

# for every moment

sustainability report 2015

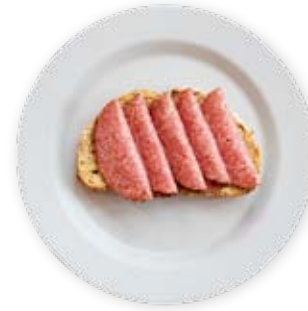




## what our products are made of

- natural resources and raw materials
- animal welfare
- packaging

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## how our products are made

- supply chain transparency
- working conditions at producers
- transport and energy

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## our role in society

- social engagement
- good employment practices

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Tjeerd Jegen  
CEO HEMA

//  
Transparency is important to HEMA and that is why we want to report clearly on how far we've come in the field of sustainability on an annual basis. It is our strong desire to achieve these expectations and to exceed them in the long term. //

Tjeerd's favourite sustainable product



The natural beauty line meets the COSMOS standard. At least 95% of the ingredients are from natural sources.

# the HEMA heart

In April 2015 I started as CEO of HEMA. The year 2015 was a year of change for HEMA in more ways than one. An important step was the development of the HEMA heart\*, which identifies sustainability as one of the company's five priorities. It's something I'm really positive about, because sustainability is very important to me both professionally and personally. And I'm not the only one. Many people working within HEMA share my conviction that running the company in a sustainable way fits HEMA like a glove and makes our company stronger.

In a difficult and dynamic retail market, our aim is to be different in a positive way. We do this by upholding key principles such as quality, design, affordability and sustainability. Consumer confidence is rising, but people are still watching the pennies. HEMA therefore sees an important role for itself in making sustainable products accessible and affordable. We're convinced that by making our range of products and services more sustainable, we are applying a winning formula. In particular because the new generation of customers does not see sustainability as a nice to have but as a must have.

We still have quite a bit of work to do. Like any other company, we are facing major social challenges such as working conditions in the production chain\*, raw material scarcity, and the environmental impact of our production and transport, to name but a few. A company like HEMA, which only sells private label products is more complex than other retailers.

We have a wide range of products for which we must take full responsibility. It is important that we structure our organisation in such a way that we can achieve our objectives and ambitions. For HEMA, 2016 will be the year in which we set clear priorities and deliver on commitment. Focus is essential so that we can zoom in on a number of issues and honour the promises we made. An example of this is our objective to use 100% sustainable cotton by 2020. In concrete terms, we will achieve this through cooperation with the Better Cotton Initiative\* (BCI) on the one hand and the use of organic cotton on the other.

Communication plays a crucial role in our activities. We're not only working on focus and transparency within the company, but also in our communication with the outside world. From 2016, we want to communicate more clearly what we stand for and report on what we're achieving. It is our strong desire to meet expectations and exceed them in the long term. Transparency is an important theme for HEMA. We wish to communicate clearly, accessibly and identifiably as truly HEMA, just like we do in this report. I hope you will enjoy reading it.

27 June, Amsterdam  
Tjeerd Jegen, CEO HEMA

€ 1,139.3

million net turnover  
**economic key figure**

20

new stores opened  
**economic key figure**

9

percent of our products  
in the fashion and  
home textiles category  
(including underwear)  
contains organic cotton  
**environmental key figure**

RESULTS  
2015

271

audits\* carried out by  
HEMA's own auditors  
**social key figure**

516

items contain paper and/or wood from  
sustainably managed forests (FSC certification)  
**environmental key figure**

>25,000

items donated to the Red Cross  
**social key figure**



**the essence**

optimistic  
unique  
clear  
reliable  
accessible  
typically Dutch

**in 2015**

701 stores  
seven countries  
> 11,000 employees  
> 30,000 products  
and services

**stores opened in amongst others**

Birmingham  
Madrid  
Paris  
Tours  
Mulhouse

# HEMA in brief

The Hollandsche Eenheidsprijzen Maatschappij Amsterdam, or H.E.M.A., opened its first department store on 4 November 1926 in Amsterdam. Founders Leo Meyer and Arthur Isaac wanted to open a department store for 'ordinary people'. HEMA, as it became known, was the first Dutch department store of its kind. Products had prices of 10, 25 or 50 cents. From day one, our essence was characterised by words such as optimistic, unique, transparent, reliable, accessible and typically Dutch.

