



Heinemann
Australia

Modern Slavery Statement

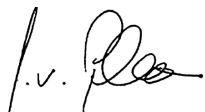
Heinemann Australia Pty. Ltd.
Financial Year 2019/2020

Our Commitment,

As a major buyer and shop window to the world, serving different customers and cultures from all its four corners, the globally active Duty Free Retailer and Distributor Gebr. Heinemann, is duty-bound to comply with accepted international environmental, legal and social standards. Gebr. Heinemann is a signatory member of the United Nations Global Compact (UNGC) and have made a public commitment to its ten principles, as well as the international labour standards of the International Labour Organization (ILO). This same commitment is taken by our subsidiaries worldwide, including Gebr. Heinemann's regional headquarters Heinemann Asia Pacific Pte. Ltd. (Heinemann Asia Pacific), based in Singapore, and the reporting entity Heinemann Australia Pty. Ltd. (Heinemann Australia), headquartered in Sydney, Australia.

Heinemann Australia and its efforts to identifying and mitigating modern slavery risks in its operations and supply chains are a key part of the global Heinemann Group's journey towards becoming a more responsible stakeholder in the retail and travel industries, and in the wider economy. As part of our commitment as a retailer, we will be engaging more closely with our global supplier base on their manufacturing processes and supply chains. We are doing this such that we are able to understand our suppliers' supply chains and operating environments, and so that we can work constructively with each other to move towards more sustainable, responsible products and business models together. This statement was approved by the Board of Heinemann Australia.

Sincerely,



Marvin von Plato
Chief Executive Officer
Heinemann Asia Pacific Pte. Ltd.



Richard Goodman
Managing Director
Heinemann Australia Pty. Ltd.



Our Business

Gebr. Heinemann is one of the foremost names in the international duty-free market. It is the market leader in Europe and the only private, family-owned company among the global players in the industry. The company is co-managed by members of the Heinemann family, and is currently led by the fourth and fifth generations of the family.

The company has been based in what is now Hamburg's HafenCity district in Germany since its establishment in 1879. The Gebr. Heinemann Group today has direct retail operations and distributor relationships across many countries on all continents. Gebr. Heinemann is present across all sales channels of the travel retail industry, including airport duty-free, cruise lines, inflight shopping, downtown shops and border outlets.

Heinemann Asia Pacific, our regional headquarters based in Singapore, has been representing Gebr. Heinemann in the Asia Pacific since 2010. Heinemann Asia Pacific is staffed by over 100 team members, which include regional C-suite, Purchasing, Supply Chain and Logistics, and other corporate functions. In this region's highly dynamic market environment, Heinemann Asia Pacific is a reliable partner for the travel retail segment in ten countries, including direct retail operations in Australia, Malaysia and Hong Kong.

