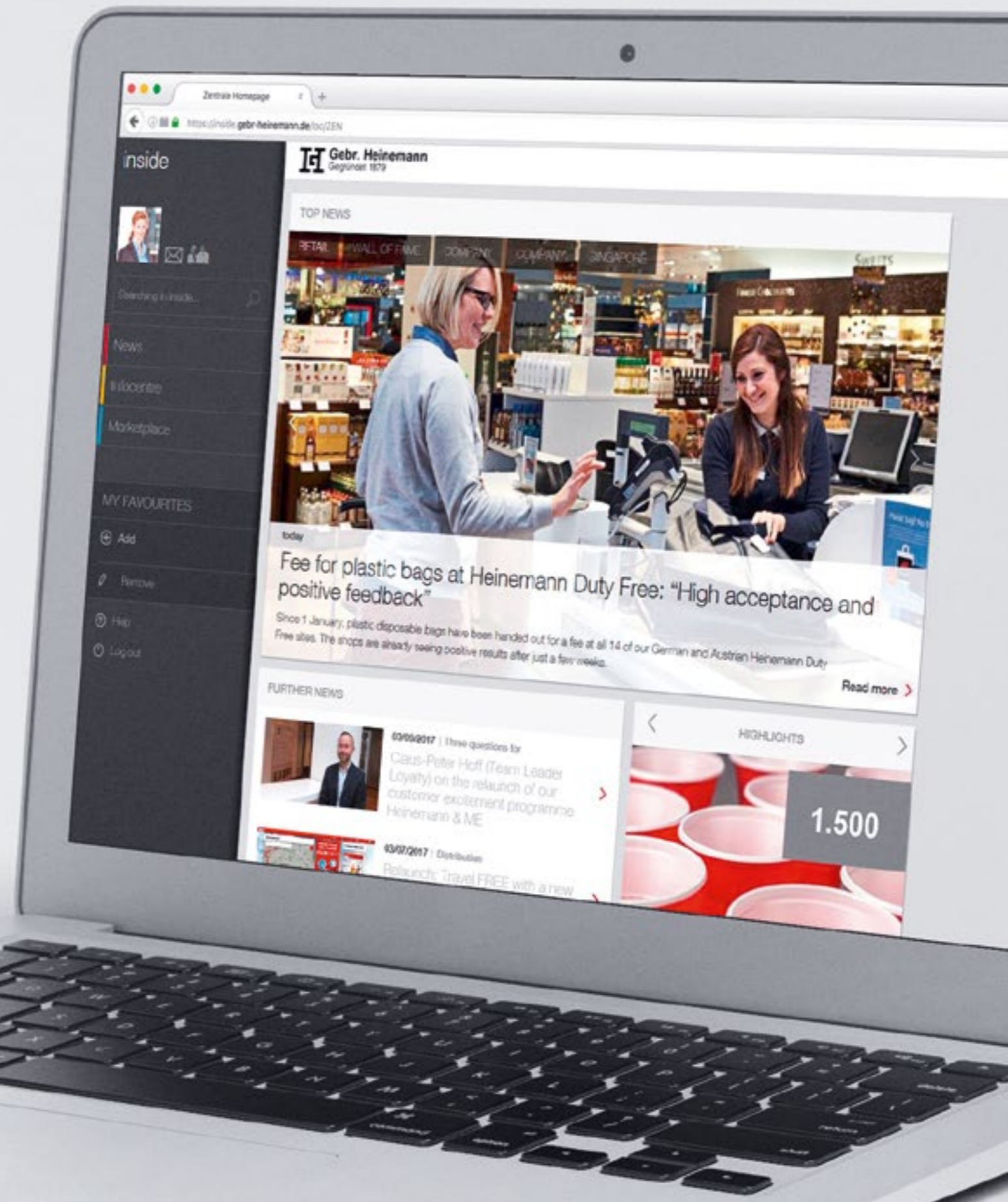
*Talking about diversity is easy.
Doing it is easy too.*

At Gebr. Heinemann, we embody diversity and are polite and respectful in our dealings with one another. We provide equal opportunities to all people, irrespective of ethnic origin, skin colour, nationality, race or gender. We do not tolerate discriminatory or unequal treatment of employees, whether in the form of unequal burdens or unmerited benefits. The fact is, when you have a workforce drawn from over 80 nationalities, you have to take a more nuanced approach to diversity than most other companies. In our organization, one aspect of this approach is the creation of a central information and communication platform known as the “Gebr. Heinemann inside” intranet portal. Initially launched in Germany and Austria, the portal has now also been rolled out to our retail sites in Denmark, Poland and Australia and our subsidiaries Heinemann Asia Pacific and Heinemann Americas. Further rollouts are in the pipeline. Employees in these countries and regions now enjoy convenient, 24/7 access to online news from the headquarters, plus they have a local platform where they can publish information in their own native languages. The portal thus plays an immensely important role in facilitating transparency and equal access to information within our organization.

