

## **goal of the code of conduct**

### **to whom does the code of conduct apply**

Our employees, most of whom have intensive contacts with our customers and suppliers, play an important role in determining the public image of the various retail formats and are therefore crucial to the image and reputation of our company. Keeping that reputation intact is essential. This code of conduct is available to all of our employees. We expect all our employees to be aware of and understand our basic policies, act accordingly and actively represent them. A number of other matters are dealt with in detail in our house rules.

When certain categories of employees enter employment they are required to confirm in writing that they understand the code of conduct and will abide by it. These categories are the following:

- management
- senior management
- employees that fall under the HEMA CAO HP
- supervisors in the branches except for the team leaders
- group managers in the distribution centre
- managers in the bakeries
- users and de administrators of the warning registry as far as these persons do not fall within the other categories
- other specifically designated officials.

Subsequently, these employees will be asked to sign a confirmation again once every year.

An important role is reserved for the executive staff within HEMA, in relation to the code of conduct.

Managers must serve as examples to others and must ensure that the employees in their department or team possess the knowledge required to be able to comply with the code of conduct. Managers are the first person employees approach if they have questions regarding compliance with the code of conduct.

Franchisees also determine the image of our store formulas. We therefore regard the code of conduct as an integral part of the franchise formula and expect our franchisees to support and comply with our code of conduct. Finally, certain aspects of the code of conduct also apply to our suppliers and agents and other third parties with whom we do business. In certain cases this is specifically stated in writing. But even if the code of conduct does not explicitly apply to our business partners, we expect them to respect the fundamental values embodied in the code of conduct.

### **scope of the code of conduct**

In this code of conduct we describe our primary objectives. These apply to all of HEMA's divisions. Departments may complement the code of conduct with further guidelines or rules regarding the way in which the employees, suppliers and other stakeholders should behave if they work for or do business with HEMA. These additional guidelines or rules may not contradict this code of conduct and, in principle, can only contain a more detailed elaboration.

### **developments**

HEMA has a long history since the foundation of our company in 1926. Our company has gone through many changes over the course of time. It will also continue to develop in the future. Given that we work and live in a dynamic environment, we

want to regularly review the code of conduct and adjust it if necessary. At all times, this code of conduct reflects developments within society and our own views regarding the role and position of our company within society.

## **definitions**

### **accounting manual**

The manual with all accounting regulations that apply within HEMA, maintained by the F&A department

### **authorisation regulations**

Regulations indicating the internal and external authorised signatories within HEMA

### **compliance officer**

The central contact for all complaints, reports and questions regarding integrity and the code of conduct.

### **management team**

Joint members of HEMA's management team

### **HEMA**

HEMA B.V. and all its allied partnerships, such as HEMA Bakkerijen B.V., HEMA België B.V., HEMA Duitsland B.V., HEMA Financial Services B.V. and HEMA Far East Ltd.

### **HRM**

Human Resources Management (the personnel department is a part of the HRM department)

### **information security policy**

Regulations describing the system of measures that HEMA takes to guarantee the availability, integrity and confidentiality of data and information systems

### **whistleblower regulations**

Regulations describing how reports of observed abuse should be managed

### **manager**

A person tasked with managing HEMA employees

### **employee**

A person who performs duties for HEMA, whether or not in the employ of HEMA

## **integrity**

### **starting point**

HEMA should be seen to be a dependable company. Our integrity should be beyond all doubt.

In view of HEMA's important social role, it is imperative that all our employees comply with the legislation and regulations of the countries in which we are active and also comply with the values and standards that apply within HEMA and which have been laid down in this code of conduct. We expect our employees to show integrity in dealing with each other, with clients and with third parties. We also expect integrity and reliability from our business partners, such as suppliers, agents and franchisees.

### **privacy**

We respect the privacy of our customers and employees and protect their personal data.

In the course of carrying out our operations, we may gather information regarding customers, suppliers, competitors and other parties. HEMA treats this data as confidential and will only use the data for its own acceptable commercial purposes, while always complying with current legislation. Data relating to employees is only provided if there is a legal obligation to do so or this is required for the implementation of regulations.

### **gifts / invitations**

The general rule is that HEMA employees are not allowed to give or accept gifts.

Exceptions are gifts below € 50. These may be accepted or given if the employee is convinced that this will not influence business interests.

The acceptance of gifts below € 50 should be reported to the manager. If desired, the manager may discuss this with the compliance officer. Gifts above € 50 may not be accepted. Regarding gifts above € 50, the following exception applies: there are some cases where refusal of a gift could cause embarrassment or hurt to the person offering it. For example when visiting another country and the gift is something from that country, offered as part of a public occasion. In these cases, the gift may be accepted on behalf of HEMA and this must be reported to the manager and handed in to HEMA's compliance officer. This also applies to gifts sent by post with a value of more than € 50.