Today, we have more than 700 stores in seven countries, with over 11,000 employees. In the countries where we operate, customers can also shop online. We serve six million consumers on a weekly basis.

In 2015, we reached a milestone with the opening of our first store in Birmingham and two new stores in Madrid. With the opening of the twentieth store in Paris and our two largest French stores (in Tours and Mulhouse), we now have 43 stores in France. Further internationalisation is an essential element of our growth strategy.

In the past years, we have strengthened our focus on the sustainability of our products and activities. In our opinion sustainable choices must be within the reach of a wider public and we try to achieve this by making sustainable products affordable and accessible. With sustainability as part of our brand values, we are facing the future with confidence.

HEMA B.V. has been a part of Lion Capital since 2007. In 2015, we realised a net turnover of €1,139.30 million. HEMA has over 30,000 own products and services, which we sell in our stores and via the online shop.

on the basis of 2015 net turnover

## our most important categories

### 36% hard goods

home and bedroom, beauty and health, school and office, party and gifts, hobby and leisure

### 33% fashion and underwear

women, men, baby and children's fashion

### 27% food and drink

stores, hospitality, take away

### 4% services

tickets, photo service, insurances and notary services

## stores and employees

### distribution centre

Utrecht

number of employees:  
409 men  
103 women

### support office

Amsterdam

number of employees:  
195 men  
345 women

### stores

number of employees:  
1,332 men  
8,663 women

### The Netherlands

539 stores  
9,669 employees

### Belgium

97 stores  
899 employees

### Germany

10 stores  
103 employees

### Spain

3 stores  
35 employees

### France

43 stores  
508 employees

### United Kingdom

5 stores  
49 employees

### Luxembourg

4 stores  
26 employees

### 1 main bakery and 6 decentralised bakeries

number of employees:  
196 men  
46 women

### purchasing offices

Shanghai, Hong Kong, Dhaka



five priorities

Truly **happy** customers.  
Employees who  
are **proud** of HEMA.  
**Simplifying** and  
improving our activities.  
**Sustainable** business  
operations. Achieving  
**healthy** financial results.



## truly HEMA

HEMA looks for the optimum balance between quality, design and price. We achieve this by continuous innovation in all our product categories so that we continue to offer relevant products and services for everybody. Our stores and webshops are continuously improved.

In 2015, we redefined our strategy and started its implementation. Central in this is the HEMA heart and the values that are most dear to us. We aim to be the number one choice for everyday products that make the lives of our customers easier and more fun.

Our core values serve as a guide for how we work, with our business partners and in our communities. They help us come up with unique and reliable products and services for our customers. We pursue five priorities: truly happy customers, employees who are proud of HEMA, simplifying and improving our activities, sustainable business operations and achieving healthy financial results.



**Eva Ronhaar**  
Head of Sustainability HEMA

18 // Collaboration is the starting principle of the sustainability department, not only with our customers and external parties but also with our internal stakeholders; the employees and different departments within HEMA. Sustainability is not an isolated concept, it is always related to a product or process. Stimulating a sense of responsibility and engagement is therefore essential. One of the objectives for 2016 is to make sustainability a structural part of business, so that our people know how they can contribute. //

Eva's favourite sustainable product



The organic tights made of fibres spun from the residual waste of the regular hosiery manufacturing process.

# sustainability at HEMA

**HEMA feels that sustainability should be affordable and understandable for a wide public. We make this possible by integrating sustainability into the quality and unique design of our products, while keeping prices affordable. In this way, we increase the range of sustainable products in the stores and put them within reach of our customers.**

Sustainability is an integral part of our business operation and production chain - we aim to create the best possible circumstances for people and the environment. We consider the external developments in the area of sustainability as opportunities to reinforce our own policy and our own initiatives wherever we can. We consider this to be an important tool to make HEMA more future-proof as a business. We offer consumers and other stakeholders\* transparency on our sustainability policy and the principles we apply when compiling our range.