**RATIO OF FEMALE
TO MALE EMPLOYEES
AT OUR SITES
IN GERMANY**



85 NATIONALITIES





SOCIAL COMMITMENT

We provide the good things in life and are committed to fighting the bad.

Diversity is a key strength of our product range and our people. It also characterises our social commitment – as can be seen from the fact that in 2016 we provided financial support to more than 100 charitable organisations. At Gebr. Heinemann, we are very much aware of our privileged position. We have the great privilege of weaving a little magic into people's lives with our fine range of products, and we have the inestimable privilege of undertaking meaningful, fulfilling work as part of a supportive, close-knit team. We believe these privileges come with a duty – the duty to help those around us and give something back to society. This is no empty sentiment. The amazing diversity of charitable ideas put forward to us by our employees on a regular basis shows that it is very much a part of who we are.

*We have always had an eye to the future.
It's a long tradition that's kept us at the cutting edge.*

At Gebr. Heinemann, we've been combining tradition and vision to build a better future since 1879. Thus, where once our charitable and sponsorship initiatives were focused on the immediate environs of our headquarters in Hamburg's Speicherstadt district, they now encompass the entire world. We are a global player, with the resources to match, so it is only right that we should put our code of ethics into practice globally.



*Our social commitment at local level focuses on three main areas:
people in need, support for the arts and culture, and science and research*

As an active member of the Hamburg community for 137 years, we proudly support over 100 clubs, societies, foundations and social institutions. For example, we provide all kinds of help, including financial resources, materials and time, to Altona Children's Hospital in Hamburg as part of a partnership dating back many years. Other initiatives include support for people in need and investment in local cultural life. We do this because we believe that Hamburg needs healthy diversity in its cultural, research, educational and social infrastructure if it is to remain the wonderful place to live and work that it is today.

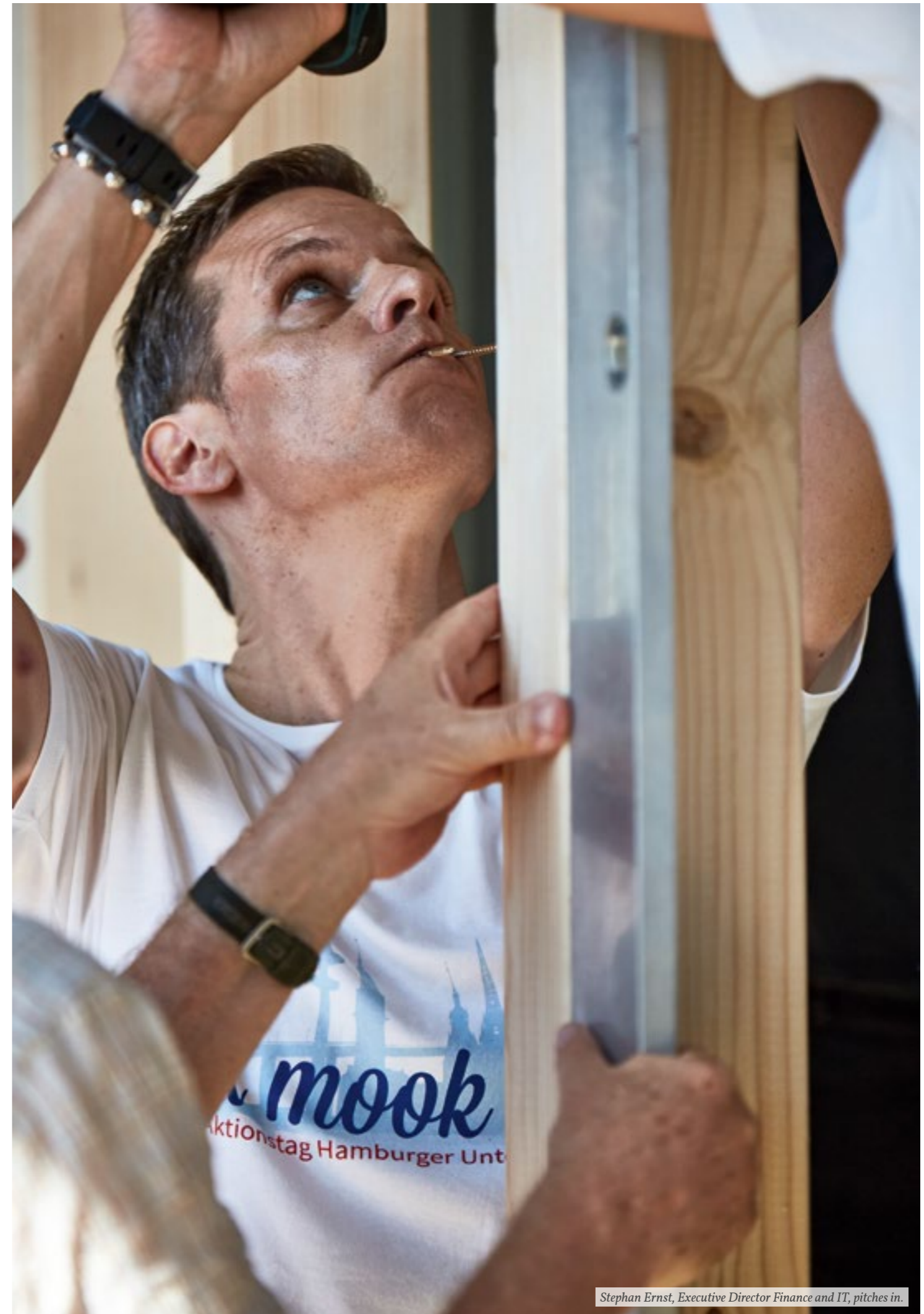
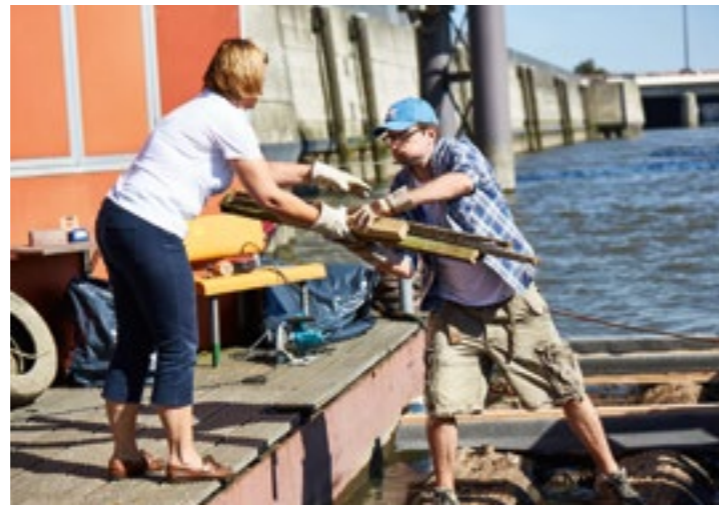
Locals helping locals.

