



# for everyone

sustainability report 2017

HEMA

# index

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1. we win together
2. results 2017
3. HEMA in brief
4. truly HEMA
5. a sustainable HEMA
6. in dialogue with the world around us
7. materiality matrix
8. what our products are made from
9. how our products are made
10. our role in society
11. definitions

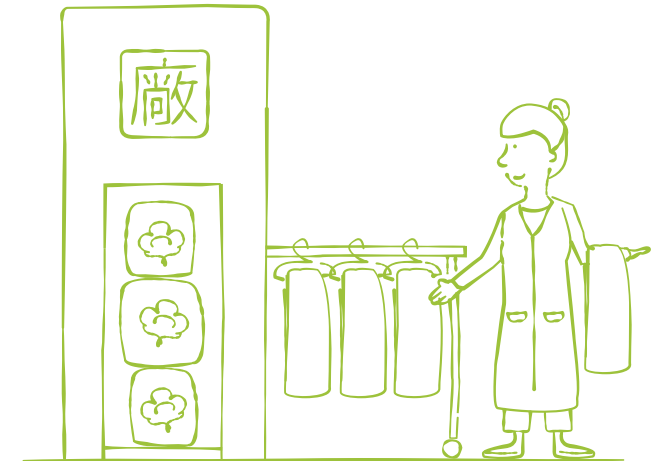


## what our products are made from

- natural resources and raw materials
- packaging

## how our products are made

- supply chain transparency and working conditions at manufacturers' facilities
- sustainable design
- environment



## our role in society

- food waste
- being a good employer
- HEMA Foundation



# we win together!

3 **"Our passion is making the daily lives of our customers and staff easier and more fun. We knew if we continued to do this well we'd grow – and in 2017, we succeeded. The result: better-looking stores in the Benelux area and lots of new stores outside the Netherlands. In 2018, we will further expand into new countries, and even a new continent. We plan to make daily life easier and more fun in these new locations too. In the digital realm, we have worked to enhance our multi-channel approach by launching our loyalty programme and improving our website. In this way, we are working together to create a better and stronger HEMA that is ready to face the future."**

Our starting point is to offer products that are good, fun and affordable. For HEMA, good does not just mean good quality, but also sustainable. This means products that are produced under good working conditions, are made of sustainable raw materials, and have a minimal impact on the environment. We believe in passing on a better world to our children.

We made great progress in this area last year, by carrying out 349 of our own audits in the factories where our products are manufactured. We are also working to guarantee good working conditions through various partnerships. We notice that customers are increasingly

interested in the origin of products, and we want to give them more information about this in the coming years. We are working hard behind the scenes to meet this challenge.

We make good products by setting concrete targets for our raw materials, such as our ambition to use 100% more sustainable cotton by 2020, and to purchase 100% FSC wood by 2022. In 2017, 80% of the cotton products we purchased were more sustainable. In addition, we introduced the Better Life (Beter Leven) mark for various meat products, as well as restaurant and take away products. We want to increase the percentage of sustainably produced meat and dairy products we purchase. Our customers can recognize these products by the Better Life and Meadow Milk (Weidemelk) marks on our products. We are working to achieve these goals every day, to offer our customers even better products.

It is becoming increasingly important to work in partnership with other parties to make a difference for our customers and the world around us. Together with our partners, we are working hard to achieve sustainable change and value. You can read how in this report.

We believe it is important to make a positive impact on the society that we are so interconnected with as an organisation. This means being a good employer for more than 19,000 employees who work at HEMA, and make a positive contribution to society. We do so because we strongly believe that a business like HEMA has a greater responsibility than simply the economic contribution we make.

In 2018, we will take an important step by launching the HEMA Foundation. The foundation is supported by HEMA and aims to promote a more inclusive society. We believe it is important that everyone should be able to participate fully in everyday life. I am very proud of this initiative, which shows our long-term commitment to making a valuable, lasting contribution to the world around us.



2018 will be a promising year. I look forward to it and hope you enjoy reading our 2017 sustainability report. As a learning organisation, we would appreciate any feedback you have for us concerning our sustainability efforts and this report. Please feel free to share your thoughts via [sustainability@hema.nl](mailto:sustainability@hema.nl).

**Tjeerd Jegen, CEO HEMA**

**349**

HEMA audits carried out at production locations



**700,000**

cups of coffee donated to Dutch Food Banks (Voedselbank Nederland) by our customers through our meer Hema loyalty programme



social key figures

**91,000**

workers have better working conditions because of improvement plans implemented following audits



# results 2017



**3,000**

cotton farmers trained via the Better Cotton Initiative thanks to a contribution from HEMA

environmental key figures

economic key figures

**21**

new stores opened outside the Netherlands

**€1,234.5**

million net turnover

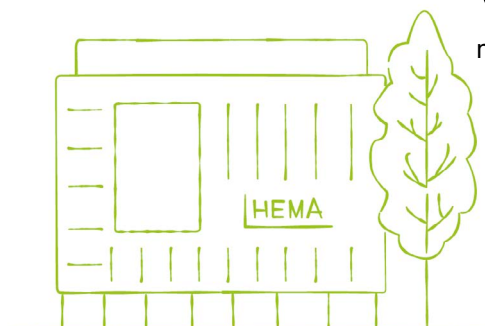


**11%**

fewer plastic bags used compared to 2016 (91% less compared to 2015)

**€236.8**

million equity



# HEMA in brief

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A new department store for “ordinary people”: this is what our founders, Leo Meyer and Arthur Isaac, had in mind when they opened the first branch of the Hollandsche Eenheidsprijzen Maatschappij Amsterdam, or HEMA for short (Dutch Unit Prices Company Amsterdam) on 4 November 1926 in Kalverstraat in Amsterdam. The products – which were seen as reliable and typically Dutch from day one – all cost just 10, 25 or 50 cents.

Since then, HEMA has grown to become an international retailer, with 752 stores, (545 stores in the Netherlands and 207 stores in other countries), of which 266 are franchise stores. Our ambition for 2018 is to open stores in Austria and The UAE. A total of 19,000 employees work at HEMA, and an average of 6 million people shop at one of our stores or online every week. We offer our online customers an extensive range of around 32,000 of our own products and services. Since 2007, HEMA BV has been part of Lion Capital.

HEMA devotes a great deal of attention to expanding our range of sustainable products. In this way, we make sure everyone has access to affordable, sustainable products. This is “truly HEMA”. We want our customers to recognise sustainable products and understand why they are sustainable, so that they can make informed choices. This is why we are going to place more emphasis on communicating the stories behind our products.



