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Code of Conduct

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Definitions

Accounting manual	The manual with all accounting regulations that apply within HEMA, maintained by the F&A department
Authorisation regulation	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 HEMA	Joint members of HEMA's management team HEMA BV and all its affiliated partnerships, such as HEMA Bakkerijen BV, HEMA België BV/BVBA, HEMA France SAS, HEMA Duitsland B.V., HEMA Deutschland GmbH, HEMA Deutschland GmbH & Co KG, HEMA Spain SL, HEMA Retail Limited, HEMA Financial Services B.V, HEMA Financiering B.V., HEMA Far East Ltd. and HEMA (Shanghai) Trading Consultancy Co. Ltd.
HR	Human Resources
Information security policy	Regulations describing the system of measures taken by HEMA to guarantee the availability, integrity and confidentiality of data and information systems
ILO	International Labour Organisation
Whistleblower Scheme	Scheme describing how reports of observed misconduct should be managed
Superior	The individual responsible for supervising HEMA's employees
Employee	The individual who, whether or not employed by HEMA, performs work for HEMA
UN	United Nations
Business partners	Suppliers/subcontractors, producers, agents and/or external persons with whom HEMA collaborates

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 business partners, 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, to act accordingly and to actively represent them. A number of other matters are dealt with in detail in our house rules.

HEMA asks its employees to confirm they are familiar with and will comply with the most recent version of the Code of Conduct when they join the company.

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 and/or team possess the knowledge and tools required to be able to comply with the code of conduct. Managers are the first persons approached by employees if they have questions regarding compliance with the code of conduct.

Franchisees also jointly determine the image of our store formulas. HEMA therefore regards the code of conduct as an integral part of the franchise formula and expects its franchisees to endorse and comply with our code of conduct.

Finally, certain aspects of the code of conduct also apply to our business partners. In certain cases this is specifically stated in the text. But even if the code of conduct does not explicitly relate to our business partners, HEMA expects them to respect the fundamental values embodied in the code of conduct.

Scope of the Code of Conduct

This code of conduct describes our primary objectives and fundamental values. These apply to all of HEMA's divisions. Departments and/or teams within HEMA may supplement the code of conduct with further guidelines or rules regarding the way in which the employees, business partners 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 may 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. HEMA will also continue to develop in the future. Given that we operate in a dynamic environment, HEMA regularly reviews the code of conduct and will adjust it if necessary. This code of conduct reflects developments within society and our own views regarding the role and position of HEMA in society, at all times.

Integrity

Starting point

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

In view of HEMA's important social role, it is imperative that everyone that works at or for HEMA complies with the legislation and regulations of the countries in which HEMA operates and also complies with the values and standards that apply within HEMA as laid down in this code of conduct. HEMA expects its employees to show integrity in their dealings with one another, with clients and with third parties. We also expect integrity and reliability from our business partners and franchisees.

Privacy

HEMA respects the privacy of its customers and employees and protects their personal data.

In the course of carrying out our operations, we may gather information regarding customers, employees, business partners, competitors and third parties. HEMA treats this data as confidential and will only use the data in accordance with the applicable laws and regulations.

Gifts / invitations

HEMA employees may only offer or accept gifts if the value is below €150 and if the employee is convinced that doing so will not influence HEMA's business interests. Accepting or offering gifts below €150 must be reported to the manager. If desired, the manager may discuss this with the compliance officer.

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 or ritual. In these cases, a gift that is worth more than €150 may be accepted on behalf of HEMA. This gift must subsequently be reported to the manager and handed in to HEMA's compliance officer.

All gifts that are received as Christmas gifts must be handed in to your manager and will be distributed amongst HEMA's personnel.

By gifts HEMA not only means products that are handed over or sent by post, but also such things as services, entertainment, tickets for sports events and suchlike. In short, anything that is given voluntarily and has a certain value for the recipient.

Dinners or lunches must always be paid for by the employees concerned 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 from the manager or management team.

HEMA expect its business partners to refrain from offering gifts to its employees or to third parties with the aim of influencing them. HEMA may decide to terminate the commercial relationship, should it become aware of any violations in this regard. Bribes may not be accepted and/or extended under any circumstances.

Theft and fraud

It is HEMA's policy to report any cases of theft and fraud by external parties associated with HEMA, to the police. Cases of internal theft and fraud will, in principle, lead to termination of the employment contract and the matter will be reported to the police. In addition any employees of HEMA B.V. in the Netherlands involved will be registered in HEMA's incidents register and possibly in the fraud warning register of Stichting Fraude Aanpak Detailhandel (FAD Foundation to combat fraud in retail).

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

Accounts

HEMA's management must ensure that all relevant transactions and other activities are recorded in the company accounts in a correct, accurate and truthful manner.

The accounting manual describes regulations for the administration of accounts. Authorisations concerning entering into contracts, placing orders and approving invoices are described in the authorisation regulations.

