


January 2016

Company Code of Conduct

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Purpose of the Company Code of Conduct

Who the Company Code applies for

Our employees, most of whom have intensive contacts with our customers and suppliers, largely determine the face of our shop formula and are therefore a determining factor for the image and reputation of our company. Protecting this reputation is of fundamental importance. The Company Code is available to all our employees.

All our employees are expected to know the policy principles, to act in accordance with these and to actively communicate them. A number of matters are developed in more detail in company rules.

We ask employees belonging to the following groups to confirm that they are aware of and will comply with the latest version of the Company Code when they join the company:

- Management
- Management secretaries
- Senior management
- HP employees
- Managers in the branches, with the exception of the team leaders
- Employees responsible for groups in the distribution centre
- Group heads in the distribution centre
- Business managers in the bakeries
- Users and managers of the warning register, in as far as they are not already part of the above groups
- Other officials to be specifically designated.

A reaffirmation will then be requested of these employees each year.

Supervisors within HEMA play an important role in relation to the Company Code.

Supervisors act as an example and must ensure that the employees in their department/team have the knowledge and resources to be able to comply with the Company Code. The supervisors are also the first point of contact when employees have questions about compliance with this Company Code.

Our franchise-holders also play a determining role in the image of our retail formulas. We therefore regard this Company Code as an integral part of the franchise formula and expect our franchise-holders to endorse and comply with this Company Code. Finally, the Company Code also applies in certain respects for our suppliers, agents and



other third parties that we do business with. In some cases, this is explicitly stated in the text. But even if this Company Code does not explicitly relate to our business partners, we expect them to respect the fundamental values laid down in this Company Code.

Scope of the Company Code

In this Company Code, we describe our primary objectives. These apply for all HEMA units. However, further to this Company Code, departments have the possibility of establishing further guidelines or rules for how employees, suppliers and other parties concerned should act if they work for or do business with HEMA. These further guidelines or rules must not conflict with this Company Code and in principle, can only contain a more detailed development of its provisions.

Developments

HEMA has a long history and has existed since as long ago as 1926. Our company has already undergone many changes in the course of time. It will also develop further in the future. Because we live and work in a dynamic environment, we want to regularly reconsider our Company Code and adjust it where necessary. This Company Code is always a reflection of social developments and our own views of HEMA's role and position in this.

Definitions

Accounting manual	The manual with all the accounting rules applying within HEMA, which is updated by the F&A department
Authorisation regulations	Regulations describing who holds which internal and external authorisation to sign within HEMA
Compliance officer	The central point of contact for all complaints, reports and questions concerning integrity and the Company Code
Management	Joint members of the HEMA management team
HEMA	HEMA B.V. and all companies affiliated to it, such as HEMA Bakkerijen B.V., HEMA België B.V., HEMA Duitsland B.V., HEMA Financial Services B.V. and HEMA Far East Ltd.
HR	Human Resources
Security of information policy	Regulations describing the system of measures that HEMA takes in order to secure the availability, integrity and confidentiality of data and information systems
Whistle-blowers regulations	Regulations describing how to deal with reporting of observed abuses
Supervisor	The person responsible for the supervision of HEMA employees
Employee	A person who performs work for HEMA, under an employment contract with HEMA or otherwise



Integrity

Starting point

HEMA needs a reliable reputation. There must be no doubts about our integrity.

In view of the important role that HEMA plays in society, it is necessary for everyone who works at or for us to comply with the laws and regulations of the countries where we operate and to also comply with the standards and values applying within HEMA, as laid down in this Company Code. We expect our employees to treat each other, customers and third parties with integrity. Our business partners, such as suppliers, agents and franchise-holders, must also act with integrity and be reliable.

Privacy

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

In the course of our activities, information may be gathered on customers, employees, suppliers, competitors and other parties. We treat these data in confidence and will use them only for acceptable business purposes of HEMA, in observance of the current regulations. Data concerning employees are provided only if this is required by law for the implementation of regulations.

Gifts/invitations

The general principle is that HEMA employees may not give or receive any gifts. An exception applies for gifts of less than €50. These may be given or accepted if the employee is convinced that this will not influence business interests. The acceptance of gifts of less than €50 must be reported to the supervisor. If required, the supervisor can coordinate this with the compliance officer. Gifts in excess of €50 may not be accepted.

The following exception applies with regard to gifts in excess of €50: there are cases where refusing a gift could embarrass or insult the person offering it. This applies, for example, in the case of a visit to another country, where a gift is offered from that country as part of a public event. In those cases, the gift may be accepted on behalf of HEMA. This must be reported to the supervisor and the gift must be handed to the HEMA compliance officer. The same applies for gifts worth more than €50 that are sent by post.

