

## Management Approach

# A Robust Plan for Effective ESG Management

## Gebr. Heinemann's Management Approaches to sustainability.

Within its fact- and figure-based sustainability strategy, Gebr. Heinemann has articulated both measurable and ambitious goals extending to 2030. These goals are supported by targeted actions across the areas of "Environment," "Social," "Governance," and "Responsible Value Chain." In most areas, Gebr. Heinemann has already taken decisive measures and is also on the way to launching further initiatives. Overall, the company is consistently pursuing a precise road map to achieve its 2030 goals. Further insights into the background of Gebr. Heinemann's sustainability strategy can be found in the article "Driving the Sustainable Evolution of Global Travel Retail" starting from page 23 of this Annual Report.

### — Environment

#### Leaving the Lowest CO<sub>2</sub>e Footprint

Gebr. Heinemann aims at climate-neutral business and uses resources as efficiently as possible, taking one step at a time toward decarbonization. For its strategy in the "Environment" pillar, the overarching goal is to leave the lowest carbon footprint for future generations in global travel retail and to define and achieve the most ambitious savings target compared to the competition. This area of

action includes the work areas "Climate Action," "Environmental Protection," "Resource and Waste Management," "Protection of Nature and Biodiversity," and "Water Management."

As part of the Science Based Targets initiative (SBTi), Gebr. Heinemann is committed to the 1.5 degree target of the Paris Climate Agreement and has therefore set itself the ambitious target of net zero for Scope 1 and 2 by 2030. From 2019 to 2022, the company already reduced its emissions in Scope 1 and 2 – which includes energy, electricity, and its vehicle fleet – by around 50 percent. 2019 is the reference year for Gebr. Heinemann. At that time, the company recorded its carbon dioxide emissions in Scopes 1 to 3 at 60 locations worldwide as a starting point.

In order to achieve its net-zero target in Scopes 1 and 2 by 2030, Gebr. Heinemann will implement a wide range of measures in the coming years, including the conversion of the remaining gas heating systems to low-emission technologies at the headquarters and in the warehouses of the entire group, the replacement and modernization of air-conditioning systems and coolants in stores, the complete switch to green electricity, and the

continuous conversion of its own vehicle fleet to completely emission-free technologies. The company expects to achieve further significant emission savings by the end of 2024, for example, by converting the gas-powered heating system at the Hamburg headquarters to sustainable industrial waste heat.

Another lever for reducing emissions is in the area of transportation (Scope 3). Here, Gebr. Heinemann saved around 15 percent between 2019 and 2022. The "Norway Hub" (N-Hub) in Oslo, the company's first regional warehouse in Europe, which went into operation in the fourth quarter of 2022, makes a major contribution to this alongside the two German logistics centers. With the N-Hub, Gebr. Heinemann saves around 300,000 kilometers of transport between Germany and Norway every year – equivalent to around 570 tons of carbon dioxide.

For Scope 3, Gebr. Heinemann is pursuing the overall goal of a 50 percent reduction per ton of sales volume by 2030. This mainly relates to upstream transportation and services (Scope 3.4), downstream transportation and distribution (Scope 3.9), waste (Scope 3.5), and business travel (Scope 3.6). To achieve this goal, the company is already piloting measures such as the use of alternative fuels on selected routes in Denmark, Norway, and Germany and shifting transportation to rail and sea with biofuels. In order to optimize logistics flows, Gebr. Heinemann also already started planning for additional regional warehouses in 2023, including in the Middle East/Africa region.

Gebr. Heinemann will have the measures and the implementation of the emissions targets validated externally. To this end, the company is planning to participate in the Carbon Disclosure Project (CDP) in 2025. A valid database for global emissions data is an essential basis for participation in the CDP as well as for the future CSRD reporting, particularly for the reportable scope of consolidation. For this purpose, Gebr. Heinemann reformulated the global reporting processes for emissions data and

other CSRD-relevant key figures and initiated an IT project. Furthermore, from 2024 onward, the company will also collect emissions data for Scope 1 to 3 and further nonfinancial figures globally in the same way as the previous financial indicators by expanding and modifying the existing reporting landscape. This will be followed by a system-based calculation and evaluation of the input data in the reporting tool, which will be integrated into the company's system landscape in 2024.

Raoul Spanger, Co-Chief Executive Officer, and Inken Callsen, Chief Commercial Officer, are responsible for the "Environment" area of action at management level while Saskia Möller, Director Legal, Compliance & Sustainability, is responsible for its implementation.

### — Social

#### Implementing the Strongest DE&I Strategy and Work Conditions

With the ambition to be the most human-centric company in global travel retail, Gebr. Heinemann has made the appreciation of people a cornerstone in the vision of its mission statement. This appreciation goes hand in hand with the obligation to ensure and actively support a diverse, equitable, inclusive, fair, and safe working environment.

In the "Social" area of action, Gebr. Heinemann pursues the overarching strategic goal of implementing and pursuing the best diversity, equity, and inclusion (DE&I) strategy and ensuring the best working conditions in global travel retail. The "Diversity and Equal Opportunities," "Occupational Health and Services," "Learning and Development," "Wages and Benefit," and "Employee Engagement" work areas belong to this area of action.