**In 2017, we achieved a net turnover of €1,234.5 million.**

The most important sales categories were:

**39% hardgoods**

**34% fashion and underwear**

**24% food and drink**

**3% services**

# HEMA employees

- **Netherlands**

279 stores (HEMA-owned)  
3,754 permanent contract (90% female / 10% male)  
4,346 temporary contract (85% female / 15% male)  
100% Collective Labour Agreement

- **Germany**

14 stores  
51 permanent contract (88% female / 12% male)  
162 temporary contract (84% female / 16% male)  
no Collective Labour Agreement

- **Belgium**

97 stores  
834 permanent contract (91% female / 9% male)  
62 temporary contract (94% female / 6% male)  
100% Collective Labour Agreement

- **France**

73 stores  
418 permanent contract (65% female / 35% male)  
175 temporary contract (67% female / 33% male)  
100% Collective Labour Agreement

- **Spain**

9 stores  
61 permanent contract (64% female / 36% male)  
47 temporary contract (64% female / 36% male)  
100% Collective Labour Agreement

- **UK**

8 stores  
73 permanent contract (56% female / 44% male)  
2 temporary contract (50% female / 50% male)  
no Collective Labour Agreement

- **Luxembourg**

4 stores  
25 permanent contract (96% female / 4% male)  
0 temporary contract (0% female / 0% male)  
100% CAO

- **support office Amsterdam**

450 permanent contract (64% female / 36% male)  
218 temporary contract (68% female / 32% male)  
92% Collective Labour Agreement

- **distribution centre**

472 permanent contract (20% female / 80% male)  
33 temporary contract (30% female / 70% male)  
99% Collective Labour Agreement

- **bakeries**

187 permanent contract (18% female / 82% male)  
30 temporary contract (23% female / 77% male)  
99% Collective Labour Agreement

- **purchasing offices**

- **Dhaka**

14 permanent contract (14% female / 86% male)  
2 temporary contract (0% female / 100% male)

- **Hong Kong**

0 permanent contract (0% female / 0% male)  
10 temporary contract (70% female / 30% male)

- **Shanghai**

4 permanent contract (50% female / 50% male)  
31 permanent contract (77% female / 23% male)  
no Collective Labour Agreement



\* these are our own employees, excluding our franchise stores in the Netherlands. Including franchise stores, we have more than 19,000 employees.

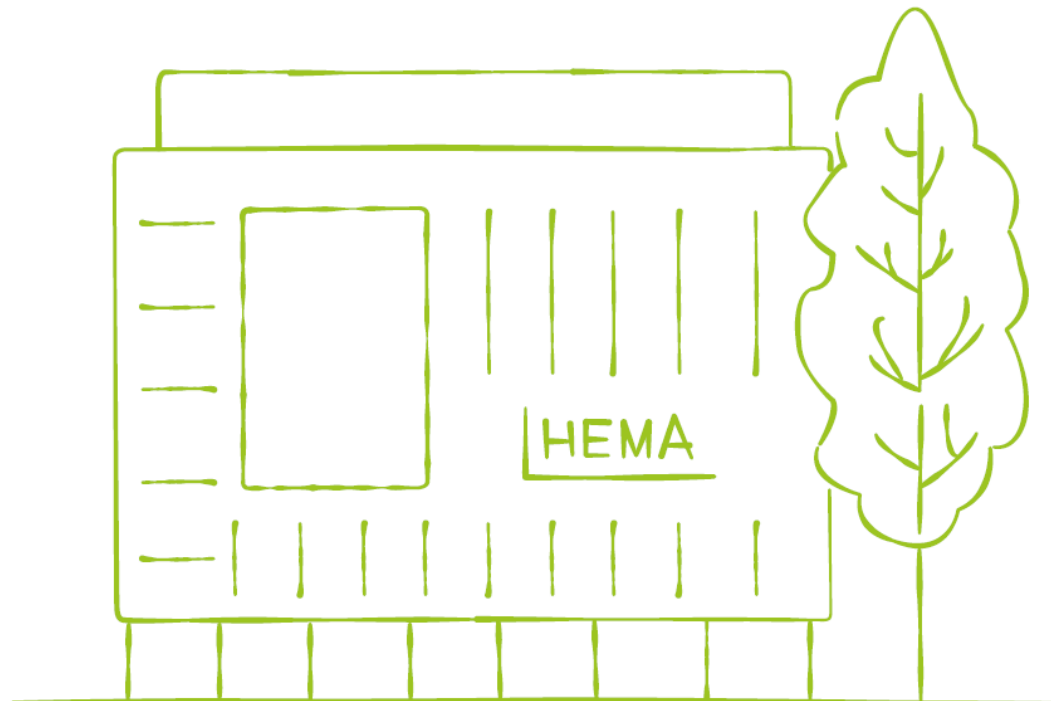
\* this is the total number of actual staff (not FTEs). These figures are average figures for the 2017 financial year (Feb 2017 to Jan 2018), with the exception of operations outside the Netherlands (figures valid on 31/12/2017).