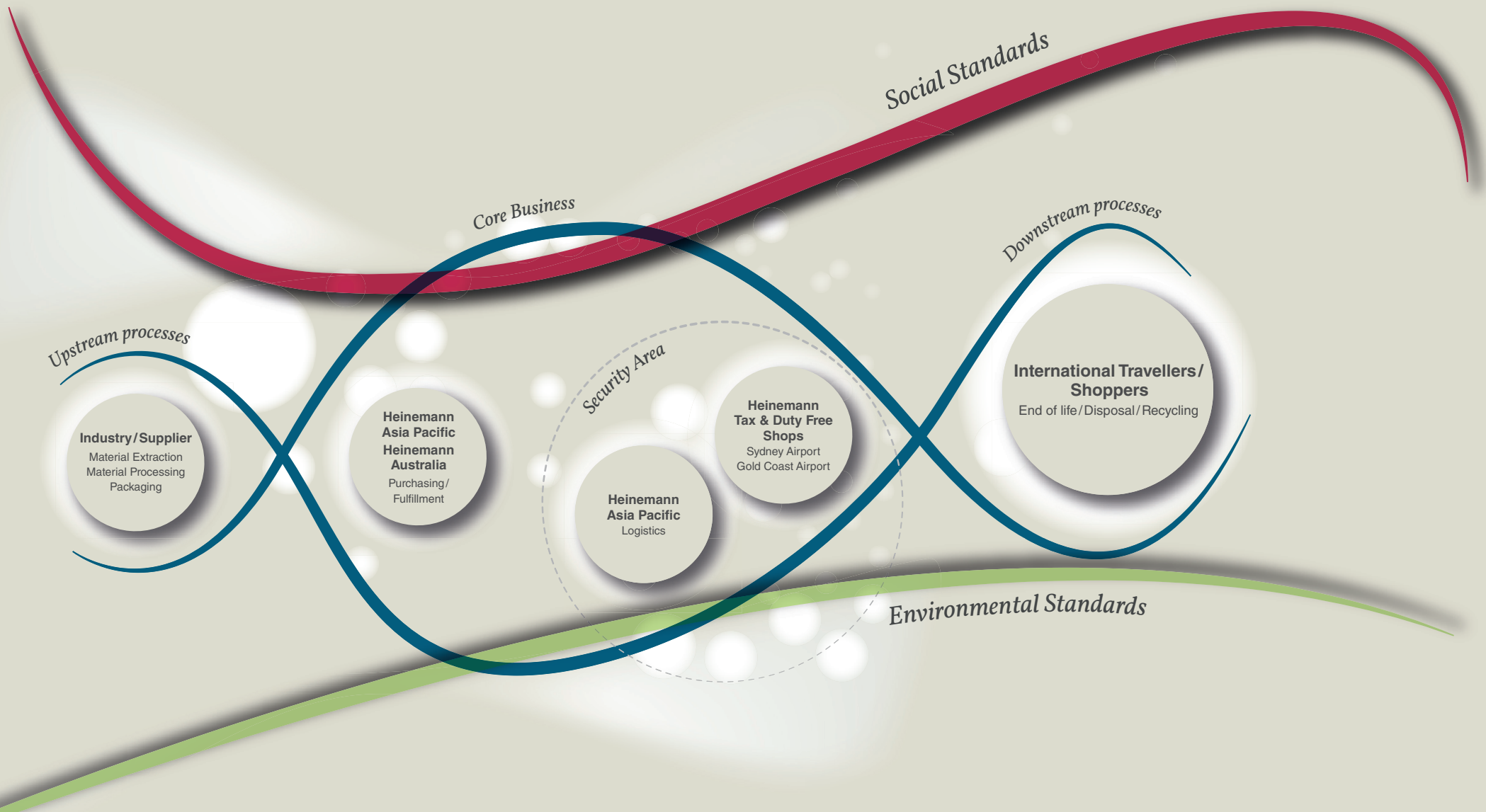


Heinemann Australia's presence at Sydney International Airport now consists of eight Duty Free shops with a total floor area of around 9,000 m². In 2018, Heinemann Australia opened two shops at Gold Coast Airport, with a product range focused on wine, spirits, perfumes and cosmetics. As of 2019, we had as part of our Australia product assortment of nearly 24,000 products ranging from perfumes and cosmetics, confectionery, health and wellness, wine and spirits, fashion and accessories and local souvenirs. In February 2020, Heinemann Australia secured an eight year extension of its Tax & Duty Free and Hermès contracts at Sydney International Airport, extending our tenure until December 2029.

Heinemann Australia is proud to boast a dedicated crew of over 500 corporate and retail team members supporting our business and servicing our customers in our shop to deliver upon our brand and service promises.



For a better understanding of our value chain, please see the diagram below. This illustrates that our core business takes place in the middle of the value chain. As a retailer, we are above all "influencers" when it comes to corporate responsibility and sustainability issues, but we also draw collaborate with and support the efforts of suppliers, customers and business partners.



What is in this first Modern Slavery Statement?

In this first statement, we report on our actions taken in during 2019/2020 financial year (1 July 2019 to 30 June 2020). However, since the Modern Slavery Statement is created within six months after the FY, it also contains content until end of 2020. We have outlined our efforts to assess and address modern slavery risks in our operations at the Heinemann Tax Free Shops at Sydney Airport and Gold Coast Airport as well as in our indirect supply chain.

A cross-business working group from Hamburg headquarter, Heinemann Asia Pacific in Singapore and Heinemann Australia in Sydney from the Corporate Affairs, Supply Chain and Logistics, Purchasing, Compliance and Corporate Responsibility departments conducted an extensive risk assessment of nearly 24,000 articles in our shelves. Further detail on our methodology can be found in the section 'Modern Slavery risk assessment'.

From there, the next step would have been extensive self-assessments and dialogues with all our major indirect and direct suppliers but unfortunately the global COVID-19 impacted our team resourcing for much of 2020.