All gifts that are received around Christmas must be handed in and will be distributed amongst the personnel.

By gifts we do not only mean products, but also such things as services, entertainment, and tickets for sports events. In short, anything that is given voluntarily and has a certain value for the recipient. Dinners must be paid for by employees themselves unless their manager or the management team has approved payment by HEMA or the other party. Invitations to trips or events can only be accepted after approval by the manager or management team.

We expect our suppliers and other business partners to refrain from offering gifts to our employees or to third parties with the aim of influencing them. Should we find that this is not complied with, we may end the commercial relationship.

Bribes may not be accepted under any circumstances.

### **theft and fraud**

It is HEMA's policy to report to the police any cases of theft and fraud by external parties connected with HEMA. Cases of internal theft and fraud will, in principle, lead to an ending of the employment contract and the matter will be reported to the police. For persons working at HEMA BV in the Netherlands, incidents will additionally be recorded in HEMA's incident registry and possibly also in the warning registry of the Stichting Fraude Aanpak Detailhandel (Stichting FAD) (Foundation for Tackling Fraud in the Retail Business).

Possible damages and costs incurred for the hiring of a detective agency will be reclaimed from the perpetrator. The costs include expenses for setting up secret camera(s), conducting investigations and related administrative costs.

### **accounts**

The management must ensure that all relevant transactions and other actions are recorded in the company's accounts in a correct, accurate and truthful manner. Regulations concerning the management of the accounting are described in the accounting manual.

Authorisations concerning entering into contracts and authorisation of contracts and invoices are described in the authorisation regulations.

### **conflicts of interest**

Our business depends on the trust of our customers, suppliers and other third parties. Conflicts of interest or the appearance of conflicts of interest undermine HEMA's good reputation. A conflict of interest arises in a situation in which the position of

an employee within HEMA is used to serve personal, commercial or financial interests, whether this be to the detriment of HEMA or not.

Any situation, in which a conflict (or the appearance of a conflict) could arise between personal interests and the interests of HEMA, should be avoided. In particular, any transaction in which an employee has a personal interest, must be approved by the management team. This includes transactions with that employee himself or herself, but also transactions with businesses in which an employee has an interest or is in any other way involved (for example as an advisor or as a member of a company's board). However, this does not apply to entering into or amending employment agreements or to purchases at HEMA made in the ordinary course of business.

## **doing business**

### **customers**

Our success depends on our customers. Therefore, we do our utmost to meet or exceed our customers' needs. We provide our customers with good service and are open to complaints, comments and recommendations.

### **competition**

We conduct our business on the basis of honest and ethical management, good faith and integrity. We expect the same from everyone with whom we do business.

Legislation on competition aims to promote free and fair competition. HEMA complies with this legislation. HEMA supports constructive legislation prohibiting trade restrictions, dishonest practices and abuse of economic power. Competition legislation dictates that HEMA employees may not exchange information on prices and market shares with competitors.

## **capital assets and information**

### **the company's assets**

Employees are responsible for the proper use, protection and maintenance of HEMA's assets and resources. These include cash, goods, cheques, credit cards, invoices and receipts, but also, for example, paper and the telephone. It is essential that these assets and resources are protected against abuse, loss or theft.

### **use of the computer, internet and email**

HEMA has an information security policy. Each employee and IT service provider is expected to understand this policy and apply this within his or her own sphere of influence. For the use of internet and email, a specific protocol has been drawn up (Appendix B of the information security policy). This protocol includes the following regulations:

- Employees are not permitted to knowingly visit sites or to send emails that are of a pornographic, racist or of an otherwise inappropriate or unacceptable nature.
- Employees must keep their personal use of internet and email, such as telephoning and faxing to a minimum and any such use should be in accordance with HEMA's professional character.
- Employees are not permitted to download and install software, unless this falls within the scope of carrying out (IT) duties.

- Employees are not permitted to post messages on the internet that could damage HEMA's good name or interests. HEMA expects employees to take care when making any statements or remarks regarding HEMA in any form whatsoever. Employees must refrain from making statements or remarks that could damage HEMA's reputation or cause commercial damage to HEMA. Sensitive business-related information (such as planned openings, new products, changes to personnel or the organization) or information that may harm HEMA's reputation may not be made public by any means including via the internet and services such as Twitter, Facebook, LinkedIn, blogs and other forums. Additionally, an employee must always bear the possible consequences of placing a message on social media in mind, in view of the fact these messages can be read by anyone..
- Employees are not permitted to make promises or statements that could harm HEMA or its employees.

In principle, HEMA does not record any personal data with regard to the use of email or the internet. However, the use of email or the internet may be monitored on an incidental basis if there are reasons to suspect excessive private use or misuse. Permission from the management is required in these cases.