Every year, Hamburg's "BürgerStiftung Hamburg" charitable trust awards a prize for the city's best community-building project. 2017 will be the 11th time that it has awarded the prize, and, once again, the prize money will be provided by Gebr. Heinemann. Each year, the prize honours innovative and successful local projects that promote social cohesion and break down barriers between different generations, between people with disabilities and those without, and between different cultures, religions and socio-economic groups. The ultimate aim is always to empower people to take control of their lives and to strengthen Hamburg's social fabric.



Rolling up our sleeves.

Every year, a group of Hamburg businesses band together for a day to undertake charitable works around the city in an initiative known as “Aktions-tag Hamburger Unternehmen”. It’s about rolling up our sleeves and pitching in with various building, repair and clean-up projects. In 2016, as its part of the initiative, Gebr. Heinemann sent a team of ten headed by Finance and IT Executive Director Stephan Ernst to repair the water-damaged premises of “Get the Kick e. V.”, a local charity that gives at-risk young people an alternative to violence by teaching them valuable trade and life skills. Stephan Ernst and his team helped repair the floating pontoon in the boathouse, renovate the building interior and paint the stairway. A good job well done!



Stephan Ernst, Executive Director Finance and IT, pitches in.

Big family, big on family spirit.

Family members help one another out. At Gebr. Heinemann, we see ourselves as one big family and an integral part of the wider community. That's why the owners of the company are heavily involved in charitable work and why so many of our employees volunteer on a regular basis – with passion and gusto. The result is a wealth of initiatives, including “Common Purpose”, in which our executives encourage young people to get involved in charity work; “Yoldas”, a mentoring programme in which native speakers of German provide support to children of Turkish families; serving meals for the homeless at “Hilfspunkt Högerkamm”; and donations of confectionery to various food banks.

What's more, for two years now we have been making regular donations of goods and materials to various charitable institutions. Each month, we check our inventory lists, identify suitable items and send them out to the institutions most in need of them. Because in our family, no one should go without.

Social need knows no borders, so neither should social responsibility.

We believe there is a higher purpose in life, which is why social commitment is a big part of who we are and is so unequivocally championed by the company owners, Claus and Gunnar Heinemann. As an international company, we view social responsibility and commitment in an international context. That's why several employees from our head office do regular volunteer work for the refugee community and recently donated bedding and other sorely needed basic essentials to a local emergency accommodation centre. With this type of support, our aim is always to deliver sustainable, long-term utility. So, for instance, the table tennis table we sourced for a refugee hostel in Hamburg's Hafencity district will also be used by the primary school that is due to move into the building later on.

Looking further afield, in 2016 our logistics centre in Allermöhe dispatched seven shipping pallets containing 304 cartons of donated children's toys, confectionery and personal care products to communities in need in Romania as part of a joint initiative with TEMAH, a Hamburg-based action group. And speaking of long journeys, in August 2016, our POS Requirements Manager, Jan Martin Ahlers, travelled 2,000 kilometres around Europe, drumming up sponsors and donors along the way, as part of Germany's now legendary annual “Tramprennen” hitchhiking race. The funds raised by the race were split 50:50 between the “Viva con Agua” clean water charity and the “PRO ASYL” refugee rights group. In other words, thinking beyond national borders goes to the very core of our business, and our employees exemplify this perfectly in their voluntary commitment to social causes, just as they do in their paid work.