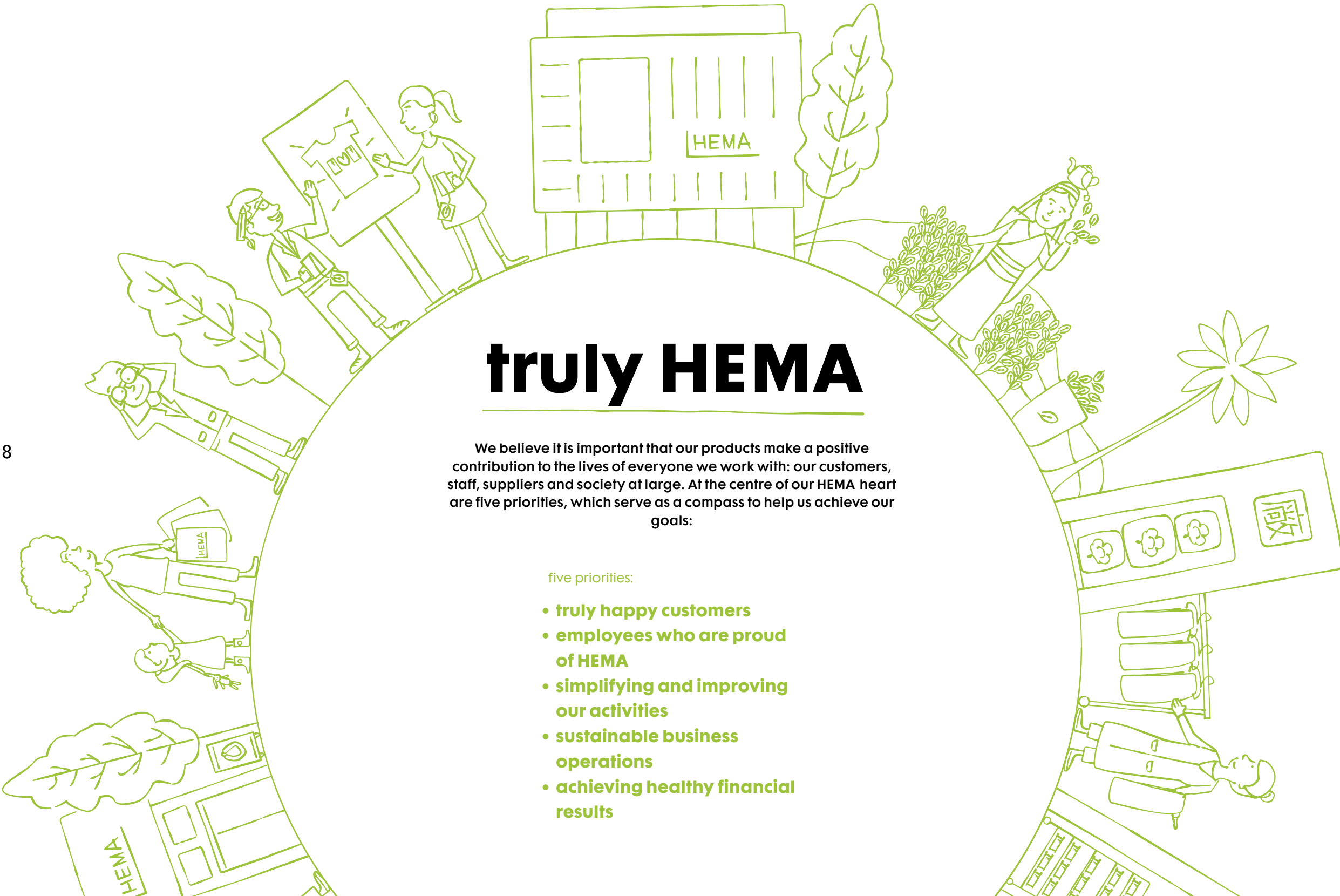


## division by age and gender for Dutch staff

	male	female	under 30 years	30-50 years	over 50 years
management	63%	37%	0%	66%	34%
staff	19%	81%	57%	22%	21%

\* division by age and gender for Dutch staff at our own stores, the support office, the distribution centre and our bakeries.





# truly HEMA

We believe it is important that our products make a positive contribution to the lives of everyone we work with: our customers, staff, suppliers and society at large. At the centre of our HEMA heart are five priorities, which serve as a compass to help us achieve our goals:

five priorities:

- truly happy customers
- employees who are proud of HEMA
- simplifying and improving our activities
- sustainable business operations
- achieving healthy financial results



# a sustainable HEMA

At HEMA, we make daily life easier and more fun, and bring sustainable products within everybody's reach. We believe that sustainability should be affordable for everyone, and we show that this is possible – because HEMA is for everyone.

## our roadmap

The sustainability team sets out the path by setting annual goals. This is done in collaboration with various departments at HEMA. Together, we formulate ambitious but achievable objectives. We then prepare a joint action plan, which is carried out by the relevant department. The sustainability team monitors the process and the progress made. This requires close and continuous collaboration between all departments. Every three weeks, the head of sustainability reports to the CEO, the sponsor of sustainability. In this way, sustainability is firmly anchored in the HEMA management strategy.

In 2017, we worked to improve the implementation of sustainability at HEMA, and to safeguard the progress that has been made. Sustainability is now part of what we call our Way of Working, which means it is a standard part of our operational processes. For example, when developing the range for each season, we research how we can make our products even more sustainable.

## stakeholders

The growing interest shown by our staff has shown us that sustainability plays an increasingly important role in everyone's daily work. In addition to our staff, our customers are very important stakeholders and source of information. On a daily basis, we receive questions from them about our products and processes. This provides us with valuable feedback and input.

Sustainability is also a topic for the various customer panels and questionnaires we organise to get a better understanding of our customers' expectations and opinions. Of course, face-to-face conversations are still very important. We are proud of the first stakeholders' meeting we organised in 2017. During this meeting, we discussed our strategy and shared various challenges faced by HEMA with our stakeholders. We asked our stakeholders, how can we make our single-use products more sustainable? And how can we make it easier for our customers to make more sustainable choices?

## raising the bar

Our approach to making our range more sustainable is to raise our minimum standards for the most used materials in our assortment. For example, we aim to stop selling "conventional" cotton, wood and paper in the near future. In addition, there are specific assortments or products for which we aim to achieve the highest standards in the sector possible. This can be achieved by aiming for the highest possible certification, or through sustainable design and innovation. An example of this is our line of duvets filled entirely with recycled polyester fibres from PET bottles and its outer fabric made of organic cotton.

## social responsibility

HEMA is at the heart of society, and strives to achieve better working conditions for our own employees as well as the employees at our production locations. As a widely recognised brand, we see the impact we have, and notice a strong level of engagement from our employees, customers and partners.

In 2017, we also began working towards the launch of the HEMA Foundation. The HEMA Foundation's goal is to achieve an inclusive society, in which everyone can play an active role. Every three years, the foundation will select a theme that contributes to more inclusiveness. Between now and 2022, the theme is language proficiency – because being able to read and write well has a significant positive effect on your everyday life. The HEMA Foundation will also promote Inclusive Design. This means developing products, services and systems that remove barriers experienced by people, so that everyone can play an active role in society. The Foundation will begin its first activities in 2018.



**"Achieving sustainability requires a change of culture and way of thinking. It is not something extra, but a new way of working. It requires long-term thinking and ambitious goals to make this continuous process a success. HEMA has taken important strides in recent years. The increasingly proactive attitude and the number of questions from our employees have shown us that this issue matters to our employees and organisation. Both professionally and personally, they believe it is important to contribute to the process of making our company and products more sustainable."**

**Eva Ronhaar**  
Head of Sustainability

# in dialogue with the world around us

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HEMA is in dialogue with various stakeholders and participates in several initiatives. Our stakeholders are organisations that influence our actions and that are influenced by our activities. Together, we try to create value for the society in which we operate. We meet with our stakeholders several times a year to discuss various subjects that are important to both sides.

## charitable organisations

We support charitable organisations. For example, we have worked with KWF Cancer Research since 2006. Together with our customers, who collected used printer cartridges, we donated over €12,000 to KWF in 2017. We celebrated 25 years of Jip and Janneke at HEMA by launching a special collection, which also supported the projects of the Fiep Westendorp Foundation. We asked our Children's Council of IKC NoordRijk primary school: "How can HEMA help society?" They shared their insights with our board. One of their suggestions was to do more to tackle food waste. We will act on their advice in 2018.

We also supported the LINDA Foundation with sponsoring of HEMA products. We developed T-shirts for Amsterdam Gay Pride for the COC, one of the Netherlands' largest organisations for gay, lesbian, bisexual and transgender people. We donated the proceeds of these T-shirts to the COC. They used the funds to raise awareness in secondary schools.