Transparency is after all a basic condition for dialogue and cooperation. We think it is important to cooperate with other parties in our sector and in the production chain so that together we can lift sustainability to a higher level.

Sustainability has been given a prominent position in the new business strategy, which was developed in 2015. The company-wide approach focuses on the different links in the HEMA supply chain: from support office to distribution centre and bakeries and the stores in all countries, the purchasing offices and the agents. For the success of our approach, it is essential that we have the support of our employees. Only by acting together with all employees in a consistent manner can we achieve our sustainability ambitions.

## **incorporating sustainability into the organisation**

Sustainability and our role in society belong to one of the five priorities of HEMA. In 2015, the decision was made to have the sustainability department report to the CEO, thereby firmly embedding sustainability within HEMA. The department coordinates the development of the sustainability policy, which we devise in consultation with internal and external stakeholders. It is also responsible for evaluating progress and it reports every three weeks to the CEO - the person with ultimate responsibility for sustainability.



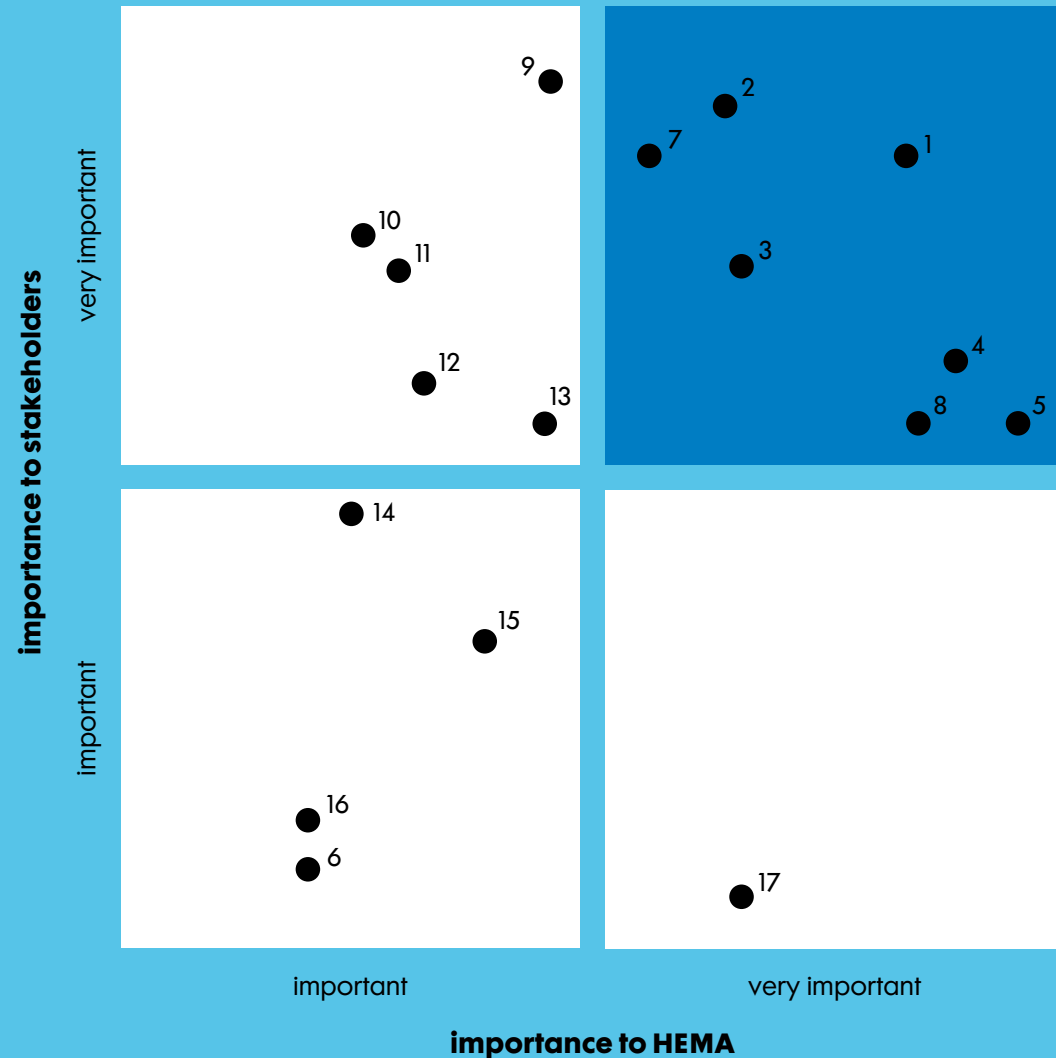
# making the right choices

To make sure we focus on issues that are meaningful for both HEMA and the outside world, we carried out an analysis in the run up to this report.