### **confidentiality**

Every employee must handle confidential data with great care.

Employees handling confidential information have a duty to keep such information confidential during and after the term of their employment or after the completion of their work.

Unapproved disclosure of this kind of information can harm HEMA and can lead to disciplinary measures.

Any public statements (in publications, interviews, etc.) by employees regarding strategic information related to HEMA require permission from HEMA's management/department of corporate communications.

## **working conditions and working environment**

### **starting point**

Our management style aims to create conditions in which our employees are committed to and feel responsible for their work. HEMA provides good, safe and healthy working conditions.

### **discrimination**

HEMA's personnel policy forbids discrimination on the grounds of gender, race, religion, sexual inclination, political preference, disability or other similar attributes. No discrimination whatsoever on the basis of these characteristics shall be tolerated.

### **intimidation and harassment**

Sexual harassment, other kinds of intimidation and harassment are not acceptable.

Managers should be alert to possible cases of intimidation or harassment and immediately report such a situation to the HR department and to end this situation as quickly as possible. Reports of intimidation or harassment can be made to the employee's manager or supervisor, HR department, confidential counselor or the compliance officer.

An employee may also submit a complaint. In the event that a complaint is made, HEMA will start an investigation and, if necessary, take appropriate action. The complaints procedure is applicable, as described in the HEMA CAO (HP).

## **use of drugs and alcohol**

We expect our employees to behave in an appropriate manner at all times. This means, amongst other matters, that the consumption of alcohol or drugs at work and during working hours is not permitted. Employees are not permitted to arrive at work under the influence of alcohol and/or drugs. This means that the company doctor may be involved or that appropriate measures may be taken.

During business dinners, receptions or a (goodbye) party, the consumption of alcohol is allowed, in moderation.

## **the right of association**

Employees have a right of association and are entitled to bargain collectively. They are also entitled to become a member of a trade union or works council.

## **other activities**

Employees are welcome to have other activities, as long as these are not in conflict with HEMA's interests or image. If these activities have to be fitted into daily working activities, this should be arranged in consultation with management.

Employees must obtain permission from HEMA for a second job and/or a position on the board of a different company.

# **working conditions at suppliers**

HEMA and our business relations purchase products from a large number of countries with very different cultural backgrounds and social conditions. Therefore, we have set a number of basic conditions concerning working methods and conditions that we expect our suppliers and manufacturers to meet.

In accordance with the ILO conventions, the Universal Declaration of Human Rights, the Convention of Children's Rights, and the Convention on the Elimination of all Types of Discrimination against Women, HEMA aspires by means of this code of conduct to comply with the following social standards:

- **legal compliance**  
Compliance with all applicable national laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements, whichever requirements are more stringent.
- **freedom of association and the right to collective bargaining**  
The right of all personnel to freely associate and to become members of a trade union of their choice in order to negotiate collectively, will be respected. In situations or countries in which the rights regarding freedom of association and collective bargaining are restricted by law, parallel means of independent and free organisation and bargaining shall be facilitated. It will be ensured that personnel representatives have access to the workplace of member personnel. This is in accordance with ILO conventions 87, 98, 135 and 154.
- **prohibition of discrimination**  
No discrimination will be tolerated regarding appointment, salary, access to education, promotion, dismissal or retirement on the basis of gender, age, religion, race, caste, social background, disability, ethnic and national origin, nationality, membership of a workers' organisation including unions, political affiliation, sexual orientation, or any other personal characteristics. This is in accordance with ILO conventions 100, 111, 143, 158 and 159.
- **salary**  
Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and/or industry standards in the relevant country. Illegal, unauthorised or penalty deductions from wages may not be

made. In situations in which the legal minimum wage and/or the industry standards do not cover living expenses and provide some additional disposable income, companies are encouraged to provide employees with adequate compensation to meet these needs. Lowering of salary as a disciplinary measure is forbidden. Suppliers will ensure that employees are regularly informed regarding the composition of the salary in a clear and detailed way; the supplier will also ensure that the salary is paid in accordance with all relevant laws and regulations and that the payment is made in a way that is fitting for employees. This is in accordance with ILO Conventions 26 and 131.

- **working hours**

The supplier must comply with relevant laws and regulations and industry standards regarding working hours. The maximum permitted number of working hours is in accordance with national laws, but will not regularly amount to more than 48 hours within one week, and the maximum permitted overtime will not amount to more than 12 hours in one week. Over-time should only be worked on a voluntary basis, and should be paid as an additional bonus. An employee is entitled to at least one free day following six consecutive days worked. This is in accordance with ILO Conventions 1 and 14.

