

HEMA Modern Slavery Statement 2016/2017

This statement has been published in accordance with the UK Modern Slavery Act 2015. It sets out the activities undertaken by HEMA B.V. to prevent modern slavery and human trafficking in its own business and in its supply chains in the financial year ending February 1st 2017.

HEMA BV

HEMA B.V. is one of the leading Dutch retailers selling private label products in the foods, apparel and home textiles, hard goods and services departments. Established in 1926, HEMA now has over 550 stores in the Netherlands and is continually expanding across seven countries in Western Europe (Belgium, Luxembourg, Germany, France, Spain and the UK). Apart from stores, HEMA has a support office located in Amsterdam, a central distribution centre and four decentralized bakeries. HEMA has recorded an annual turnover of 1.2 billion EUR in the 2015 financial year.

HEMA's supply chains

With a product range of over 30,000 products HEMA's supply chains are truly global in nature. To manage these supply chains HEMA has sourcing offices in Dhaka, Hong Kong and Shanghai and strong relationships with agents in Istanbul, the Middle East and Lahore. HEMA sources products from over 50 countries worldwide. HEMA works with over 700 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.

Policy documents and contractual agreements

HEMA's Code of Conduct prescribes the desired and expected behaviour when it comes to doing business. It outlines HEMA's values and is applicable to all its employees, business units and business partners. A specific section in the code 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.

HEMA's activities to prevent human trafficking and modern slavery in the supply chain

HEMA has specific approaches per product segment when it concerns promoting fair labour conditions in its supply chains.

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)

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- UTZ (cacao/chocolate)

All three standards are based on and underpin the applicable ILO conventions.

Textiles and hard goods products

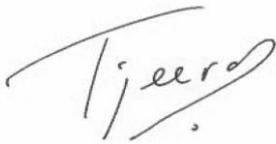
For the textiles and hard goods segments, HEMA requires its direct suppliers to sign a Supplier Declaration on Social Compliance in which its direct suppliers agree to provide continuous supply chain transparency and help facilitate the implementation of HEMA's Social Compliance policy.

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

Furthermore, production locations will have to show progress in their level of compliance to international standards by becoming involved with BSCI. Within BSCI Code of Conduct modern slavery is at the core of at least two of its principles: No Precarious Employment and No Bonded Labour.

Lastly, in 2016 HEMA has become a signatory to the Dutch Agreement on Sustainable Apparel and Textiles. This sector-wide multi-stakeholder initiative comprised of brands, trade unions, NGOs and the Dutch Government aims to make the garment industry more sustainable. HEMA is a member of the steering committee.



Tjeerd Jegen, CEO HEMA