Conflicts of interest

HEMA's business depends on the trust of its customers, business partners and 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 contacts or positions of employees within HEMA is used to serve personal, commercial or financial interests, whether this is to the detriment of HEMA or not. Any situation, in which a conflict (or the appearance of a conflict) could arise between an

employee's 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. This includes transactions with that employee himself or herself, but also transactions with businesses in which an employee has an interest or is personally involved in any other way (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, HEMA does its utmost to meet or exceed our customers' needs. HEMA provides its customers with good service and is open to feedback, suggestions and recommendations.

Competition

HEMA conducts its business on an honest and ethical basis, with trust and integrity.

HEMA expects the same from everyone with whom it does business. Legislation on competition aims to promote free and fair competition, which prohibits trade restrictions, dishonest practices and the abuse of economic power. HEMA complies with this legislation. Pursuant to competition legislation 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 and protection of HEMA's capital assets. These include cash, goods, equipment, information, cheques, credit cards, invoices and receipts, but also, for example, paper and telephones. It is essential that our capital assets are protected from abuse, loss or theft.

Use of the computer, Internet, email and public statements

HEMA has an information security policy. Each employee and IT service provider is expected to understand this policy and apply it within his or her own sphere of influence.

For the use of Internet and email by employees, a specific internal 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, email and telephone 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 make promises or statements that could harm HEMA or its employees.
- Employees are not permitted to post messages on the Internet that could harm 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 financial data, planned openings, new products, changes to personnel or the organisation) customer information or information that may harm HEMA's reputation may not be made public by any means or be communicated via the Internet, including social media such as Twitter, Facebook, LinkedIn and Instagram. Additionally, an employee must always bear in mind the possible consequences of posting a message on social media, in view of the fact that these messages can be read by anyone. As an extension to this HEMA prohibits the use of public cloud services for email and the exchange of information, unless based on a contract with HEMA.

In principle, HEMA does not monitor any personal data with regard to the use of email or the Internet. However, the use of email or the internet may be monitored and verified on an incidental basis if there are reasons to suspect excessive private use or misuse. Permission from 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 their term of their employment or after the completion of their work.

Unapproved disclosure of confidential information may harm HEMA and could lead to disciplinary measures.

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

Reporting obligation

All HEMA employees must report security incidents immediately to the HEMA helpdesk so that any negative consequences for operating processes are minimised. Examples of security incidents include the loss of IT assets such as a laptop, unauthorised access to IT systems, third parties hacking the network or installing malicious code on HEMA's IT systems.

Working conditions and working environment at HEMA

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 implements a personnel policy that forbids discrimination on the grounds of gender, age, religion, race, caste, social background, disability, ethnic or national origin, nationality, membership of a workers' organisation including unions, political affiliation, sexual orientation, or any other personal characteristics. No discrimination whatsoever on the basis of these characteristics shall be tolerated.

Diversity

HEMA attaches great importance to diversity within the organisation. HEMA's personnel policy aims to offer equal staff equal employment and equal opportunities within the organisation without discrimination on the grounds of gender, age, nationality, race or ethnic origin, religion, sexual orientation, political affiliation, disability or any other personal characteristics. HEMA would like to emphasise that HEMA is a company of and for everyone.

Intimidation and bullying

Sexual harassment, other kinds of intimidation and bullying are not acceptable. Managers should be alert to possible cases of intimidation or bullying and must immediately report such a situation to the HR department and end the situation as quickly as possible. Reports of intimidation or bullying can be made to the employee's manager or supervisor, HR department, confidential counsellor or HEMA's compliance officer.

An employee may also submit a complaint. In the event that a complaint is made, HEMA will launch an investigation and, if necessary, take the appropriate measures.

HEMA's complaints procedure applies to this matter.

Use of alcohol and drugs

HEMA expects its employees to behave in an appropriate manner at all times. This means, amongst other things, 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 might lead to involvement of the company doctor or the appropriate measures being taken.

The consumption of alcohol is allowed, in moderation, during business dinners, receptions or a (farewell) party.

Freedom of association

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

Other activities

Employees are welcome to be involved in other activities, as long as these activities do not conflict with HEMA's interests or image. Employees that wish to perform a second job or take up a position on the board of a different company that may conflict with HEMA's interests or image, must obtain prior permission from their manager.

Working conditions at suppliers and producers

HEMA and our business partners purchase products and services from a large number of countries with very different cultural backgrounds and diverse social conditions. Therefore, HEMA has established a number of basic conditions concerning working methods and conditions that we expect our business partners to meet.

In accordance with the ILO Conventions, ILO Recommendations, 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 requires, by means of this code of conduct, compliance with the following social standards:

- **Compliance with laws and regulations**

Compliance with all applicable national laws and regulations, all industry minimum standards, applicable ILO and UN Conventions, and any other relevant statutory requirements, whichever laws and/or regulations are the most 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 and supported. It will be ensured that personnel representatives have access to the workplace of member personnel. This is in accordance with ILO Conventions and ILO Recommendations.

- **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 or 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 and ILO Recommendations.