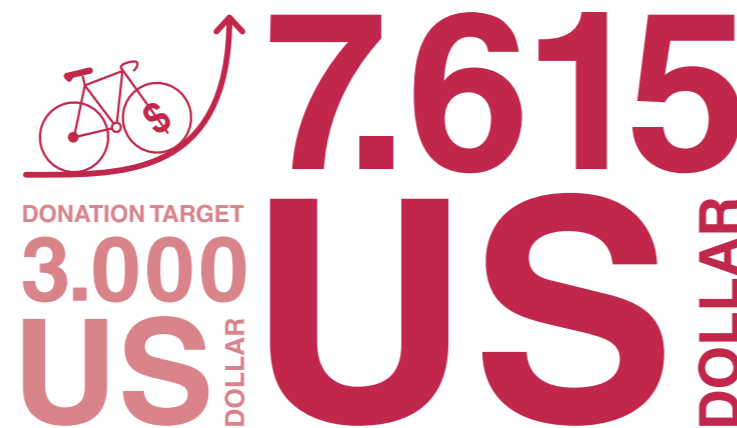
Serving meals for the homeless at “Hilfspunkt Högerdamm”



Hitchhiking for a good cause: GH employee Jan Martin Ahlers (centre) with Gunnar Heinemann and Claus Heinemann.

We have taken the fight against MS to the streets.

Multiple sclerosis (MS) is a chronic, unpredictable disease of the central nervous system and one of the most common neurological diseases in young adults. To do its part in the fight against MS, Gebr. Heinemann has been taking part in the annual “Bike MS: Breakaway to Key Largo” bike ride in Miami since 2015. The number of riders has doubled since we first got involved, and in 2016 we exceeded our USD 3,000 donation target by over 100 percent, collecting a total of USD 7,615! José Cuadra, Purchasing Director at Heinemann Americas, speaks for us all when he says: “I’m really proud of what our team has achieved. We stuck together and we supported one another. It’s never easy, but to have made it through as a team – that’s a wonderful feeling!”



Breaking the poverty cycle.

The social commitment of our subsidiary Heinemann Asia Pacific (HAP), Singapore, finds expression mainly in support for non-profit organisations in the Asia-Pacific region. In 2016, for example, HAP contributed to a fundraising campaign run by Women in Travel Retail (WiTR) at the world’s biggest travel retail expo (WFWA World Exhibition) in Cannes. WiTR was founded in 2006 to raise awareness of the key role of women in the travel retail industry and to provide a forum for networking. The organisation went to Cannes with the aim of raising 15,000 euros to build and equip two classrooms for children at the Sunrise Siem Reap orphanage in Cambodia. Pleasingly, it surpassed that target, raising more than 20,000 euros.

One good turn deserves another.

Michael Rosenquist’s customer wasn’t after anything special – just some perfume and a bottle of wine. But he was so impressed with the service he received that he reached into his wallet and handed Michael a 50 euros tip. Stunned, Rosenquist, a Sales Assistant at Tax Free in Copenhagen, helped the man further by accompanying him to his departure gate, whereupon the latter turned to him, saying he had no further use for his leftover Danish currency, and promptly handed him another 104 Danish Kroner. And Rosenquist? He donated the lot to a local child cancer charity.



Mission charity.

Federica Rossi is a Logistics Officer at Heinemann Australia in Sydney. She also doubles as a charity ambassador, suggesting ideas for social projects and finding worthy causes for Heinemann to donate to. Thanks to Rossi’s input, some of the proceeds of the company’s Charity Friends & Family Sale are going to Ronald McDonald House, a charity that provides help to sick children and their families.

ENVIRONMENTAL

For us, only the best will do – in matters environmental, just as in matters economic and social. Which is why our pursuit of sustainable innovations goes far beyond using energy-saving lamps, reducing packaging waste and investing in high-efficiency logistics technology. Because, while high-tech solutions certainly have their place, we believe the environment is best served by nature's own solutions. You may, for instance, be somewhat surprised to find a few kestrels on the payroll at our logistics centres. And that's just one example of how we are at pains to keep the environment at front of mind and take account of ecological factors in our projects wherever possible. We are committed to improving our environmental performance a little every day and to treating the natural world with respect.





LOGISTICS

Global supply chain, global responsibility.

Every day, well in excess of half a million sales units ranging in type from perfume and confectionery to toys and luxury goods leave our logistics centres, bound for destinations all around the world. Just to put that in perspective: our range comprises some 50,000 permanently stocked items from around 1,500 international brand manufacturers. So, how do we accomplish this herculean task? With first-rate logistics management systems, an unwavering passion for quality, and teamwork.