By means of questionnaires that we presented to stakeholders, customers and employees we asked which issues were most important to them. These issues form the core of our approach and reporting.

The seventeen issues that emerged from the analysis as being most important are shown in the figure on the right. The higher the issue is plotted in the figure, the more important it is to HEMA's stakeholders. The more an issue is plotted on the right, the more important it is for HEMA's business success. In addition to the submitted issues, the questioned stakeholders noted four extra issues as being important: communication on sustainability, certification, transport and trust. They are therefore included as 'important to stakeholders' in the figure.

In this report, we focus on the seven topics that emerged as very important from the analysis. In addition, we pay attention to transport and energy issues as they form part of our sustainability strategy.



1. natural resources and raw materials
2. animal welfare
3. packaging
4. supply chain transparency
5. working conditions at producers
6. transport
7. social engagement
8. good employment practices

9. environment
10. food waste
11. healthy products
12. stakeholder engagement
13. sustainable design
14. waste and recycling
15. communication on sustainability
16. certification
17. trust

# in dialogue with the world around us

HEMA wants to be there for everyone and is therefore in dialogue with the different parties that are important for the future of HEMA. HEMA speaks with these parties in different ways and about different issues. By doing this, we learn what is important to them when it comes to sustainability, so that we can make efforts in this respect.

## sector organisations

We are in dialogue with various sector organisations and we actively take part in meetings. It is essential to keep up to date on the most important developments in the sector and any upcoming laws and regulations. Together we consider how we, as individual businesses and jointly, can best tackle issues such as working conditions and a circular economy.

## (local) government

We are in dialogue with the government and take part in meetings it organises. The Multi-stakeholder Textile Mission to Bangladesh for example, or on matters relating to the Participation Act. Where relevant and possible, insights gained are implemented in our policy and working processes.

## suppliers and supply chain partners

We regularly organise supplier days on various themes such as the Better Cotton Initiative. We also take part in the Pakistan Buyers Forum, we are a signatory to the Bangladesh Accord\* and took part in the Multi-stakeholder Textile Mission to Bangladesh. In this way, we remain up to date of the latest developments. This helps us sharpen the policy relating to working conditions and social compliance\*.

## partners

We work together with our partners such as Return to Sender, Earth Concepts, Fiep Westendorp Foundation, LINDA.foundation and KWF Kankerbestrijding (Dutch Cancer Society).

## customers

We respond to questions, ideas and views of our customers, including on social media on a daily basis. We also ask questions relating to sustainability to our customer panel consisting of over 6,500 participants.

## employees

Employees share their thoughts via works councils and participation councils. This takes place at a number of levels: Europe-wide, in the support office, bakeries, distribution centre and stores. In action teams, employees can help think along on specific issues. We also carry out regular employee satisfaction surveys. Based on the results, we consider whether it is necessary to adjust our policy.

## civil society organisations

We are in dialogue with various civil society organisations and take part in meetings. Where it concerns the origin of raw materials and animal welfare, for example. This influences our policy and, depending on the issue, we work together to come to better implementation.



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With 701 stores in seven countries, the online shop and over 11,000 employees with which we weekly serve six million consumers, HEMA has a big impact.

## from raw material to shopping basket

In our business processes, we have different roles: we sell our products but we are also an employer and a client to suppliers. In all these roles, we aim to realise the best possible conditions for people and the environment. We try to add something positive for all stakeholders - from good working conditions at producers to unique and sustainable products for our customers. The image on the next page depicts the steps into which our business process has been divided and how HEMA aims to make a positive contribution to the world around us - from raw material to shopping basket.

