



**Heinemann**  
Australia

# Modern Slavery Statement

**Heinemann Australia Pty. Ltd.**

Financial Year 2020/2021

Date: 15 December 2021

# Introduction

Despite the continued severe damage that the COVID-19 pandemic has inflicted on our business, Heinemann has continued to actively work towards addressing the adverse impacts of modern slavery and other social and environmental risks in our supply chain. In 2021, Heinemann globally undertook several important steps in establishing its commitments to responsible business, the first of which was the introduction of a Code of Ethics, which applies to all employees, subsidiaries (including Heinemann Australia) and business partners around the world. The Code of Ethics sets out clear baselines for business conduct and the key responsible business topics affecting our business.

Heinemann also identified four UN Sustainable Development Goals (SDGs), including decent work and economic growth, as particular focus areas for the company globally. To support the SDGs, our global management committed to four corporate goals that we aim to reach by 2030, including generating half of our sales globally through sustainable products and responsible suppliers and to ensure a safe and decent working environment.

These commitments and goals for our Australian business is a framework within which to work to move our responsible business agenda forward. Concrete steps we have taken in Heinemann Australia since our first Modern Slavery statement include the introduction of our Code of Ethics to all of our employees and suppliers and collecting data from suppliers on their compliance with the Code.



Moving forward, we aim to have a deeper understanding of our exposure to environmental and social risks through examining our product assortment on a product-by-product basis, and conducting a study of our direct environmental and social impact in Australia. We will then act on the data we have available and identify concrete opportunities to address our modern slavery risks and other responsible business topics.

We look forward to continuing this journey in close collaboration with our business partners and our team members.

This statement was approved by the Board of Heinemann Australia Pty Ltd.

Sincerely:



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



**Richard Goodman**  
Managing Director  
Heinemann Australia Pty. Ltd.

# Our business and corporate structure

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, Gebr. Heinemann's regional headquarters and 100% subsidiary has been based out of Singapore 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 is a wholly-owned subsidiary of Heinemann Asia Pacific. Heinemann Australia's presence at Sydney International Airport now consists of eight Duty Free shops with a total floor area of around 10,000 m<sup>2</sup>. In 2018, Heinemann Australia opened two shops at Gold Coast Airport, with a product range focused on wine, spirits, perfumes and cosmetics. In February 2020, Heinemann Australia secured an seven year extension of its Tax & Duty Free contracts at Sydney International Airport, extending our tenure until December 2029.

In 2019, prior to the COVID-19 pandemic, we had nearly 24,000 products ranging from perfumes and cosmetics, confectionery, health and wellness, wine and spirits, fashion and accessories and local souvenirs in our Australian assortment.

Heinemann Australia is proud to boast a dedicated crew of over 200 corporate and retail team members supporting our business and servicing our customers in our shop to deliver upon our brand and service promises.



# Heinemann's global responsible and sustainable business commitments

In September 2021, Heinemann identified four United Nations Sustainable Development Goals (SDGs) we commit to supporting. These are:



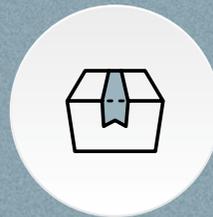
# In line with these SDGs, Heinemann globally has made the following commitments by 2030:



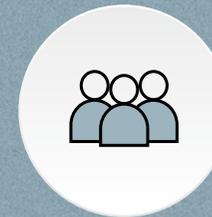
To be carbon-neutral by avoiding CO2 emissions – primarily through the reduction of energy consumption.



To generate more than half of sales through sustainable products and by working with responsible suppliers.



To implement preventive measures such as waste reduction, circular economy and recycling in every part of the value chain.



To ensure a fair, safe and non-discriminatory working environment through global health and diversity standards.

Furthermore, Gebr. Heinemann has been a member of the UN Global Compact since 2018 and has reported on its global progress towards the 10 principles on an annual basis since then.

In January 2021, Gebr. Heinemann introduced a global Code of Ethics (see Annex A), which applies for all Heinemann employees, management, suppliers and other business partners globally including in Heinemann Australia. The Code establishes global standards and guidelines across a wide range of responsible business topics, including human rights and the work environment, environmental protection, anti-corruption, data protection and supply chain security.

The Code of Ethics has been introduced to all corporate and retail employees through online training, ensuring that all employees whether working remotely or in-person have an understanding of the new Code.

The Code of Ethics, along with a Self-Assessment Questionnaire (SAQ), has also been shared with all existing suppliers of Heinemann globally, and will form part of our new vendor onboarding process. This first SAQ issued in 2021 will determine the baseline of Heinemann's

product portfolio sustainability, and kickstarts the discussion on environmental and social risks between Heinemann and its business partners.