- **Salary**

Wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums and / or industry standards in the country concerned. Illegal, unauthorised or penalty deductions may not be withheld from wages. In situations in which the legal minimum wage and / or the industry standards do not cover living expenses and provide some additional disposable income, business partners are encouraged to provide employees with adequate compensation to meet these needs. Lowering a salary as a disciplinary measure is forbidden. Business partners will ensure that their employees are regularly informed regarding the composition of the salary in a clear and detailed manner. Business partners will also ensure that the salary is paid in accordance with all relevant laws and regulations and that payment is made in a way that is fitting for employees. This is in accordance with ILO Conventions and ILO Recommendations.

- **Working hours**

Business partners 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. Overtime 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 and ILO Recommendations.

- **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. This especially applies to the availability and use of personal protective equipment, clean toilets, access

to drinking water and, where applicable, hygienic facilities for storing foodstuffs. Workplace practice and working conditions and sleeping arrangements that violate basic human rights, are forbidden. Young employees under the age of 25, in particular, should not be exposed to risky, unsafe or unhealthy situations. This is in accordance with ILO Conventions and ILO Recommendations.

- **Prohibition of child labour**

Child labour is forbidden as defined by ILO and United Nations conventions and / or by national law and regulations. Any form of exploitation of children is forbidden. Working conditions that resemble slavery or that are harmful to children's health are forbidden. The rights of children must be protected. In the event that children are found working in circumstances that meet the definition of child labour, as described above, the business partner will draw up and implement guidelines and procedures for an aid programme for these children. In addition, the business partner will provide adequate support to enable such children to attend school until they become adults. This is in accordance with ILO Conventions and ILO Recommendations.

- **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 upon commencement of employment. The same applies to work performed by prisoners, which violates basic human rights. The use of physical punishment, physical or mental coercion and verbal assault are forbidden. This is in accordance with ILO Conventions and ILO Recommendations.

- **Environment and safety issues**

Procedures and standards for waste management, handling and disposing of chemicals and other dangerous materials, emissions and sewage water treatment, must meet legal requirements as a bare minimum. HEMA expects its business partners to assess the working conditions at their production sites in relation to the aforementioned values and objectives. 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 endeavours to do business in a socially responsible way. In this regard we have formulated a number of social objectives, which are summarised below.

Transparent production chain

One important condition for being eligible to supply HEMA is the provision of continuous chain transparency. Business partners will proactively inform HEMA at all times about all manufacturing locations used to produce products or supply services to HEMA. The information must be provided by the business partner in accordance with HEMA's 'tiering methodology' that will be supplied at the business partner's request.

Use of sustainable raw materials

Where possible, HEMA endeavours to use sustainable raw materials and other materials. This applies to raw materials such as wood, coffee, tea, cocoa as well as cotton. Wherever possible, alternative, environmentally friendly

raw and other materials will be sought in collaboration with business partners.

Increased knowledge regarding potentially harmful substances could mean that a substance considered safe today may be considered as a (health) risk in the future. HEMA does its utmost to only use raw materials that are safe for man and the environment. If there is reason to doubt the safety of certain substances, at any point in time, we will look for a safe alternative in collaboration with our business partners.

Animal welfare

Our products and the raw materials for our products are produced in an animal-friendly manner. For example, our products do not contain any fur or angora wool and merino wool may only be used if no practice of mulesing is involved. Our cosmetic products are not tested on animals. HEMA strives to keep the use of genetically modified organisms or ingredients in its foodstuffs 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, enforcing safety aspects is paramount. For this reason we pay constant attention to the creation of safe working and shopping conditions for our employees and customers.

Waste management

It is our aim to structurally alleviate the impact on the environment in the production, usage and waste stages. Since retail forms an important link between business partners on the one hand, and consumers on the other, it can make an important contribution to reducing the amount of packaging, separating and recycling waste. HEMA endeavours to limit packaging to a minimum and, where packaging is needed, to make a conscious choice in which environmental aspects are taken into consideration.

Environmental impact, water contamination, chemicals and energy

HEMA strives to reduce environmental impact as much as possible. To this end we consume water, chemicals and energy as carefully as possible. We do this in our branches, the distribution centre, bakeries, in the support office as well as when transporting our products. Since water, chemicals and energy are also consumed in the production chain, HEMA expects its business partners to adopt the same level of ambition in this regard.

Compliance

Staff

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 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.

Violating this code of conduct may lead to disciplinary measures, including termination of employment.

Franchisees, business partners and other stakeholders

As explained above, HEMA also expects its franchisees, business partners and other stakeholders to respect the principles of this code of conduct.

If HEMA establishes that their behaviour is contrary to this code of conduct, HEMA reserves, in case of business partners and other stakeholders, the right to end the contract with immediate effect and will give a notice of default to the franchisees.

Reporting policy

As HEMA strives for 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 established or suspected violations of applicable acts, rules and regulations, is also possible. Potential violations can be reported to management, to an employee in the HR department, to the confidential counsellor, to HEMA's compliance officer, and/or anonymously via the whistleblower scheme (the latter only applies in the Netherlands).