The impact of COVID-19

As part of the tourism and aviation value chain, the COVID-19 pandemic has hit Heinemann Australia particularly hard as it has our entire global industry. We are constantly working on solutions to recover, though we have unfortunately had to reduce our personnel costs through reduced working hours and headcount as a result of the pandemic's devastating impact on our business.

Our people's and customers' health and safety has always been top priority but never more so than in the midst of a global pandemic. We've established quickly new supply chains to source protective equipment, such as sanitizer, masks and rubber gloves and adjusted the operating procedures. These new suppliers need to be assessed during the next reporting period.

To prepare for the eventual full reopening of our shops at Sydney Airport and Gold Coast Airport, we have already created a comprehensive opening plan to ensure the safety of our staff and our customers. Our health and safety measures have been evaluated for compliance with Australian Fair Work Regulations, Heinemann Australia HR Policies and Procedures, operational standards set by Sydney Airport and Gold Coast Airport, and the most recent state and federal health guidelines. These measures include a thorough pre-opening cleaning procedure, and more frequent cleaning and disinfection of shops, which includes back of house and staff rooms. We will also make personal protective equipment (PPE) available to all team members, including hand sanitizer, face masks and gloves.

Clear protocols have been established for staff members in their interactions with each other, our products, our vendors and with customers and passengers. These are all communicated and reinforced through our online learning and development platform and through clear signage throughout the workplace.

The pandemic also forced us to postpone the implementation of our Code of Ethics, which includes extensive people trainings on Human Rights and Labour Laws. The Code was also intended to serve as an instrument for mitigation of modern slavery risks and its remediation among our business partners.

Due to reduced workforce within our own operation as well as in our business partners' offices, we also had to reduce the number of recipients receiving a self-assessment questionnaire to a minimum necessary amount.

From suppliers side – especially in fashion – there have been reported challenges in the areas of sourcing, manufacturing and shipping due to lockdowns as well as reduced purchasing volumes. We will further monitor the development via supplier dialogues and consult publicly available information.

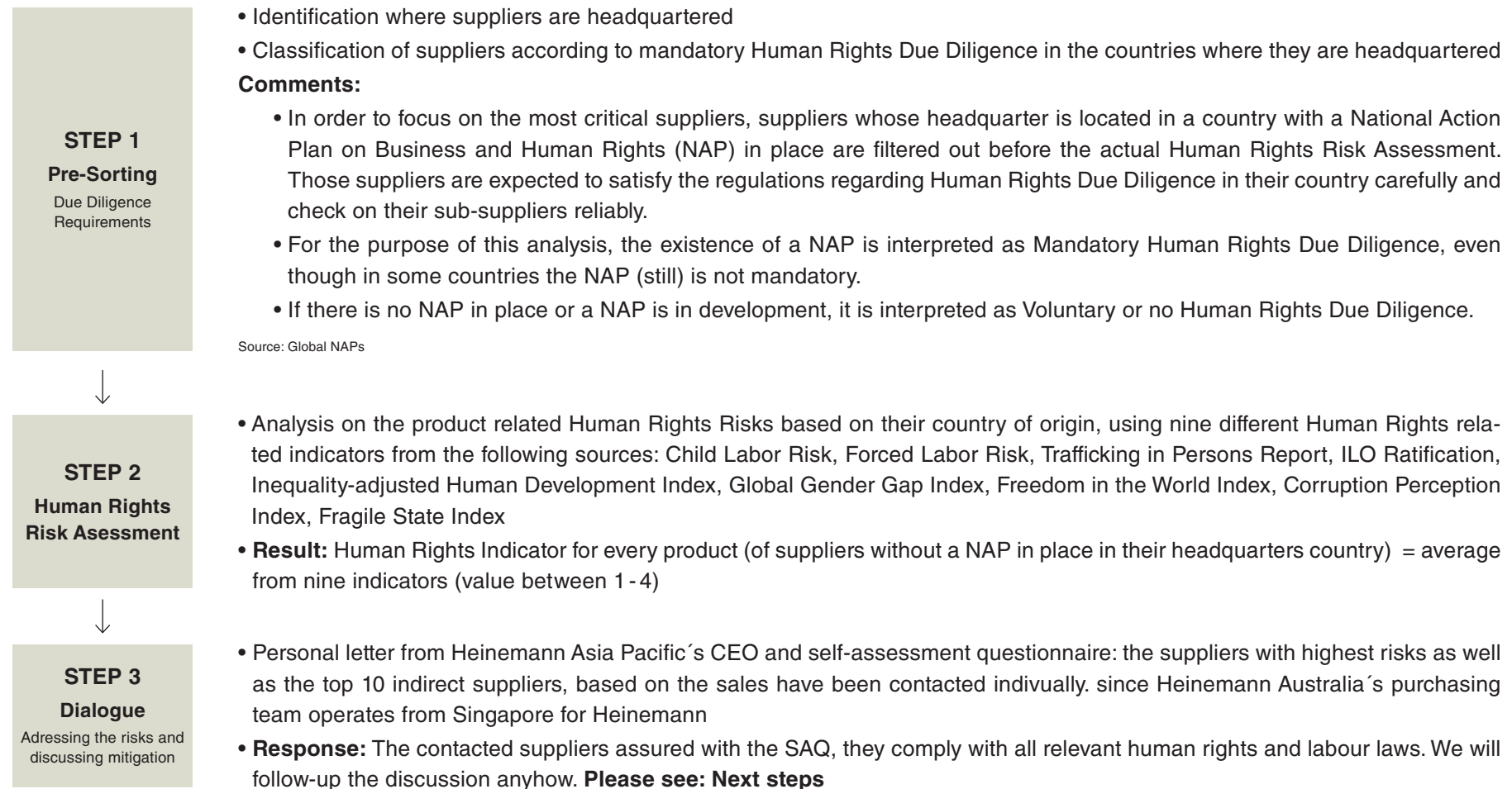
We remain in close contact with our partners and engaging within our industry associations, such as the Asia Pacific Travel Retail Association (APTRA) and the Australian Duty Free Association (ADFA), and the United Nations Global Compact in order to learning and addressing new identified risks and its mitigation linked to the COVID-19 pandemic.