All gifts received around Christmas time must be surrendered and will be divided among the staff.

'Gifts' refers not only to products but also, for example, to services, entertainment, tickets for sports events and the like: in short, everything that is given voluntarily and that has a certain value for the recipient.

Dinners must always be paid for by the relevant employee, unless the supervisor or the management have approved payment for this by HEMA or another party. Invitations for travel or events can be accepted only with the approval of the supervisor or the management.

We expect our suppliers and other business partners to refrain from offering gifts to our employees or third parties with the aim of influencing them. If we find that action has been taken in contravention of this, we may end the commercial relationship. In no case is giving or accepting bribes permitted.



Theft and fraud

In cases of theft and fraud by external parties that maintain relations with HEMA, it is HEMA's policy to report this to the police. In principle, internal cases of theft and fraud will lead to termination of the employment contract and will be reported to the police. Employees of HEMA B.V. in the Netherlands will also be recorded in the HEMA incident register and possibly in the warning register for the Retail Trade Fraud Control Foundation (FAD Foundation).

Any damage and the costs of deploying an investigation agency will be claimed from the perpetrator. The costs consist of the costs of deploying hidden cameras and of conducting and processing the investigation.

Administration

The management must ensure that all relevant transactions and other actions are recorded correctly, accurately and truthfully in the administration.

The book-keeping rules are laid down in the accounting manual. Powers relating to contracting obligations and authorising contracts and invoices are regulated in the authorisations regulations.

Conflicts of interest

We are dependent on the trust of our customers, suppliers and other third parties.

Conflicts of interest, or the appearance of these, undermine HEMA's good reputation. A conflict of interest arises in a situation in which the contacts or the position of an employee are used internally to serve personal, business or financial interests, to the detriment of HEMA or otherwise. Every situation in which a conflict (or the appearance of a conflict) between private interests and those of HEMA could arise must be avoided.

More in particular, every transaction in which an employee has a private interest must be approved by the management. This includes transactions with the employee himself and also transactions with companies in which the employee has an interest or is involved in a private capacity in some other way (for example as an advisor or supervisory director). However, this does not apply for the contracting or alteration of employment contracts or to purchases that are made as part of HEMA's normal business operations.

Doing business

Customers

Our customers play a determining role in our success. The principle is therefore that we will do everything possible to meet or exceed our customers' expectations. We give our customers good service and are open to complaints, comments and advice.

Competition

We do business on the basis of fair and ethical business operations, good faith and integrity.

We expect the same of everyone that we do business with. Competition law is intended to promote free and fair competition. HEMA complies with this legislation. HEMA supports constructive legislation which prohibits trade restrictions, unfair practices and abuse of dominant positions. Under the competition laws, HEMA employees may not exchange information with competitors on prices and market shares.



Business assets and information

Company assets

Employees are responsible for the correct use, protection and maintenance of HEMA's assets. These assets include cash, goods, cheques, credit cards, invoices and receipts, as well as, for example, paper and telephones. It is vital to protect these from abuse, loss or theft.

Use of computers, the internet and e-mail

HEMA has a security of information policy. Every employee and IT service provider is expected to know this policy and apply it within their own sphere of influence.

A specific protocol for the use of internet and e-mail has been drawn up for that purpose (Appendix B of the 'HEMA Security of Information Policy'), including the following rules.

- Deliberate visits to sites or sending e-mails of a pornographic, racist or otherwise inadmissible character are not permitted.
- As with telephones and fax machines, personal use of the internet and e-mail must be kept to a minimum and must be consistent with the professional character of HEMA.
- Software may not be downloaded and installed unless this forms part of the performance of the employee's (IT) job.
- Messages that could harm the good reputation or interests of HEMA may not be posted online.

HEMA expects its employees to treat expressions concerning HEMA, in any form whatsoever, with due care. Employees must refrain from expressions that could harm HEMA's reputation or cause it economic damage. Commercially sensitive information (e.g. on planned openings, new products or staff or organisational changes) or information that threatens the reputation of HEMA may not be disclosed in any way or reported online, including via social media such as Twitter, Facebook, Linked-In, blogs and other fora. Employees must also always be aware of the potential consequences of placing messages on social media, since these messages can be read by everyone.

- Promises or expressions that could harm HEMA and its employees are not permitted.

In principle, HEMA does not check personal data on the use of e-mail and the internet. This does not alter the fact that registration and control may take place on an occasional basis if there are indications of excessive private use or abuse. The consent of the management is required for this purpose.

Confidentiality

Every employee has an obligation to treat confidential data with due care.

Employees who handle confidential information have a confidentiality obligation both during and after the term of their employment contracts or after completion of the work.