- **health and safety at work**

A clear set of regulations and procedures should be drawn up, in which all aspects of health and safety at work are regulated, especially availability and use of personal protection equipment (and clothing), clean toilets, access to drinking water and, where applicable, hygienic facilities for storing foodstuffs. Workplace practice and working circumstances and conditions that violate basic human rights are forbidden. Especially young employees should not be exposed to risky, unsafe or unhealthy situations. This is in accordance with ILO convention 155 and ILO recommendation 164 and 190.

- **prohibition of child labour**

Child labour is forbidden as defined by ILO and United Nations conventions and/or by national law. The most stringent of these requirements must be adhered to. Any forms of exploitation of children are forbidden. Working conditions that resemble slavery or that are harmful to children's health are forbidden. The rights of young workers must be protected. In the event that children are found working in circumstances that meet the definition of child labour, as described above, the supplier will draw up and implement guidelines and procedures for an aid programme for these children. In addition, the supplier will provide adequate support to enable such children to attend school until they become adults. This is in accordance with ILO conventions 79, 138, 142, and 182 and ILO recommendation 146.

- **prohibition of forced labour**

All forms of forced labour are forbidden, such as the deduction of a deposit and the holding of employees' identity papers on commencement of employment. The same applies to work by prisoners, which violates basic human rights. The use of physical punishment, physical or mental coercion and verbal assault is forbidden. This is in accordance with ILO Conventions 29 and 105.

- **environment and safety issues**

Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must meet minimum legal requirements.

HEMA expects its suppliers and producers to check the working conditions in their production sites against the aforementioned criteria. For this purpose, HEMA will indicate the assessment procedures and organisations it deems acceptable.

## **society, environment and safety**

### **corporate social responsibility**

HEMA plays a prominent role in society and we aspire to do business in a socially responsible way. In this regard we have formulated a number of goals, which are summarised below.

## **use of sustainable raw materials**

Where possible, we aspire to use sustainable raw materials.

This applies to the raw materials of a number of products such as wood, coffee, tea, cocoa and cotton. Wherever possible, environmentally friendly alternatives will be sought in collaboration with the producers and suppliers. This will be done in addition to the existing range of products, which will also take the environmental impact of materials into account.

Increased knowledge regarding the potential harmfulness of materials can mean that a substance that is considered safe today becomes suspect tomorrow. We do our utmost to only use raw materials that are safe for human beings and the environment. If there is cause to doubt the safety of certain substances at any point in time, we will look for a safer alternative, in collaboration with our manufacturers and suppliers.

Our products and the raw materials for our products are manufactured in a manner that is not harmful to animals. For example, our products do not contain the fur of animals that have been specially hunted or bred to obtain the fur. Our cosmetics are not tested on animals. We aim to keep the use of GMO ingredients (genetically modified organisms) in our food products to a minimum.

## **health and safety of our customers and personnel**

Our activities are labour-intensive and mostly take place in areas that should be easily accessible to large flows of consumers. In places where many people gather, safety aspects should be a major concern. This is why we pay continuous attention to creating safe working and shopping conditions for both our employees and customers.

## **waste management**

It is our aim to decrease the pressure on the environment in a structural manner, in the production, usage and waste stages. Retail is an important link between manufacturers and suppliers on the one hand and consumers on the other, which means that it is possible to contribute substantially to reducing the amount of packaging and, where possible, to the separation and recycling of waste.

HEMA strives to limit packaging to a minimum and, where packaging is needed, to make a conscious choice in which environmental aspects are taken into consideration.

## **climate change**

We are striving to reduce the amount of energy used as well limiting the environmental damage resulting from transportation.

# **compliance**

## **employees**

Working in the retail business means working with people. In this labour-intensive business, staff quality and commitment and attention for the customer are key to successful operations. Therefore, it is of vital importance that the employees act with integrity and are also treated with integrity. This means that they must be aware of this code of conduct and comply with it in good faith. If they fail to properly comply with these standards, they do not only harm themselves but also their colleagues and HEMA as a whole. Infringements of this code of conduct can lead to disciplinary measures, including termination of employment.

## **franchisees, suppliers and other stakeholders**

As explained in paragraph 1, we also expect our franchisees, suppliers and other business partners to stick to the principles of this code of conduct. If we establish that their behaviour is contrary to this code of conduct, we reserve the right to end the business relationship, possibly with immediate effect.

## **reporting policy**

As we aspire to a culture based on integrity, trust and individual responsibility, HEMA offers its employees the possibility to report behaviour that is contrary to this code of conduct in a way that is safe and honest (possibly anonymously). Reporting suspected breaches of applicable acts, rules and regulations is also possible.

Possible breaches can be reported to the management, to an employee in the HRM department, to HEMA's compliance officer, or anonymously via the whistleblower regulations (the latter is only applicable in the Netherlands).

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