Gebr. Heinemann is initially focussing on DE&I. In 2023, the company defined seven core areas, namely work-life balance, collaboration, leadership, employee development and recognition, new talents, workspace, and communication. These

were backed up with local and global targets and measures, which had been developed by global work groups and will be implemented step by step.

Gebr. Heinemann intends to establish the major cornerstones of its DE&I strategy throughout the company by the end of next year. On the 2024 agenda are the rollout of a group-wide, global communication platform for all employees, the review of all locations for accessibility and access options, and the expansion of the whistleblower system on a global level. For 2025, the company has set itself the goal of having the implementation and target achievement of the DE&I strategy confirmed by the new ISO standard 30415:2021.

Co-Chief Executive Officers Raoul Spanger and Max Heinemann are responsible for the “Social” area of action at management level, while Saskia Möller, Director Legal, Compliance & Sustainability, and Ché Lewer, Vice President People & Culture, are responsible for its implementation.

#### — Governance

### Creating the Most Ethical Business Culture

Ensuring sustainability in the perception and activities of the entire global group of companies requires clear guidelines and processes and a dedicated organizational structure. In order to establish these, Gebr. Heinemann has created the “Governance” area of action. Here, the company pursues the overarching strategic goal of securing the most ethical business culture in global travel retail. The “Governance” area of action includes the “Ethical Business Culture,” “Trust and Transparency,” and “Customer Focus” work areas.

With the aim of encouraging more visibility within the corporate group and among its global partners, Gebr. Heinemann established an independent Compliance & Corporate Responsibility department within its organization at the Hamburg headquarters in January 2023. Last year, the company also appointed a global Corporate Respon-

sibility Committee to ensure the worldwide monitoring of its sustainability strategy and to bring about faster decisions. The committee is made up of members of the Management Board and representatives of subsidiaries and holdings. They can take far-reaching decisions on projects or individual goals and present recommendations to the Management Board.

For 2024, Gebr. Heinemann has set itself the goal of establishing two subcommittees, the DE&I Steering Committee and the Environment Steering Committee. In order to create an ethical corporate culture on a broad level, the company is also planning to introduce its own global ambassador network, the Sustainable Minds, which will be made up of various members worldwide.

Co-Chief Executive Officer Raoul Spanger is responsible for the “Governance” area of action at management level, while Saskia Möller, Director Legal, Compliance & Sustainability, is responsible for its implementation.

#### — Responsible Value Chain

### Securing the Highest Human-Rights Standards

The fourth area of action, “Responsible Value Chain,” which Gebr. Heinemann has added to its ESG reporting, is company-specific and is derived from its special role between the producer and consumer. As a retailer, Gebr. Heinemann cannot directly influence production criteria such as the carbon footprint of a specific item. For this reason, the company must keep a particularly close eye on its value chain and work closely with all partners to ensure that sustainable production standards are high and human rights are respected.

In this area of action, Gebr. Heinemann is pursuing the overarching strategic goal of securing the highest human-rights standards in the value chain in global travel retail. This includes the work areas “Supplier Relationships,” “Human Rights in Our Supply Chains,” “Sustainable Product Experience,”

and “Protection of Affected Communities.” The company primarily uses the independent assessment platform EcoVadis to evaluate and continuously monitor the human-rights, environmental protection, and compliance performance of its suppliers. In addition to the EcoVadis assessment, Gebr. Heinemann recognizes “Benefit Corporation” (B-Corp) certifications and ratings from the Supplier Ethical Data Exchange (SEDEX) audits that suppliers can demonstrate.

By the end of 2023, the company had already covered 30 percent of its purchasing volume with independent certifications. By the end of 2024, this figure should be at least 80 percent. In order to set a good example and have its own human rights management performance externally validated, Gebr. Heinemann has set itself the goal of raising its own EcoVadis rating to Gold or Platinum level in the medium term.

While increasing supplier transparency is one major step toward a robust human rights regime, there is also a growing need for sustainable partnerships to work on the further aspects of the “Responsible Value Chain” area, both with suppliers and customers. For this reason, Gebr. Heinemann began concluding joint green business plans with suppliers such as L’Oréal and customers such as airports in 2023. They aim to identify potential for sustainable improvement along the value chain, starting with product criteria, logistical conditions, sustainable innovations through to the responsible and value-adding handling of returns and social commitment.

The sustainable product portfolio is also a focus of the “Responsible Value Chain” area of action. In 2023, Gebr. Heinemann further developed its “future-friendly” category concept in order to expand its sustainable range and introduce it around the globe. With the future-friendly categorization, the company draws the attention of travelers in its shops to ecologically and socially responsible products and thus offers them reliable guidance to make the best purchasing decision.

In the further development of the category concept, Gebr. Heinemann has expanded the previous five sustainability attributes to twelve, based on the results of market research and studies. Using its own rating system, which evaluates and weights these twelve attributes, Gebr. Heinemann now determines a specific sustainability score for each product. The company plans to roll out its enhanced category concept company-wide in the second half of 2024.

Inken Callsen, Chief Commercial Officer, and Florian Seidel, Chief Sales Officer, are responsible for the “Responsible Value Chain” area of action at management level, while Saskia Möller, Director Legal, Compliance & Sustainability, and Sören Borch, Director Sales Experience & Excellence, are responsible for its implementation.