Unauthorised disclosure of information of this kind could cause damage to HEMA and may result in disciplinary measures.

Every public statement (such as publications, interviews, etc.) by an employee relating to strategic information



concerning HEMA requires the consent of the HEMA management/Corporate Communication department.

Working conditions and working environment

Starting point

Our management style is aimed at creating conditions in which our employees are involved in and feel responsible for their work. HEMA offers good, safe and healthy working conditions.

Discrimination

HEMA pursues a personnel policy which makes no distinctions on the basis of a person's gender, race, religion, sexual orientation, political preferences, handicaps or other similar status. No form of discrimination on the basis of these qualities will be tolerated.

Intimidation and bullying

Sexual harassment, other forms of intimidation and bullying are inadmissible.

Supervisors must be alert to potential cases of intimidation or bullying and must report such situations to the HR department and end such situations as soon as possible. Reports on intimidation or bullying can be made to the supervisor, HR, the confidence officer or the compliance officer.

An employee may also submit a complaint. HEMA will open an investigation in response to the complaint and appropriate measures will be taken if necessary.

The complaints law procedure applying within HEMA applies in this regard.

Consumption of drugs and alcohol

We expect our employees to behave decently at all times.

Among other things, this means that the use of alcohol or drugs is not permitted at the workplace or during working hours. It is not permitted to appear at work under the influence of alcohol and/or drugs. This may mean that the company doctor will be deployed or that appropriate measures will be taken.

Modest alcohol consumption is permitted during business dinners, receptions or (farewell) drinks.

Freedom of association

Employees have the right to meet and to negotiate collectively. They may also join a trade union or works council.

Secondary activities

We approve of our employees having secondary activities, provided that these do not conflict with the interests or reputation of HEMA. Employees must request the consent of HEMA in order to hold secondary positions and/or supervisory directorships.

Working conditions at suppliers

HEMA and our business relations buy products from a large number of countries with very diverse cultural backgrounds and differing social conditions. We therefore impose a number of basic conditions for the way in which and the conditions under which our suppliers and producers work.

In accordance with the ILO conventions, the Universal Declaration of Human Rights, the Convention on the Rights of the Child and the Convention on the Elimination of all Forms of Discrimination against Women, HEMA aims to realise compliance with the following social standards through this Company Code:

■ **Compliance with laws and regulations**

Compliance with all applicable national laws and regulations, all standards applying as a minimum within the sector, the ILO and UN Conventions and all relevant statutory requirements, always based on the strictest regulations.

■ **Freedom of association and the right to collective negotiation**

The right of all personnel to meet and to join a trade union of their choice and to negotiate collectively will be respected. In situations or countries where the right of association and collective negotiation is restricted by legislation, possibilities and support must be offered for equivalent independent and free formation of organisations and negotiation. HEMA will ensure that representatives of the personnel have access to the workplace of the affiliated personnel. This is consistent with ILO Conventions 87, 98, 135 and 154.

■ **Prohibition of discrimination**

Discrimination in relation to the recruitment, remuneration, access to training, promotion, dismissal or retirement on the grounds of gender, age, religion, race, caste, social background, handicaps, ethnic or national origins, nationality, membership of employee organisations, including trade unions, political preferences, sexual orientation or any other personal characteristic is not permitted. This is consistent with ILO Conventions 100, 111, 143, 158 and 159.

■ **Remuneration**

Wages paid for normal working hours, overtime and overtime allowances must match or exceed the statutory minimum and/or sectoral norms in the country concerned. No illegal, unjustified or penal deductions for salaries and wages may take place. In situations where the statutory minimum wage and/or sectoral norms do not cover the cost of living and do not offer any extra spending power, suppliers are encouraged to give their employees adequate remuneration that covers these needs. Reduction of wages as a disciplinary measure is prohibited. Suppliers must ensure that employees receive clear, detailed and regular information on the composition of the wages; the supplier must also ensure that the wages are paid in compliance with all relevant laws and regulations and that payment takes place in a manner appropriate for the employees. This is consistent with ILO Conventions 26 and 131.

■ **Working hours**

The supplier must comply with relevant laws, regulations and sectoral standards relating to working hours. The maximum permitted number of working hours must comply with national legislation, but will not regularly exceed 48 hours within one week and the maximum permitted number of overtime hours within one week shall not exceed

12. Overtime must take place on a voluntary basis only and must be paid as an extra allowance. An employee is entitled to at least one free day after working for six successive days. This is consistent with ILO Conventions 1 and 14.

▪ **Health and safety at work**

A package of regulations and procedures must be compiled, in which all aspects of health and safety at work are regulated, in particular the provision and use of personal protective equipment, clean toilets, access to drinking water and if applicable, hygienic facilities for storing food. Working methods and working conditions and circumstances in sleeping facilities that infringe basic human rights are prohibited. Young employees, in particular, will not be exposed to high-risk, unsafe or unhealthy conditions.