### **We set out the following six phases for each link in our supply chain:**

1. what we need from people and the environment for our business processes;
2. how we handle this responsibly and try to create a positive influence;
3. the results to date;
4. what we are working towards;
5. with which parties we are collaborating to this end;
6. what our strategic priorities are.

# from raw material to shopping basket

what are the links in our supply chain?

	raw materials	producers and raw materials suppliers	logistic processes	support office, distribution centre, bakeries and stores	customers	society
what do we need?	<ul style="list-style-type: none"> <li>• use of raw materials for our products</li> <li>• use of raw materials and fuels to make the products</li> <li>• water use</li> </ul>	<ul style="list-style-type: none"> <li>• purchasing of labour at 950 producers and 475 suppliers from 46 countries</li> </ul>	<ul style="list-style-type: none"> <li>• use of packaging materials, fossil fuels and emissions of greenhouse gases</li> </ul>	<ul style="list-style-type: none"> <li>• &gt; 11,000 employees</li> <li>• 701 stores in 7 countries</li> <li>• 5 webshops</li> <li>• financial capital: Lion Capital</li> </ul>	<ul style="list-style-type: none"> <li>• 30,000 products and services in the fashion and underwear, hard goods, food and drinks, and services categories</li> </ul>	<ul style="list-style-type: none"> <li>• various activities that have a positive influence on the neighbourhood in which HEMA is active, both in the Netherlands and internationally</li> </ul>
how do we achieve a positive influence?	<ul style="list-style-type: none"> <li>• increasing use of more sustainable raw materials in all our product categories</li> </ul>	<ul style="list-style-type: none"> <li>• insight into our production chains and continuously aiming for improvements including by carrying out audits and organising suppliers days</li> </ul>	<ul style="list-style-type: none"> <li>• using less packaging material or more environmentally-friendly packaging material and introducing more efficient logistics and energy saving measures</li> </ul>	<ul style="list-style-type: none"> <li>• paying attention to sustainable employability, training, diversity and the offering of jobs to disabled people or people with health conditions</li> </ul>	<ul style="list-style-type: none"> <li>• putting the customer first and making sustainability accessible and affordable</li> </ul>	<ul style="list-style-type: none"> <li>• contributing to an improved quality of life in the neighbourhood of our stores</li> </ul>
what did we achieve in 2015?	<ul style="list-style-type: none"> <li>• 9% organic cotton</li> <li>• 516 FSC products</li> <li>• UTZ certified chocolate and filter coffee</li> <li>• Rainforest Alliance coffee</li> <li>• Fairtrade tea</li> <li>• organic meat and dairy</li> <li>• MSC and ASC fish</li> </ul>	<ul style="list-style-type: none"> <li>• participant in the BSCI auditing working group</li> <li>• 271 audits carried out by HEMA's own auditors</li> </ul>	<ul style="list-style-type: none"> <li>• pilot with 500,000 cake bases made of compostable sugar cane carried out</li> </ul>	<ul style="list-style-type: none"> <li>• project on physical load on the shop floor carried out in cooperation with health insurer Menzis</li> <li>• nearly 500 employees of the support office have participated in training and education</li> </ul>	<ul style="list-style-type: none"> <li>• HEMA was declared the 'most indispensable brand of the Netherlands' (EURIB) for the eighth time in a row</li> </ul>	<ul style="list-style-type: none"> <li>• 'well wrapped' action carried out in 53 stores</li> <li>• participated in BASTA (Amsterdam businesses united against poverty) competition</li> <li>• &gt; 25,000 items donated to the Red Cross</li> <li>• together with the Municipality of Amsterdam helped 80 young people into a job at HEMA</li> <li>• sold 73,202 litres of EARTH Water</li> </ul>
what are we working towards?	<ul style="list-style-type: none"> <li>• in 2016, 20% of our fashion and home textiles range will contain sustainable cotton (BCI or organic)</li> <li>• in 2020, 100% of our cotton will be sustainable</li> <li>• in 2016, we will expand our assortment with vegetarian alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• in 2016, we will work on simplifying our supply chains</li> </ul>	<ul style="list-style-type: none"> <li>• in 2016, we will prepare a plan of action to lower the impact of packaging, transport and energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>• in 2016, we are starting an e-learning programme on physical workload</li> <li>• in 2016, we will give substance to the 'Jong HEMA' programme</li> </ul>	<ul style="list-style-type: none"> <li>• in 2016, we are paying more attention to our communication on sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• in 2016, we are committing ourselves to long-term, impactful initiatives for groups we feel connected to</li> </ul>
most important collaboration partners	<ul style="list-style-type: none"> <li>• BCI, FSC, UTZ, Rainforest Alliance, Fairtrade, MSC, ASC, organic certification</li> </ul>	<ul style="list-style-type: none"> <li>• producers and suppliers, BSCI, Bangladesh Accord</li> </ul>	<ul style="list-style-type: none"> <li>• transport companies</li> </ul>	<ul style="list-style-type: none"> <li>• trade unions, government, sector organisations, NGOs, Menzis</li> </ul>	<ul style="list-style-type: none"> <li>• customer panel with over 6,500 participants</li> </ul>	<ul style="list-style-type: none"> <li>• BASTA, Red Cross, KWF, Municipality of Amsterdam, Fiep Westendorp Foundation, EARTH Concepts, Return to Sender, Not for Sale</li> </ul>
what are our strategic priorities for each link?	<ul style="list-style-type: none"> <li>• natural resources and raw materials (p. 15)</li> <li>• animal welfare (p. 16)</li> <li>• packaging (p. 16)</li> <li>• supply chain transparency (p. 18)</li> <li>• working conditions at producers (p. 18)</li> </ul>	<ul style="list-style-type: none"> <li>• animal welfare (p. 16)</li> <li>• packaging (p. 16)</li> <li>• supply chain transparency (p. 18)</li> <li>• working conditions at producers (p. 18)</li> </ul>	<ul style="list-style-type: none"> <li>• packaging (p. 16)</li> <li>• supply chain transparency (p. 18)</li> <li>• transport and energy (p. 19)</li> </ul>	<ul style="list-style-type: none"> <li>• packaging (p. 16)</li> <li>• supply chain transparency (p. 18)</li> <li>• transport and energy (p. 19)</li> <li>• good employment practices (p. 22)</li> </ul>	<ul style="list-style-type: none"> <li>• packaging (p. 16)</li> <li>• social engagement (p. 21)</li> </ul>	<ul style="list-style-type: none"> <li>• social engagement (p. 21)</li> </ul>



