

HEMA Modern Slavery Statement 2020/2021

This statement has been published in accordance with the UK Modern Slavery Act 2018 and the French Law against modern slavery, dated May, 21, 2001 and Sapin-II anti-corruption law, dated Dec, 9th, 2016. It sets out the activities undertaken by HEMA B.V., HEMA France SAS and HEMA UK Limited B.V. and other subsidiaries and/or group companies of HEMA B.V. (hereinafter together also referred to as "HEMA") to prevent violations of human rights, including modern slavery and human trafficking in its own business and in its supply chains, corruption, health risks and environmental pollution, in the financial year ending February 1st, 2021.

HEMA BV

HEMA is one of the leading Dutch brands selling private label products in the foods, apparel and home textiles, hard goods and services departments. Established in 1926, HEMA now has over 766 stores in 10 countries in Europe and the Middle East, and is active online through our [web shop](#) in the Netherlands, Belgium, Germany, France, Austria and the United Kingdom. HEMA employs a total of 19.000 people handling six million customers a week. Apart from stores, HEMA has a support office located in Amsterdam, three central distribution centers and four decentralized bakeries. HEMA B.V. has recorded an annual net sales of 1,2 billion EUR in the financial year of 2018.

HEMA's operations

HEMA's operations include all activities in all countries undertaken to pursue our business objectives and strategy. Our management style aims to create conditions in which our employees are committed to provide good, safe and healthy working conditions. HEMA has established and put in place a Code of Conduct. HEMA's [Company Code of Conduct](#) prescribes inter alia the desired and expected behavior when it comes to doing business. It outlines HEMA's values and is applicable to all its employees, business units and business partners.

Grievance policy in HEMA operations

HEMA finds it important that employees can express their needs and discomforts within the organization. In case an employee has a complaint regarding rules following social policies,

reintegration of work, (sexual) harassment, bullying, and discrimination, HEMA's complaint procedure can be followed. Grievances can be expressed to the manager, Human Resources, the confidential advisor or the compliance officer within HEMA. In response to a complaint, HEMA will institute an investigation and if necessary, appropriate measures will be taken. The employment agreements cover the law of the individual right of complaint and the grievance handling procedure is included in HEMA's [Company Code of Conduct](#).

HEMA's supply chains

With a product range of over 32,000 products HEMA's supply chains are global in nature. To manage these supply chains HEMA has sourcing offices in Dhaka, Hong Kong and Shanghai and strong relationships with agents in Turkey and Pakistan. HEMA sources products from over 40 countries worldwide and has over 445 suppliers on a yearly basis. Amongst the higher risk countries, China, Bangladesh, Turkey and India are highest ranking in terms of the number of production locations and buying volume.

Transparency

HEMA attaches great importance to supply chain transparency and sees this as a first step towards social compliance. We require all of our suppliers to disclose all production locations that are used to manufacture HEMA products. We strongly believe that we must work together to improve working conditions at suppliers and producers, and this starts with transparency. HEMA has signed the Transparency Pledge and has disclosed all production locations online on its [website](#).

Policy documents and contractual agreements

A specific section in HEMA's Code of Conduct is directed towards HEMA's suppliers and its partners in the international supply chain. Upon the start of a new business relation a copy of the Code of Conduct is provided to the supplier. HEMA's Code of Conduct is based on ILO Conventions, the Universal Declaration of Human Rights, the Convention on Rights of the Child and the Convention on the Elimination of all forms of Discrimination against Women and contains a specific section concerning forced and bonded labour. Furthermore, HEMA's Code of Conduct is an integral part of HEMA's General Purchase Conditions which apply to all contracts and orders between HEMA and its suppliers.

Grievance policy in the supply chain

A complaints mechanism in our supply chain allows workers to express their needs and inconveniences to factory management, allowing them to make their voices heard. HEMA is committed to assess and jointly improve the effectiveness of these mechanisms at the local production sites. Because we are aware that an audit is only effective to a certain extent and the implementation of a complaints system is a gradual process, we also welcome complaints from workers in our supply chain directly and help resolve internal issues. Complaints can be submitted via the mechanisms of the Dutch Agreement on Sustainable

Apparel and Textiles, Bangladesh Accord and amfori Business Social Compliance Initiative. In case HEMA receives a complaint, we conduct a factual investigation and provide an action plan accordingly.

HEMA's activities to prevent inter alia violations of human rights in the supply chain

HEMA has specific approaches per product segment when it concerns promoting fair labour conditions and preventing violations of human rights and environmental pollution.

1. Food products

For its food segment, HEMA's policy is to source the bulk of its products from non-high-risk countries, predominantly Europe. For a select range of products ingredients and raw materials come from higher risk countries. These products are all certified by one of the following quality marks:

- Fair Trade (tea)
- Rainforest Alliance (coffee)
- UTZ (cacao/chocolate)

All three standards are based on and underpin the applicable ILO conventions. To further reduce risk, HEMA works with following standards:

- ASC/MSC (fish)
- Beterleven (meat)
- Organic (dairy)
- Roundtable for Responsible Palm Oil

2. Textiles and hard goods products

For HEMA's textile and hard good products, HEMA has an audit system to monitor the supply chain as well as several product certification standards. HEMA works with following standards for textile and hard good products.

- Global Organic Textile Standard (cotton)
- Better Cotton Initiative (cotton)
- Organic Content Standard (cotton)
- Roundtable for Responsible Palm Oil (cosmetics)
- Responsible Down Standard (down)
- FSC® (wood and paper)

HEMA requires its textile and hard good suppliers to sign a Supplier Declaration on Social Compliance in which they agree to provide continuous supply chain transparency and help facilitate the implementation of HEMA's Social Compliance policy. HEMA's Social Compliance

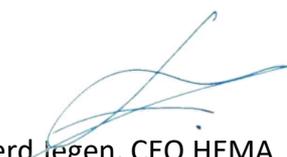
policy is based on a development approach. Production locations producing HEMA goods are visited (before order placement) and will have to show compliance with HEMA's minimum requirements. One of these minimum requirements concerns 'no forced and bonded labour'. Amongst the various checks performed to ensure compliance with this requirement, those specifically related to modern slavery and human trafficking are the following:

- Personnel files with copies of signed labour contracts and IDs of all workers are available
- Forced overtime is prohibited
- No loans exceeding two months' salary are provided to the worker
- No unlawful withholding of salary is identified

After compliance to HEMA's minimum requirements, production locations will have to show progress in their level of compliance to international standards by becoming involved with amfori Business Social Compliance Initiative (BSCI). Within the BSCI Code of Conduct, modern slavery is at the core of at least two of its principles: No Precarious Employment and No Bonded Labour.

By becoming a signatory to the Dutch Agreement on Sustainable Apparel and Textiles in 2016, HEMA is yearly evaluated on its action plan to fight discrimination, child labour and forced labour in the supply chain, and reduce the negative impact of activities on the environment, prevent animal abuse, reduce the amount of water, energy and chemicals used, and produce less chemical waste and waste water. This sector-wide multi-stakeholder initiative comprised of brands, trade unions, NGOs and the Dutch Government aims to make the garment industry more sustainable.

In the HEMA [annual sustainability report](#) we yearly report on our activities, ambitions, and progress on sustainability objectives.



Tjeerd Jegen, CEO HEMA