This is consistent with ILO Convention 155 and ILO recommendations 164 and 190.

▪ **Prohibition of child labour**

Child labour is prohibited, as stated in the ILO and UN conventions and/or national laws and regulations. The strictest of these requirements must be followed. Every form of exploitation of children is prohibited. Working conditions that are reminiscent of slavery or that are harmful to the health of children are prohibited. The rights of young employees must be protected. If children are found to be working in conditions that meet the definition of child labour, as described above, the supplier shall draw up and implement guidelines and procedures for an aid programme for these children. In addition, the supplier shall provide adequate support to allow those children to attend school until they are adults. This is consistent with ILO Conventions 79, 138, 142 and 182 and ILO recommendation 146.

▪ **Prohibition of forced labour**

All forms of forced labour, such as withholding a deposit and confiscating identity documents of employees on their employment, are prohibited. The same applies for labour by prisoners in which basic human rights are infringed. The use of physical punishment or psychological force and verbal abuse is prohibited. This is consistent with ILO Conventions 29 and 105.

▪ **Environmental and safety issues**

Procedures and standards for dealing with waste and the removal of chemical substances and other hazardous materials, emissions and the treatment of sewage must at least comply with the statutory requirements. HEMA requires its suppliers and producers to have their working conditions at their production locations assessed on the basis of the above criteria. HEMA will designate assessment procedures and organisations that are acceptable to it in that regard.

Society, environment and safety

Corporate social responsibility

HEMA operates at the heart of society and aims to do business in a socially responsible manner. We have formulated a number of objectives in that regard, which are summarised below.



Use of sustainable raw materials

Where possible, we aim for the use of sustainable raw materials and materials.

This applies for the raw materials for a number of products such as wood, coffee, tea, cocoa and cotton. Where possible, environmentally-friendly alternatives are sought, in cooperation with producers and suppliers. This is done alongside the existing supply of products, also taking account of the environmental footprint of materials.

Progressive insights in the field of the potential hazards of materials may mean that a substance that is regarded as safe today will be regarded as suspect in the future. We do everything possible to use only raw materials that are safe for people and the environment. As soon as there are well-founded suspicions regarding the safety of certain substances, a safe alternative will be sought, together with our producers and suppliers.

Our producers and the raw materials for our products are produced in an animal-friendly manner. For example, our products contain no fur from animals that are hunted or bred especially for their fur. Our cosmetic products are not tested on animals. We aim to limit use of ingredients containing genetically modified organisms (GMOs) in our foods to a minimum.

Health and safety of our customers and employees

Our activities are labour-intensive and take place primarily in areas that must be accessible to large flows of consumers. Where many people come together, it is extremely important to maintain safety. The creation of safe working and store conditions for both employees and customers therefore has our continual attention.

Waste management

Our aim is to structurally reduce the burden on the environment in the production phase, the use phase and the waste phase. As the retail trade is an important link between producers and suppliers on the one hand, and consumers on the other, good contributions can be made in relation to reducing the volume of packaging material and where possible, separating and recycling waste materials. HEMA aims to limit packaging to a minimum and if packaging is necessary, it makes conscious choices in which environmental aspects are taken into consideration.

Climate change

We aim to reduce the amount of energy that we consume, as well as the environmental burden as a result of transportation.

Compliance by

employees

Retailing is people work. In this labour-intensive sector, quality, the efforts of employees and attention to customers are key factors in the business operations. It is therefore essential that employees act and are treated with integrity. This means that they must be aware of this Company Code and act accordingly, in good faith. If they fail to comply properly with these standards, they not only harm themselves but also their colleagues and HEMA as a whole.

Violation of this Company Code may lead to disciplinary measures, including termination of the employment contract.



Franchise-holders, suppliers and other parties concerned

As explained above, we also expect our franchise-holders, suppliers and other business partners to comply with the principles of this Company Code.

If we determine that action is taken in violation of this Company Code, we reserve the right to terminate the commercial relationship, with immediate effect if necessary.

Reporting regulations

Because we aim for a culture based on integrity, trust and individual responsibility, HEMA offers its employees a safe and fair way to report conduct in breach of this Company Code (anonymously if required). It is also possible to report established or suspected violations of current laws, rules and conditions. Any abuses can be reported to the supervisor, an employee of the HR department, the confidence officer, the HEMA compliance officer or anonymously via the whistle-blower regulations (the latter apply only for the Netherlands).

This document is a translation of the original Dutch document. In case of differences in interpretation the Dutch version will prevail.