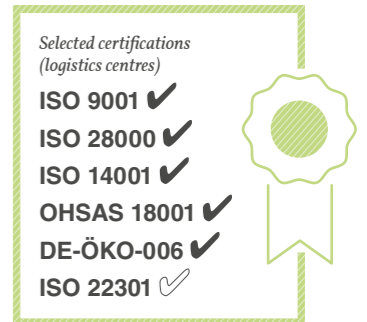


“We operate two large logistics centres – one in Hamburg’s Allermöhe district and one in Erlensee near Frankfurt. That’s a huge responsibility to the environment and our employees. And we’re getting better at meeting that responsibility every day, thanks to a steady flow of clever innovations that we’re adding all the time.”

Marco Rebohm, Director Logistics at Gebr. Heinemann

We might not be able to see the future, but we can certainly plan for it.

At Gebr. Heinemann, we take our security responsibilities very seriously – as indeed we should, given that a large proportion of the 680,000 or so sales units picked from our warehouses every day transit through security restricted areas of the world’s airports. One way we meet these responsibilities is by securely sealing our outbound consignments to safeguard them against tampering. That uses extra materials, of course, but the good news is that the sealing process we use is about to get a whole lot kinder to the environment. Patents are pending for a special machine developed in our logistics division that will soon make consignment sealing much faster and much more material-efficient. On a more general note, our systems and processes are certified to very high standards and undergo regular external compliance audits. Our logistics operations, for example, are protected by an ISO 9001-certified quality management system and an ISO 28000-certified supply chain security management system. Likewise, our environmental management system is certified according to ISO 14001, and our occupational health and safety management systems are certified according to OHSAS 18001. In 2016, we attained organic certification according to DE-ÖKO-006, meaning we are authorized to sell organic products worldwide. We are currently also in the process of gaining certification for our business continuity management system (ISO 22301). These are just some of the ways in which we protect our customers and the environment.



Transport packaging: we never waste an opportunity to keep our transport packaging out of the landfill.

At Gebr. Heinemann, we recycle almost 100% of our transport packaging. We collect up our used cardboard packaging, plastics, wood and other materials and send them off for recycling. What’s more, we’ve come up with a whole host of ingenious innovations to help boost our efficiency and environmental performance. For example, we have implemented an SMS-based fill level monitoring system that has enabled us to increase our waste container fill weight by up to three tonnes per collection cycle. As a result, the waste management trucks now call at our logistics centres much less frequently – and only when it is actually necessary. That saves us a lot of money, and the environment a whole heap of CO₂. We are 100% committed to these kinds of process optimizations in the interests of continuously improving our environmental performance.

**ALMOST 100%
RECYCLING**
OF TRANSPORT PACKAGING MATERIALS



*Our supply chain is what holds our business together.
That's why we run a tight ship.*

Our highly secure supply chain is both a key competitive advantage and a lifeline between our suppliers, our logistics centres and our customers. To safeguard its integrity, we ensure that it meets stringent international security standards, a fact documented in our reporting requirements to international aviation security authorities and verified by regular compliance audits. Another important safeguard for our



supply chain is that we include environmentally sound conduct as a mandatory requirement in our contracts with haulage companies. We also regularly review our supplier and service provider arrangements in the interests of continuously improving the quality and performance of our overall supply chain. A further key part of our commitment to security is that we run stringent security clearance checks on all of our employees, a practice we instituted in 2008.

*Racking up energy savings
with state-of-the-art warehouse technology.*

The innovative technologies at work in our state-of-the-art, highly automated logistics centres are helping us to protect the environment, not to mention save us money. The efficiency starts with our warehouse management system, which uses intelligent storage location selection strategies to shorten in-warehouse transport routes and minimise energy consumption. Then there's our intelligent control technology, which flexibly ramps handling system performance up or down according to demand. To give an example, each of the storage and retrieval cranes in our high-rack warehouse weighs 22 tonnes and is about 40 metres high. The control system achieves efficiencies by continually adjusting their horizontal and vertical rate of travel so that they deliver no more and no less than the required storage and retrieval output. In other words, they don't run constantly at full speed just for the sake of it. Plus, every time the cranes brake, the in-built braking energy recovery systems kick in to generate further efficiencies. And at our Erlensee logistics centre, we have installed ground-source heat pumps to improve cooling system efficiency. At Gebr. Heinemann, high energy use is an opportunity for high energy savings.



*When it comes to the environment,
we like to call in the experts.*

Sustainability is not a destination, but a journey – a dynamic process that calls for constant innovation and reinvention. It is a long game, and we have the long-term commitment and imagination to match. The field mice that seem to have a predilection for burrowing beneath our logistics centre in Erlensee are a classic case in point. Desperate to keep the mice at bay and stop them from, quite literally, undermining our operations, we called in the experts: kestrels. Beneath the external staircase of the centre's high-rack warehouse we built a nest enclosure, which is now home to a whole family of kestrels. We have a similar partnership at our Allermöhe logistics centre, where an enclosure adjacent to the fire escape has been continuously inhabited by birds of prey for more than 12 years.





ARCHITECTURE

Some measure sustainability in good intentions. We measure it in m².