## sector organisations and multi-stakeholder initiatives

We are members of national sector organisations such as the Dutch Retail Council (Raad Nederlandse Detailhandel), the Large Textile Retailers' Association (Vereniging van Grootwinkelbedrijven in Textiel) and Modint. We are also members of the national and international multi-stakeholder initiatives such as the IRBC Covenant, a Dutch agreement on sustainable garments and textiles, BSCI, the Bangladesh Accord and the Pakistan Buyers Forum. Our membership in these initiatives allows us to initiate positive change in the sector together with other members. This also keeps us well informed of the latest developments.

## stakeholders' meeting

Last year, we organised a stakeholders' meeting for the first time. We invited charitable organisations, government bodies, suppliers, certifying organisations and other retailers to take part in discussions about three subjects that are important to our stakeholders and us. These subjects were sustainable materials, supply chain transparency and our contribution to society. We presented multiple dilemmas to our

partners for each subject. The contributions made by all those present were a valuable source of input for our policy. One result is that we are going to collaborate with the Information Institute for Sustainable Packaging (Kennisinstituut Duurzaam Verpakken) to make our packaging more sustainable.



## our customers

We listen carefully to our customers. They can ask us questions or share suggestions at [sustainability@hema.nl](mailto:sustainability@hema.nl). The subjects covered vary from the materials we use to the working conditions in factories where our products are produced. We always answer our customers' questions and we share useful suggestions with relevant departments. In addition, we carry out research every week by asking 200 consumers whether they see HEMA as a sustainable and socially responsible organisation and whether our sustainable products are easy to find online and in our stores. In this way, we monitor whether our customers believe we are on the right track.

## standards and certification

We use various certification marks to demonstrate that our products comply with social and environmental standards. We work with the following organisations to certify our raw materials:

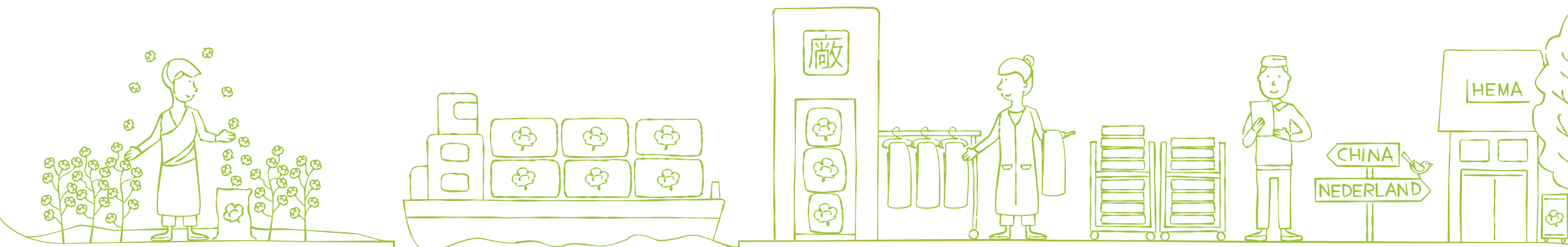
- **Better Cotton Initiative (BCI)**
- **Global Organic Textile Standard (GOTS)**
- **Organic Content Standard (OCS)**
- **Forest Stewardship Council (FSC)**
- **UTZ Certified**
- **Rainforest Alliance**
- **Fairtrade**
- **Marine Stewardship Council (MSC)**
- **Aquaculture Stewardship Council (ASC)**
- **E.U. organic mark**
- **E.U. ecolabel**
- **Roundtable on Sustainable Palm Oil (RSPO)**
- **Better Life mark (Beter Leven)**
- **Meadow Milk Foundation (Stichting Weidegang)**

## international guidelines

We follow the guidelines issued by various international organisations. We have integrated the guidelines of 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 into our Code of Conduct. We follow the principles of the Global Reporting Initiative for our sustainability reports.

## Beyond Green symposium

In 2017, we organised the "Beyond Green" symposium for the first time, in partnership with the Amsterdam Fashion Institute (AMFI) and Circle Economy. Hundreds of students and experts came together to be inspired by sustainable businesses and to think about solutions for a circular fashion industry ([read more about Beyond Green](#)).



# materiality matrix

In 2015, we carried out a materiality analysis for the first time, which we updated in 2017. Using a questionnaire, we asked external stakeholders, customers and employees of HEMA which sustainability themes they believed HEMA should prioritise. In comparison to 2015, this resulted in a shift towards new material themes. The new material themes are food waste, sustainable design and the environment. These themes have attracted increasing attention in society in recent years. In this report, we look forward to explaining more about our efforts in relation to these material themes and other important themes.

## raw materials

Our ambition is to use more sustainable raw materials for our products. In 2017, we expanded our sustainable raw materials policy and the associated goals.

## packaging

We use various packaging materials to transport and protect our products. In 2018, we aim to further integrate sustainable packaging in our packaging policy.

## environment

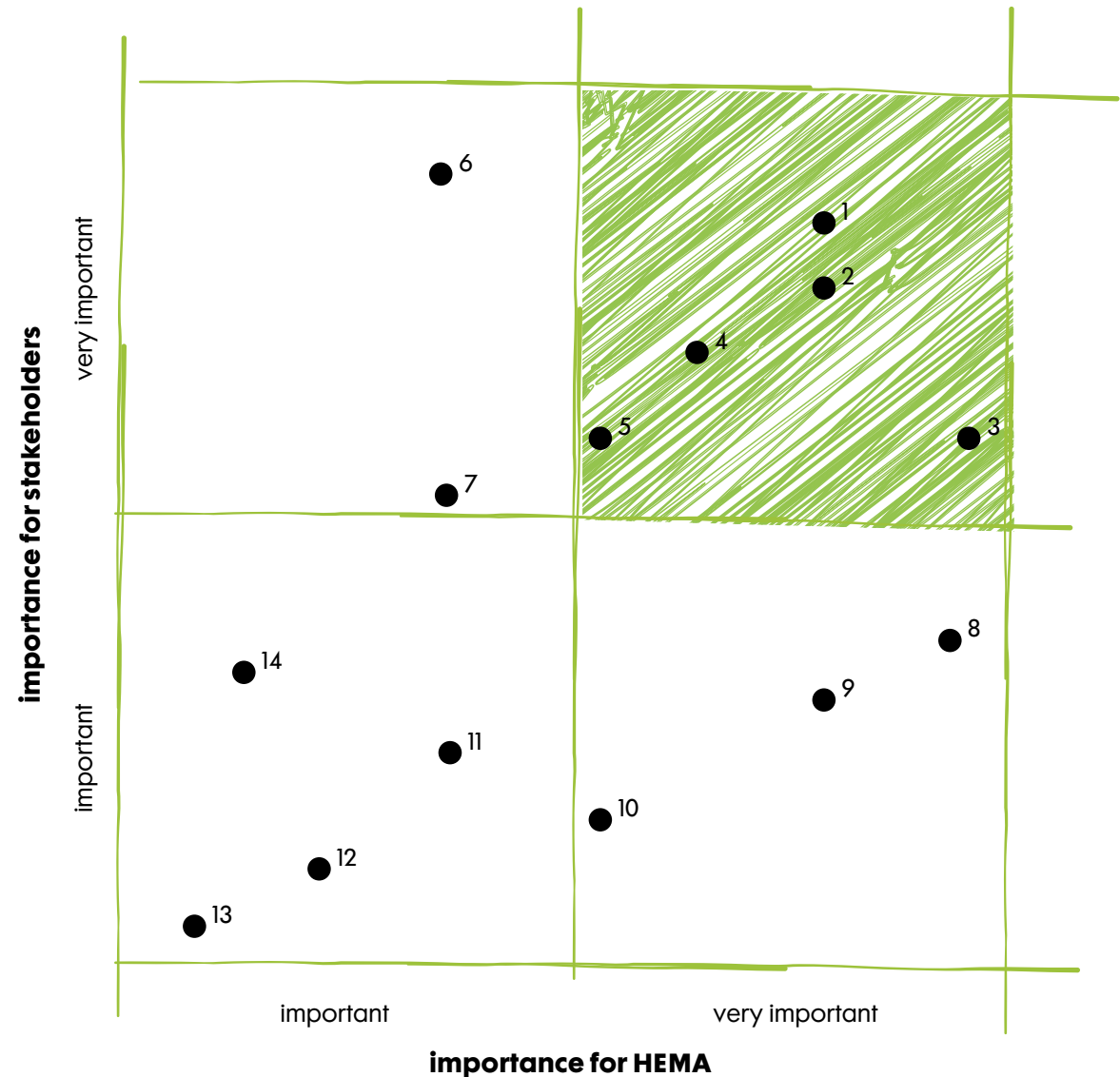
We use energy for our activities, which leads to CO2 emission. We are attempting to reduce these emissions by making increased use of LED lighting and through a more sustainable mobility and transport policy.