**With regards to human and labour rights, the SAQ asks suppliers to:**

- Confirm compliance with relevant national and local legislation and regulations governing human and labour rights and workplace conditions
- Disclose whether they have a human rights due diligence process in place and to share relevant documentation
- Share any relevant human rights and workplace condition certifications such as the SA8000 Standard
- Describe policies they have in place for the protection of internationally proclaimed human rights, freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of modern slavery, payment of employees under fair wages and the elimination of discrimination in the workplace

# Modern Slavery risk assessment in our value chain

As a retailer, the majority of Heinemann Australia's human rights risks derives from its wide-ranging product portfolio, comprising of international and local Australian products. According to the SAQs received from 35 Heinemann Australia suppliers thus far, all but three have a human rights due diligence process in place, and most have provided supporting documentation. These suppliers account for 60% of purchasing volume in Australia over 2020 and 2021.

The feedback reported in this statement was collected either from the local or regional subsidiary from whom we directly purchase products, or its global parent company. We will continue to work with suppliers on completion of the SAQs and their progress in addressing human rights and modern slavery risks in their supply chains.

We have opened a new tender for our third-party logistics provider, one of our most significant business partners, and as part of the process we have included a human rights due diligence assessment for all tender participants.

# Verification process

Heinemann Australia relies on the following measures to verify its supply chain risk assessment findings:

- Suppliers' mandatory disclosures, such as Modern Slavery statement in the United Kingdom, Australia and other jurisdictions, and public sustainability or non-financial reporting
- Widely recognized third-party certifications related to Modern Slavery risk mitigation held by suppliers
- Discussion of environmental and social responsibility topics during day-to-day business with suppliers
- Participation in industry forums such as the Asia Pacific Travel Retail Association, the Australian Retailers Association and the Australian Duty Free Association for joint industry discussions and collaboration on responsible business topics
- Consistent engagement and consultation with the UWW on workplace and employment issues
- A corporate whistleblower policy

# Heinemann Australia staff

We are bound to our employees by an Enterprise Agreement registered with the Fair Work Commission, clearly laying 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, many of 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.

Regretfully, in 2021 we have had to self-disclose some instances of underpayments to the Fair Work Ombudsman (FWO), our union, all current employees and all affected former employees. We have made remediations to all affected current employees and former employees we have been able to reach, resolved the system issues that resulted in the underpayments, and put in place new checks to ensure these errors do not recur. We are currently in discussions with FWO on further steps we need to take. We have apologized unreservedly and wholeheartedly to all of our current and former employees for these errors and continue to work towards regaining their trust.



# The continuing impact of COVID-19

Since the submission of our previous Modern Slavery statement, Heinemann Australia continued to be severely impacted by international border closures and domestic lockdowns. The prolongation of our extreme financial stress due to the COVID-19 crisis has meant that we unfortunately had to further reduce our workforce, which we did in consultation with our team members and the UJU and in line with our corporate values of fairness and compassion and our Enterprise Agreement with our employees.

Ensuring employee health and safety continued to be a matter of extreme urgency and priority and we worked closely with employees, UJU and our business partners to enforce compliance with health and safety best practices in our shops and corporate office, whether for employees or visitors.

# Next steps and areas of improvement

Our action plan for 2022 in the area of modern slavery risk identification and mitigation will include:

1

## **Product-by-product environmental and social risk assessment**

From 2022, we will be putting in place a more environmental and social risk assessment that not only addresses supplier practices but examines each item in our product assortment. As part of this process, we will identify the top environmental and social risks associated with each product category, for a more concrete discussion with suppliers on steps they are taking to mitigate these specific risks.

The collection and analysis of this data will enable us to work together with our partners to adjust our assortment to meet our global commitment to generate half of our sales through sustainable and responsible products by 2030.

2

## **Sustainability impact study at Heinemann Australia**

Heinemann Australia has engaged a consultancy to conduct an assessment of its environmental and social impact and help create a local roadmap. Following the assessment, we will create a strategy identifying opportunities and gaps in our environmental and social risk mitigation that we can implement for our business.

3

## **Continuing engagement with direct and indirect suppliers**

Annual engagement with all suppliers to track progress against human rights and labour practices measures in the Code of Ethics. Those suppliers who are unable to provide evidence of human rights due diligence processes, will be asked to explain why they do not have one. We will progressively ask suppliers to provide information on environmental and human rights standards for their products so that we have a clearer and more granular view on our product assortment and can engage with suppliers on a more concrete level.

Embedded into discussions with suppliers will be the opportunity for suppliers to make our Purchasing department aware of new products that meet sustainability criteria, including certifications that verify protection of labour rights. This will enable us to work with our partners to progressively adjust our assortment and mitigate our environmental and social risks.

# 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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