Our commitment to sustainable architecture is multifaceted, but, put simply, we always strive to be part of our environment and to fit in, if at all possible, with our surroundings. To achieve this, we always seek out the perfect blend of tradition, innovation and sense of place. The ultimate goal is to achieve a distinctive architectural signature that people recognize at once as being Gebr. Heinemann. And it is a goal that we pursue tirelessly and with imagination and obsessive attention to detail, whether we're in Sydney, Moscow or Vienna. By constantly outdoing ourselves, our aim is to constantly surprise and captivate our customers.

Our buildings require many things of our designers – passion most of all.

Buildings are more than just assemblages of walls and ceilings. They are living organisms with complex structures and complex water supply, wastewater and data transport networks, each differing according to building type and use. Consequently, the managers of our architectural units face varying challenges depending on whether they're designing shops, logistics centres or office buildings. But there's one challenge they all face: the need to ensure stringent compliance with strict airport regulations while remaining alive to opportunities to do things just a little bit differently and create that distinctive Heinemann feel.

Our architecture: creating a better future, one building at a time.

When it comes to architectural trends, we are leaders, not followers. We work with the best architects to achieve the best blend of design and functionality. And, as our new office building in Hamburg and our logistics centres show, we are committed to sustainable construction and future-proof infrastructure development. Our aim in this regard is always to exceed the minimum standards prescribed by statute. K5, the new extension to our office building at Koreastrasse 5 in Hamburg, is a shining example of this, winning the coveted gold "HafenCity Ecolabel" in recognition of its sustainable construction. Looking ahead, we will continue to develop our building assets as our needs grow and change. We will do so in accordance with the dictates of efficiency and sustainability, and always with a close eye on the wellbeing of our employees, our customers, and the environment.

We want to stand out, not stick out.

The fact that we put so much loving attention into making our new office extension at Koreastrasse 5 the perfect architectural fit for its surroundings is certainly no accident. It is an expression of our philosophy that all of our building developments should proceed in close harmony with the areas in which they are located. We also endeavour to apply this 'local' principle to our building and retail projects in other ways, such as when we sell locally sourced goods or use local construction materials and local suppliers. Sometimes we even incorporate features from the local natural environment into our shops. Examples of this include trees and the use of traditional timbers of the kind used in Norwegian rustic cabins. It doesn't get any more local than that.

Our buildings: contemporary architecture with long-term vision.

Building sustainably is a sophisticated, long-term strategy spanning a multitude of factors, not least the building's water consumption, waste output, greenhouse gas emissions and energy consumption over its entire lifespan. In this sense, sustainable buildings safeguard the environment by being energy efficient, avoiding waste and conserving water. And where waste is unavoidable, it is carefully separated into reusable materials, recyclables, non-recyclables and green waste. To further protect the environment, our logistics centres in Allermöhe and Erlensee have their own gas-fired cogeneration plants which efficiently generate heat and power for on-site use.



*Our water coolers:
building for refreshment.*

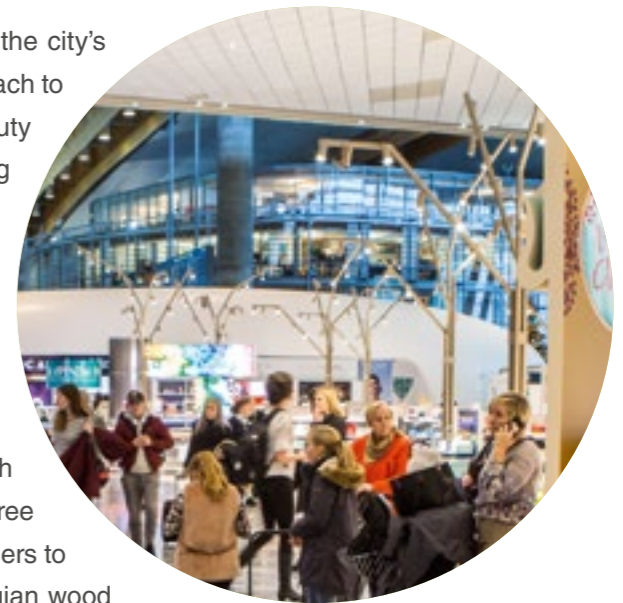
Water coolers are the best friend of every logistics centre employee, especially on those long, hot summer days. There's just one problem: they don't just pump out water. They're big on waste, too. So we asked ourselves: how can we fix that? And the answer we came up with is ingeniously simple – we plumbed our coolers into the building drinking water mains. Now that refreshing liquid coolness is a simple matter of pushing the lever and grabbing one of those handy plastic cups from the dispenser, right? Wrong! We didn't like the non-recyclable-cups idea either, so we thought of something much better: reusable drink bottles. A practical yet elegant solution, the bottles are eco-friendly and hygienic. And the moral of this success story? We save 8,000 euros and 1,500 kilograms of waste every year.