## sustainable design

HEMA products are known for their distinctive HEMA design and a good price-quality ratio. Design and sustainability must support and enhance one another. By considering sustainability during the design process, we can reduce the negative effects of production and think about how our products and services can encourage more sustainable behaviour.

## food waste

We sell both long-life and fresh products. Sometimes, products exceed their expiration date. In many cases, these products are still suitable for consumption; therefore, it is important for us to seek partnerships with initiatives that work to reduce food waste. For this reason, we started working with the Dutch Food Bank (Voedselbank Nederland) in 2017.



### 1. environment

### 2. food waste

### 3. packaging

### 4. sustainable design

### 5. raw materials

6. working conditions at manufacturers' facilities

7. waste and recycling

8. being a good employer

9. supply chain transparency

10. commitment to the community

11. healthy products

12. involving customers with sustainability policy

13. supporting community initiatives

14. animal welfare

# for everyone

HEMA is for everyone. We are there for our customers and for all the employees who are involved with the development of our products. We create value for the people we work with and for the societies we work in by keeping the following three key aspects in mind:



**what our products  
are made from**



**how our products  
are made**



**our role  
in society**



# what our products are made from

## the raw materials

The raw materials that we use for our products have an impact on the world around us. To reduce that impact, we have created a sustainability policy that focuses on the raw materials that we use most. These are cotton, wood and paper, down, coffee, tea, cocoa, fish and palm oil. We also aim to purchase other resources more sustainably. For example, we added animal welfare standards for our meats and dairy products in 2017.

### cotton

Cotton is an important raw material for our products. We aim to source all the cotton that we use more sustainably by 2020. In 2017, we sourced 80% of our cotton products more sustainably. We use several standards to achieve this. These are the Better Cotton Initiative (BCI), Organic Content Standard (OCS) and the Global Organic Textile Standard (GOTS). To make things easier for everyone, we introduced our own easy-to-recognise logos, which help customers choose more sustainable cotton.



Last year, we purchased 4.4 million kilos of cotton as Better Cotton, which allowed BCI to train almost 3,000 farmers in more sustainable farming methods. BCI measures the improvements of farmers who are part of their program to comparison farmers who are not part of the initiative. Thanks to the training, the farmers used 26% less water for irrigation in China during the 2015-2016 season, while farmers in India used 20% less pesticides to comparison farmers. We use the Responsible Cotton logo on cotton products sourced as Better Cotton.

We also use organic cotton in our range. These products carry our Organic Cotton logo. The use of chemical substances is prohibited on organic farms. This is better for cotton farmers and for the environment. We use organic cotton in products such as our basic T-shirts and socks. Our cotton rompers are sourced 100% more sustainably. This has allowed us to meet our 2017 target.

### wood and paper

By 2022, 100% of our wood and paper products should come from responsibly-managed forests. This includes a wide range of products, such as notebooks, handkerchiefs and photo frames. We follow the standards of the Forest Stewardship Council (FSC). These standards guarantee that no illegal harvest has occurred, and that the forest ecosystems are protected. Currently, 30% of our wood and paper products are FSC® certified.





## animal welfare

Improving animal welfare is important to us. Last year, we set ourselves the target of adding two trusted Dutch certification marks to our food range. We succeeded in doing so for meat and dairy products. We are a member of the Better Life Foundation (Stichting Beter Leven) for our meat products, a standard organisation that aims to improve animal welfare. By introducing this label, we are the first retailer in the Netherlands to offer Better Life products in our restaurants, take away and in our offering of freshly cut meats. All our Dutch hams are 1-star Better Life certified. In the stores where we introduced the new "Lekker HEMA" food concept in 2017, the breakfast and meal options are Better Life-certified where possible. In 2018, we will add more Better Life products to our range. In addition, we aim to use at least meadow or organic milk for all our dairy products. Some of our products already comply with the standards for meadow milk. To make it easier for consumers to make an informed choice, we have added the meadow milk logo from the The Grazing Foundation (Stichting Weidegang) to our products.

## coffee and tea

In 2017, we added three single-origin coffees with the Rainforest Alliance mark to our range. These Latin-American coffees come from Brazil, Colombia and Honduras and can be traced to individual coffee plantations. One of the co-operatives that we purchase coffee from is the Kachalu Coffee Farmers' co-operative from the highlands of Colombia. The co-operative aims to produce high-quality coffee while protecting people and the environment. The cultivation of this coffee goes hand-in-hand with protecting rainforests and achieving a better price for the farmers. In 2017, we purchased 25,000 kilos of Fairtrade certified tea for the various HEMA tea blends. This resulted in a social premium for the tea pickers of three Indian tea plantations: Kotada, Welbeck and Parry Agro. The premium was used for social projects, such as educational grants for children, medical help and maintaining local communities.

## palm oil

Palm oil has a higher yield per hectare than other types of oil. That is why it is one of the most widely used ingredients in the food industry. However, the cultivation of non-sustainable palm oil has led to deforestation in South-East Asia. HEMA uses palm oil in its food and cosmetics products. We have set ourselves the goal of sourcing 100% more sustainable palm oil for our food assortment. In 2017, 99.5% of the palm oil in our food products was certified in accordance with the RSPO standard. In 2018, we will certify the final non-certified products. In addition, we are considering removing palm oil from our food products without affecting the taste.