The most positive impact is that we've experienced an impressive willingness to help from our partners who were to date less affected by the crisis than the travel industry.



Modern Slavery risk assessment

We analysed a total of 23,654 products stocked in Heinemann Australia's stores, originating from 68 different countries. Only 11 per cent were classified as critical based on the following methods. The most critical suppliers according to the risk assessment received a personal letter from Heinemann Asia Pacific's CEO and self-assessment questionnaire.



Heinemann Australia staff

We are bound to our employees by an Enterprise Agreement registered with the Fair Work Commission, clearly laying out our obligations to them. These also include base hourly rates for frontline retail staff, ensuring transparency of pay for employees as well as setting expectations for pay increments. We also clearly outline job scopes and areas of responsibility, again ensuring transparency between employee and employer on fairness of pay.

Furthermore, our retail staff are members of the United Workers Union (UWU), one of Australia's largest trade unions. We engage in close, sustained dialogue with UWU to ensure that employee needs and concerns are being represented and consulted in our business decisions.



Next steps and areas of improvement

Our action plan for 2021 in the area of modern slavery risk identification and mitigation will include:

Sustained engagement with direct and indirect suppliers

We will further follow up with suppliers on actions taken to address and mitigate any risks identified in their risk assessment. We will also expand the range of suppliers with whom we directly engage as our operating environment normalizes following the pandemic crisis.

We will also specifically engage with direct and indirect suppliers on measures they have taken to identify and mitigate modern slavery risks resulting from the pandemic crisis.

Implementation of Gebr. Heinemann's global Code of Ethics

The Gebr. Heinemann Code of Ethics, which was first introduced at the global level in January 2021, implements a living and binding Code of Ethics for employees, management, suppliers and other business partners of Gebr. Heinemann group globally and of Heinemann Australia locally as well as reviewing our contractual terms and general purchasing conditions with regards to Human Rights. The Code of Ethics will be rolled out initially to new and then existing suppliers for their acknowledgement, and will ask them to declare any known risks to their supply chain through self-assessment questionnaires and ongoing engagement on sustainable and supply chain initiatives.

The Code of Ethics will be progressively introduced to all corporate and retail employees globally in 2021 through an online training to ensure all employees, whether working remotely or in-person, have a comprehensive understanding of the new Code. We will continue taking external legal advice on the steps necessary to support compliance and identifying key slavery and human trafficking risks in our business and in our supply chains.

Conclusion

These measures represent the beginning of our journey towards a business more responsible and sustainable at all levels of our operations and supply chain. As we slowly emerge from the pandemic crisis in the next few years and we formally codify our global approach to corporate responsibility we look forward to contributing to Australia's fight against modern slavery.

Other documents

Annex A: Heinemann Australia Enterprise Agreement

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