- IMPROVED HYGIENE THROUGH HOOK-UP TO MAINS DRINKING WATER SUPPLY
- SAVINGS OF UP TO **8.000 EUROS PER YEAR**
- **1.500 KG OF PLASTIC WASTE ELIMINATED ANNUALLY**
BY SWITCHING FROM NON-RECYLABLE PLASTIC CUPS TO REUSABLE DRINK BOTTLES

*Our shops reflect local natural features.
It's a growth area – literally.*

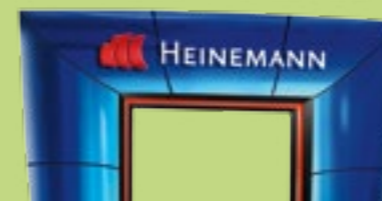
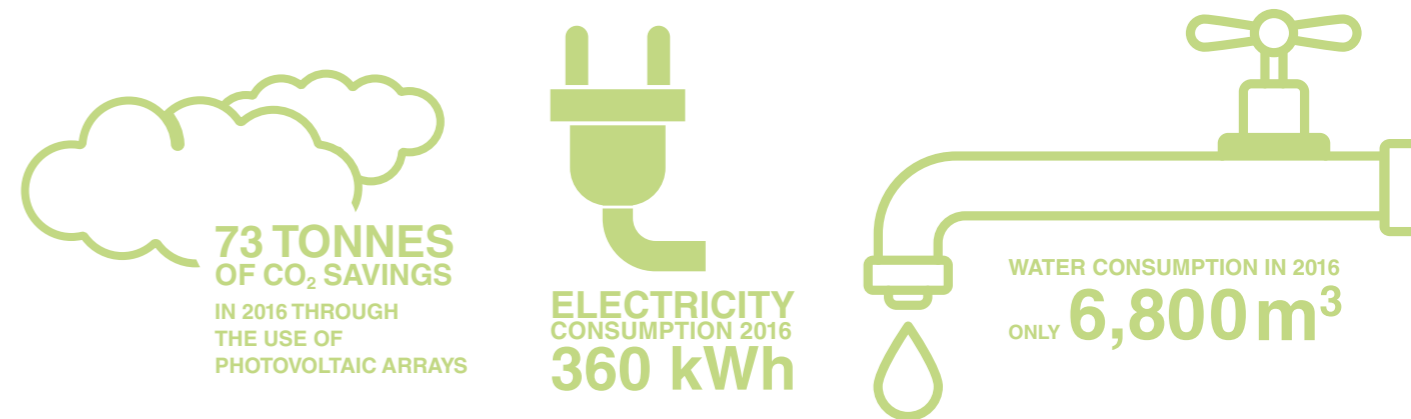
Take Oslo, for example. Travellers passing through the city's airport will soon be able to enjoy a whole new approach to store design. We will be giving the new HEINEMANN Duty Free Shop an authentic outdoors feel by incorporating a number of natural features, including real trees of up to seven metres in height. It will be a while before the trees are big enough, but the stunning Nordic rock formations are already in place for that uniquely Heinemann travel retail experience. We're also helping to bring the outdoors indoors with the shop's innovative lighting concept, which revolves around a series of purpose-designed light-tree sculptures. So, even if they are only transiting, travellers to Oslo will always be able to take a walk in a Norwegian wood and savour the country's rugged natural beauty.



*We're thinking about the environment so hard,
even our lightbulb moments are LEDs.*

At Gebr. Heinemann, our thinking goes above and beyond regulatory frameworks and minimum standards because we are constantly striving for maximum efficiency in all areas. For instance, we are always seeking ways to optimize the efficiency of the energy-intensive machines that form the backbone of our logistics operations. But often it's the little steps that make the biggest difference – as can be seen from our logistics centre in Erlensee, which is lit by around 1,000 high-efficiency, long-life LED lamps. Similarly, we've reduced energy consumption in our HEINEMANN Duty Free Shops by up to 55% simply by using LED technology. As well as using less power, the LED lamps create less waste heat for our aircon systems to contend with. We also have photovoltaic arrays on the roofs of our logistics centres – a plus for our bank balance and the environment.

Environmental figures from our logistics centre in Allermöhe



55% ENERGY SAVING IN HEINEMANN DUTY FREE SHOPS THROUGH THE USE OF LED TECHNOLOGY

2016/17 Highlight: Ocean conservation initiative

Pure motives for clean oceans.

We are doing our part to turn back the tide of pollution in our oceans. Up to 90 percent of the man-made waste in our oceans is plastic, most of it non-biodegradable. To help combat this, Gebr. Heinemann is piloting a plastic bag surcharge at its shops in Germany and Austria and is offering customers attractive reusable carrier bags as an alternative. This is reducing the volume of single-use plastic bags in circulation, plus a share of the proceeds from the initiative goes to the ocean conservation organisation OceanCare. The initiative has been very well received by our customers, with our figures for January 2017 showing a 400 percent increase in reusable bag sales and a 30 percent reduction in plastic bag consumption.

We are also involved in various international efforts to reduce plastic waste. For instance, our Norwegian joint venture Travel Retail Norway is a member of Grønt Punkt Norge (Green Dot Norway), a non-profit organisation that finances the recovery and recycling of used packaging.