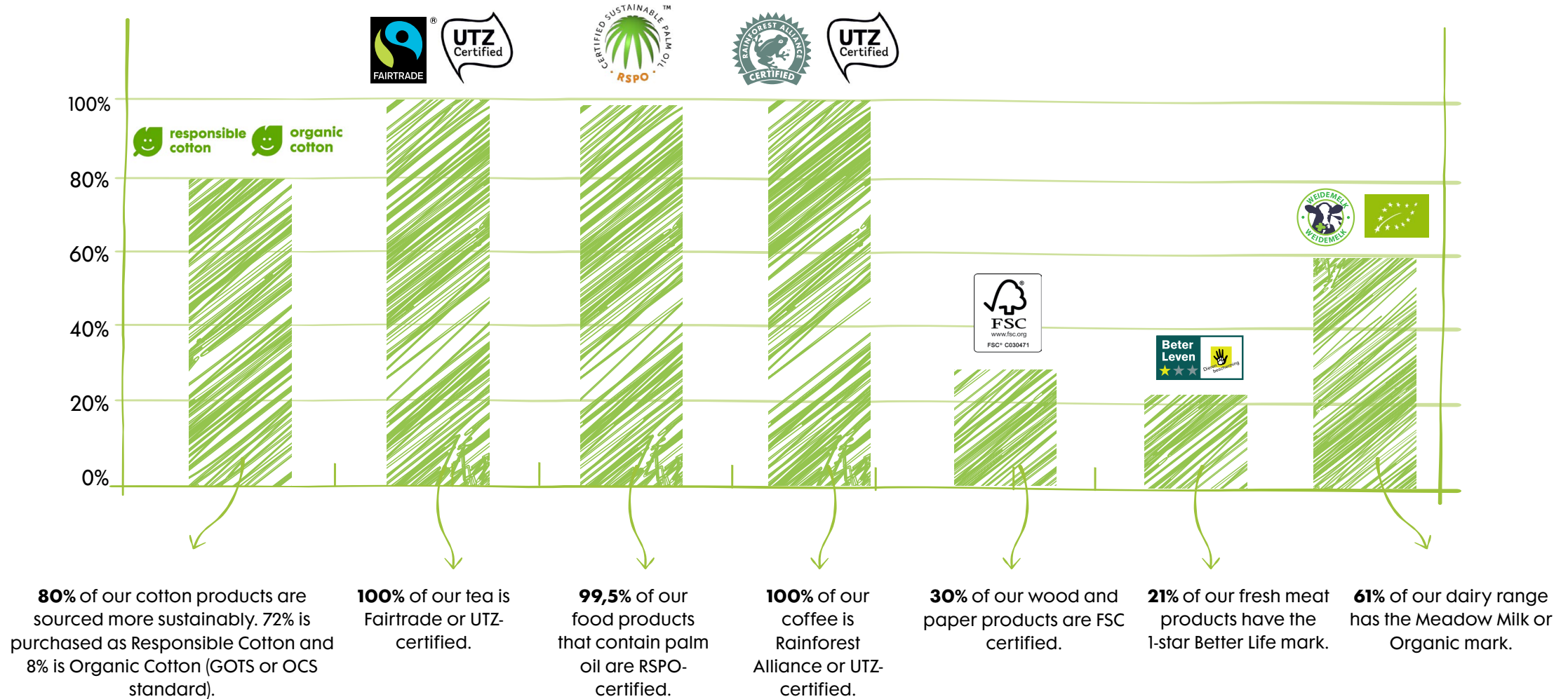
It is more difficult to remove palm oil from cosmetics, as it is used in many complex ingredients and only forms a fraction of the final product. We are making clear agreements with our cosmetics suppliers to purchase RSPO palm oil for products that are not yet certified.

"The Better Life label is now the most well-known label in the Netherlands for animal products. In 2017, 31 million animals had a better life thanks to the Better Life label."



**Marijke de Jong**  
programme manager,  
Dutch Animal Protection Foundation  
(Dierenbescherming)

# figures



# packaging

Our products are sourced globally, which requires packaging to protect them during transport. Packaging also represents an opportunity to explain more about the product. We do so in five languages so that customers in all the countries where we have stores can make informed choices. To encourage our customers to recycle packaging, we will add a universal recycling guide to the packaging of our products in 2018.

In partnership with the Information Institute for Sustainable Packaging (Kennisinstituut Duurzaam Verpakken), we will evaluate our product packaging policy in 2018 and will try to reduce the environmental impact of our packaging where possible. We will do so with even smarter packaging, by reducing unnecessary packaging and by taking into account the recyclability of the packaging, so that raw materials can be reused. In the future, we aim to have all our packaging made from sustainably sourced renewable materials. In 2017, we took the first step by changing our delivery boxes to FSC®-certified cardboard and having them available in nine sizes. This allows products to be packaged more efficiently, and reduces transporting air. We have also thought how our delivery boxes can be given a second life, and have chosen to add different animals, which can be cut out and assembled ([watch the video](#)).

## product packaging

Total quantity of packaging materials for final product packaging in the Netherlands, Belgium, Luxembourg, Germany and Spain (excluding the United Kingdom and France).

product packaging	glass	plastic	aluminium	steel	paper
total kg in 2017	227,283	1,012,593	39,689	32,907	1,514,616

Most of our packaging is made of paper. This packaging material is used throughout our entire range. The great benefit of paper is that it is a renewable raw material, which we prefer. While we also use plastic to package our products, our ambition is to use less plastic in the future. Aluminium and steel are used in our range of beauty products, such as aerosols and other HEMA product groups, such as tea lights and espresso cups. Glass is mostly used to package drinks, and is also used to package some of our beauty products.

## recycling transport packaging

Our own Dutch and Belgian stores, our distribution centre and some of our Dutch franchise stores supplied 580,000 kg of plastic and 6,441,000 kg of cardboard to our partners for recycling in 2017.

"In future, in partnership with the KIDV, HEMA can continue to increase its added value for customers, and further reduce raw material use and the impact on the environment."



**Marc Reijnders**  
Information Institute for Sustainable Packaging

# how our products are made

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## supply chain transparency and working conditions

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To guarantee sustainable and fair production, supply chain transparency is very important. We require openness from all our suppliers about where our products are made, and under which conditions. The most important countries where HEMA textile products and hard goods are made are China, Bangladesh and Turkey. Most of the food and beauty products we sell come from Europe.

The 32,000 different items in our range are produced all over the world. This means we have a large number of supply chains. It is important that we are aware of the labour conditions in our supply chains, and that we maintain continuous contact with our partners in the supply chain.

### audits

To verify that factories comply with our standards, we carry out our own factory inspections with our own auditors. We monitor the conditions under which HEMA products are made and, if necessary, ensure improvements are made. During these factory inspections, we pay attention to seven aspects:

- **supply chain transparency**
- **preventing child labour**
- **no forced labour**
- **safe and healthy working environment**
- **fair wages and working hours**
- **insurance**
- **pollution**

In addition to carrying out our own audits, HEMA has been a member of amfori BSCI since 2003. This is a platform initiated by companies to improve working conditions and environmental standards worldwide, by carrying out independent audits at production locations.

### improvement plans

If points for improvement are identified during a factory inspection, an improvement plan is prepared in partnership with the manufacturer. Following this, HEMA works together with its partners in the supply chain to ensure that these improvements are implemented. If the improvements are not implemented on time, we will not place any more orders with the manufacturer. We also ensure continued compliance of long-time suppliers through amfori BSCI audits.

In 2017, the most common issues that required improvement were ensuring a safe and healthy working environment and tackling pollution. During the past year, 771 factory inspections were carried out at various textile and hard goods production locations. These consisted of 349 audits carried out by HEMA, and 422 audits carried out by external initiatives such as amfori BSCI. By implementing these improvement plans, more than 91,000 employees at our production locations benefited from improved working conditions.



## partnership in the supply chain

To improve working conditions in Bangladesh HEMA joined the Bangladesh Accord in 2013; also known as the Accord on Fire and Building Safety in Bangladesh. This initiative aims to improve working conditions in the textile industry in Bangladesh. In 2017, we were one of the first to sign the new 2018 Transition Accord. The parties who have signed the Accord have collectively agreed to continue developing the fire and building safety programme in Bangladesh.

"With this commitment to both the 2013 Accord and the 2018 Transition Accord, HEMA has demonstrated leadership in contributing towards a demonstrably safer textile industry in Bangladesh."



**Rob Wayss**  
Executive Director & Acting Chief  
Safety Inspector, Bangladesh  
Accord

"The structural problems in the garment and textile supply chain can only be tackled through partnership between companies and trade unions, NGOs and (local) government. This is why we're glad that HEMA is part of the Sustainable Garment and Textile Covenant."



**Jeff Wintermans**  
Sustainable Garments  
& Textiles Covenant

## sustainable design

As a retailer, it is our responsibility to reduce the negative impact of our activities on the environment, and to increase the positive impact we have on society. One important element of this is to consider sustainability during the very first step in the production process: the design phase. This means asking questions such as "which materials can we use so that the product can be recycled?", "will this product encourage sustainable behaviour?" and "can this product solve a problem faced by society?" Examples of this include offering a sustainable water bottle, and our spare parts service. In 2018, we will set a sustainable design goal for each purchasing department. At the end of the year, a percentage of the range in question must consist of innovative items, with sustainability as a standard element.

This coming year, we will research in more detail how we can incorporate circular principles at the design stage of our products. This includes designing products that last longer, that are easy to repair or recycle, or that are made

We are a member of the steering group of the IRBC Sustainable Garments & Textiles Covenant. By working in partnership with many other companies, (local) government, trade unions, NGOs and sector organisations, we aim to promote sustainable garments and textiles. We work together with our partners to make our products and supply chain more sustainable, which involves tackling issues such as unfair working conditions and pollution.

Our ambition for 2018 is to make a positive impact on even more of our supply chain partners. We will do so by continuing to carry out our own audits, and external audits. This will allow us to implement improvement plans where necessary, and to ensure that all production locations fully comply with the HEMA standards. In addition, we are reducing the number of suppliers and production locations, to allow us to invest in a smaller group of high-quality suppliers. Finally, we will inform our customers even more clearly about the origin and production locations of our products.

from recycled materials. A good example of this is our duvet made from a filling of recycled PET bottles (rPET), which we developed in partnership with our supplier Deltex.

Last year, we organised the "Beyond Green" event in partnership with the Amsterdam Fashion Institute (AMFI) and Circle Economy. This symposium focused on the future of the fashion and textile industry. In this way, we not only encourage sustainable design within our own organisation, but also join forces externally to make an impact. In 2018, we will begin organising the second "Beyond Green" symposium.

"In 2017, we started this project with HEMA to develop an rPET duvet with an organic cover as a new, innovative product. This is a fantastic step towards a better future."



**Edwin Slot**  
Deltex. Supplier of  
the HEMA rPET duvet

## environment

We try to keep our impact on the environment to a minimum. This involves action at various levels. We consider the environment during the manufacturing of our products. We also want to reduce our carbon footprint in our operations and through our mobility policy for employees. In 2018, we will research how we can transport our products from our distribution centre to our stores more sustainably.

### CO2 emissions

Activities such as the production and transport of our products, and lighting and cooling in our stores, consume energy. This results in CO2 emissions, which contribute to climate change. Therefore, in 2018 we will take our first step in tackling this by measuring the CO2 emissions from our own activities with the ambition of reducing our footprint. For example, we can reduce CO2 emissions by using LED lighting as standard in our new stores. In 2017, we changed the lighting in 30 stores to LED lighting.

### mobility policy

In 2018, we will revise our mobility policy. Sustainability will form an important part of the new policy. We are being supported by a partner who will advise us about smart and sustainable mobility.





# our role in society

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## food waste

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HEMA sells fresh products daily. We are known for our fresh "tompoucen" (cream pastries) made in our own bakery, of which we sell approximately 4.5 million annually. We also offer a wide range of fresh bread, bakery and meat products. A number of our stores have a restaurant or take away. We use careful stock management to try to match our product offering as closely as possible to customer demand. However, sometimes products are close to reaching their expiration date and have yet to be sold. As we do not want products to go to waste, we have introduced a new price off policy for products reaching their expiration date. An example of this is the 25% "no waste" price off sticker customers can find on our food products.



When our products reach their expiration date and are not sold, we evaluate them and make sure that the still edible products are not wasted. In 2017, we conducted a successful pilot project with the Dutch Food Bank (Voedselbank) in five of our stores. In 2018, we will select at least two regions in the Netherlands to continue our partnership with the Dutch Food Bank. Our ambition is to expand our reach to cover all regions in the Netherlands.

"HEMA donated 700,000 cups of coffee via a successful loyalty card promotion. Repeating a similar creative promotion would be very valuable!"



**Rolf Peters**  
Food Bank Amsterdam

# being a good employer

HEMA is for everyone, and this particularly applies to our own staff. We believe in the power of a well-trained, healthy and contented workforce. By taking good care of our employees, we also take good care of our customers.

Because we are at the heart of society, we believe it is important that we are a reflection of the diversity within society and offer a place to everyone. We encourage diversity; an example of this is our partnership with the House of Hi, which promotes diversity within our company.

HEMA is constantly on the move, and every year we raise the bar for ourselves. As such, we have set up numerous initiatives to help us achieve our goals. To assess employee satisfaction, we carry out a major international survey involving all HEMA employees every year. In 2017, 79% of our employees took part. We shared the results of the research, and prepared an action plan for improvements together with managers and employees. As a result, we have set up many initiatives in the field of training and education.