Irreplaceable.



Indecomposable.

The funds we donate to OceanCare are used exclusively for ocean conservation, particularly in relation to combating plastic waste by means of the following projects:

- Reducing the amount of plastic entering the oceans
- Classification of plastics according to their toxicity
- Proper disposal of plastics
- Environmental education
- Removal of plastic waste contamination
- Cleaning up beaches and getting local populations actively involved
- Research on ocean plastic pollution
- Rescue of animals threatened by plastic waste



CERTIFICATIONS AND MEMBERSHIPS

Gebr. Heinemann is actively involved in several national-level and international initiatives and is an active member of numerous national-level and international interest groups and associations. By “active” we mean that we regularly use our engagement with these initiatives and organisations to contribute to the discussion on key issues within our industry and beyond. Here are some of the organizations of which Gebr. Heinemann is an active member: Airports Council International – Europe (ACI EUROPE); European Travel Retail Confederation (ETRC); Central & Eastern European Travel Retail Association (CEETRA); Bundesverband der Deutschen Luftverkehrswirtschaft (BDL); Bundesverband der Deutschen Tourismuswirtschaft (BTW); Deutscher Travel Retail Verband (DTRV); Nordic Travel Retail Group; Middle East & Africa Duty Free Association (MEADFA); Travel Value Association; Asia Pacific Travel Retail Association (APTRA); Australian Duty Free Association (ADFA).

We are also a member of Germany’s “Fair Company” initiative.

Additional memberships result from the financial support we provide to some one hundred-plus non-profit organisations and initiatives. We have not listed all of these organizations and initiatives here and have instead decided to make the general note that one of our main criteria when assessing which projects and initiatives to support is the ability to deliver sustainable, long-term outcomes. The same is true of the voluntary certification programmes in which we participate. Apart from their PR value, these social and environmental certifications are increasingly insisted on by international partners and customers as a prerequisite for doing business with us. As such, they are a growing part of what it means to be internationally competitive. The Gebr. Heinemann group’s most important certifications relate to its logistics centres in Allermöhe and Erlensee, namely ISO 9001, ISO 28000, ISO 14001, OHSAS 18001 and DE-ÖKO-006.

”

Professional structures, appropriate processes and a high degree of security and legal compliance, paired with a commitment to continuous improvement.

“

(Assessment given by the independent certification body DNV GL (formerly Germanischer Lloyd) in relation to its ISO certification of the quality, security, environmental and occupational health and safety processes and systems at our Allermöhe logistics centre)

ABOUT THIS REPORT

This Corporate Responsibility Report (CR report) provides information on the sustainability strategy and current and planned sustainability activities of Gebr. Heinemann. The target audience of this CR report encompasses the stakeholders of Gebr. Heinemann – primarily the company’s business partners, customers and employees all around the world. Feedback from various stakeholder groups has been included in the content of this CR report. In future years, Gebr. Heinemann intends to expand this stakeholder input by developing various forms of stakeholder engagement.

In preparing this CR report, Gebr. Heinemann identified various aspects and impacts of its business activities and assessed their materiality from a sustainability perspective. As such, this CR report is also the result of a materiality analysis involving internal and external stakeholders. The topics identified as being material for this CR report are also core focus areas of the strategic sustainability management system which Gebr. Heinemann is currently in the process of developing.

The first sustainability report by Gebr. Heinemann was published as a pilot project in 2015. For the time being, the company intends to continue this two-year publication cycle. The reporting period for the present CR report encompasses the 2015 and 2016 calendar years. The content deadline for this CR report was February 2017. This CR report was published at the same time as the Annual Report of Gebr. Heinemann. Gebr. Heinemann is still in the process of establishing a systematic data collection structure for use in preparing specific quantitative performance indicators for CR reporting. The company has, however, made progress in its reporting on qualitative indicators during the period under review. For example, many of its international sites now have employees in charge of specific CR report topics.

This CR report is based on internationally recognized reporting standards, most notably the standards published by the Global Reporting Initiative (GRI). Gebr. Heinemann has not prepared a GRI content index or had its content index formally audited by GRI, nor does it have any plans for such an index or audit in the medium term. Similarly, this CR report has not been externally reviewed, no external audit report has been sought, and there are no plans for such a review or report in the medium term. The content of this report was prepared on the basis of advice from external CSR experts.

This CR report is available in both German and English. It is published in printed form as well as in PDF format online at www.gebr-heinemann.de.

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Disclaimer

The present CR report contains forward-looking statements which are based on assumptions and forecasts made on the basis of information available at the time of publication. Such statements are therefore subject to various risks and uncertainties and cannot in any way be construed or relied upon as guarantees of future performance or outcomes. These risks and uncertainties are primarily the result of factors beyond the control of Gebr. Heinemann, such as future market and economic conditions, the achievability of anticipated synergies, legislative changes, and decisions by regulators and government policymakers. Gebr. Heinemann therefore has no liability or obligation whatsoever to publicly update or revise any forward-looking statements contained in this report.

Credits

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