During the summer months, 237 employees from all disciplines participated in the HEMA Summer School. Employees were able to take part in a pilot course to help determine whether the course should be included in the standard HEMA training programme. In addition, more than 200 employees have taken part in our 2017 apprenticeship programme (Beroeps Begeleidende Leerweg), a professional training programme at various levels, which consists of on-the-job training. This allowed us to reach our goal of offering this programme in stores and in the bakeries in 2017, as well as in the distribution centres. Various talent management initiatives help us to map the talents of our employees even more effectively. This allows us to take targeted action to help them be the best they can be, to grow and develop in specific areas.

In addition, it is important that our staff feel mentally and physically fit while working. We understand how important it is to feel healthy and happy at work. An example of an initiative we have set up in this area is the Health Week. This focuses on health and well-being across all business units.

"By setting up programmes for vulnerable target groups, HEMA can become even more inclusive and can offer opportunities to everyone in society. Together with HEMA, House of Hi is working to create a diversity policy that is not just a policy, but a mindset."



**Wietske Kamsma**  
House of Hi

# HEMA Foundation

## inclusive society

HEMA is at the heart of society, and we see it as our role to make a positive impact on the world around us. That is why we are launching the HEMA Foundation in 2018. The HEMA Foundation will work to promote an inclusive society, in which everyone can play an active role in daily life.

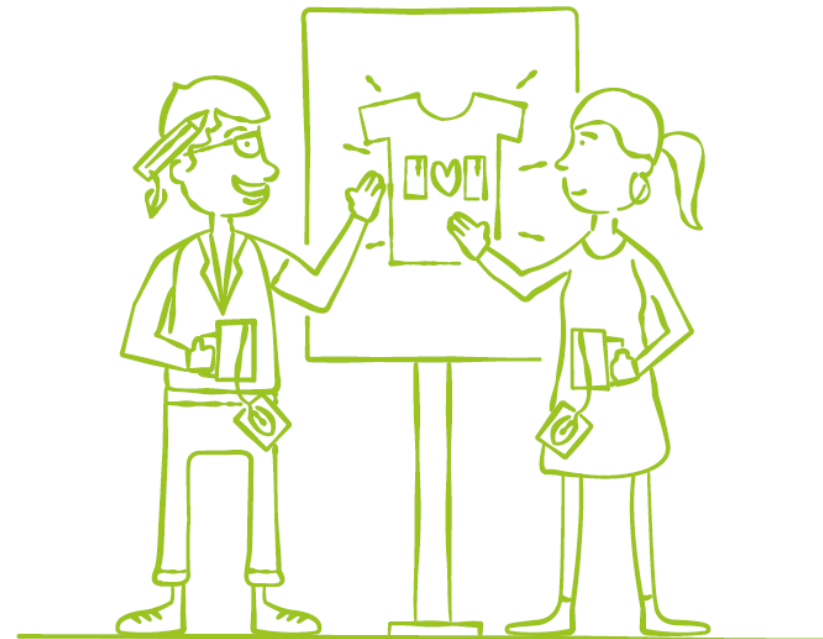
The power of HEMA is that we are there for everyone, and that we develop products with a distinctive, unique design. These two strengths have the potential to make a significant positive contribution to society. This is why the HEMA Foundation will build upon these strengths.

Specifically, this means that the foundation will promote a topic every four years – related to the Sustainable Development Goals of the United Nations – that contributes to inclusiveness. Between now and 2022, the foundation will work to promote **Language proficiency** (tackling functional illiteracy). Being able to read and write well has a major positive effect on your daily life. However, 2.5 million people in the Netherlands experience significant difficulties. Across Europe, illiteracy affects 70 million people. Functional illiteracy is passed on from generation to generation. The HEMA Foundation will strive to break this vicious cycle by developing an effective family-based approach, in partnership with (literacy) organisations and other parties. The Foundation wishes to be an open source platform for collective experimentation, developing innovative concepts and forging connections. In addition, the HEMA Foundation will set up awareness campaigns to break the taboo around functional illiteracy, and will support literacy activities for both young and old.

The HEMA Foundation will also promote **Inclusive Design**. This involves developing products, services and systems that remove barriers experienced by people, so that everyone can play an active role in our society. The Foundation will work to make inclusive design a key principle in the design community. The goal is to create structural change in society. We will do so by being an open source platform, where the community can experiment and share best practices. The HEMA Foundation wishes to be an incubator for ideas and forging unexpected connections between players. In addition, we will offer emerging design talent a platform for products

and ideas that promote inclusiveness, and will coach and support them in further developing their ideas.

## HEMA Foundation



# definitions

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## **audit**

Assessment procedure to evaluate the operational management of a production site according to a set of predetermined criteria.

## **Better Cotton**

The Responsible Cotton logo is used on cotton products sourced as Better Cotton. The Better Cotton Initiative is a non-profit organisation that works towards improving cotton standards worldwide.

## **FTE**

FTE stands for Full-Time Equivalent. This is a unit used to express the working hours associated with a position, or the total working hours of the workforce as a whole, where one FTE represents a full working week.

## **production chain**

The series of consecutive processes that is necessary to make a product, from raw material to customer.

## **stakeholders**

Stakeholders are persons and organisations who are directly or indirectly influenced by the activities of the company, or who have a direct or indirect influence on the company.

## **IRBC Sustainable Garments and Textiles Covenant**

HEMA is one of the companies to have signed the covenant for International Responsible Business Conduct (IRBC-covenant) in the garment and textile industry. The IRBC textile covenant contains agreements made by garment and textile companies with NGOs, trade unions and (local) government. These agreements are designed to ensure that companies in the international textile sector operate in a fair, sustainable and safe way, and with concern for the environment and animal welfare.



# about this report

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HEMA wants to make sustainability accessible and understandable to a wide audience. We hope that this report has helped to bring this a step closer. If you have an idea, tip, question or remark, please contact us by sending an e-mail to [sustainability@hema.nl](mailto:sustainability@hema.nl). Follow HEMA on:

If you would like to know more about sustainability at HEMA, check out: [www.hemashop.com/gb/sustainability](http://www.hemashop.com/gb/sustainability). This report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines and complies with the GRI Core Standards level. It relates to the period 1 January 2017 up to and including 31 December 2017. No significant acquisitions or divestments took place in this period. Unless otherwise indicated, the results relate to the national and international activities of HEMA within the company's own organisation. The scope and demarcation of the content are based on the material subjects and on the information requirements of the stakeholders. HEMA reports annually on progress on the material issues presented in this report. This report has not been externally verified. Relevant departments were approached for the collection of data, with quality being monitored by the sustainability department. The results for 2017 may be read in the 2017 Sustainability Report, published on the 9th of July 2018. Calculations and data in this report have not been altered.

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