# for every moment

HEMA products are for everyone, for every time of the day. We think it is important that our products make a positive contribution to the lives we are touching on a daily basis. Our objective is to make sustainability affordable and accessible, by means of our products. This objective fits in well with HEMA and our characteristic combination of high quality, unique design and keen prices.

from 7.15 a.m. to 8.30 p.m.

The examples in the next sections illustrate how during different times of the day we aim to contribute to a more sustainable world.



# what our products are made of

We try to lower the impact of our products by looking for alternative natural resources and raw materials, by handling animal welfare carefully, and by looking closely at the packaging we are using.



**1 and 2.** A selection of our fashion and underwear range (such as different T-shirts and socks) is made of organic cotton. **3.** These place mats are made of FSC paper. **4, 5 and 6.** Our organic food range includes breakfast cereals, milk, buttermilk and sliced meat products.

## 7.15 a.m.

The day has just begun. Some are always in a rush in the morning, others get up in good time to have breakfast with the whole family. However they do it, everyone wants to start the day well. With HEMA products you make even the earliest times of the day special.

## natural resources and raw materials

As a retailer with a varied product range - from fashion and household equipment to food - we are part of various production chains and are dependent on several natural resources and raw materials. Obtaining and processing natural resources and raw materials has an impact on the world around us. That is why we think carefully about the materials we are using in a large part of our range. We want to reduce the negative impact, or even turn it into a positive impact.

For example, cotton is one of the materials we use a lot in our fashion and home textiles. Globally, cotton is one of the most important and most used natural fibres. Cotton is, however, associated with negative effects on humans and the environment: the water use is very high, for example, and the working conditions in the cotton industry are not always good. That is why we have decided to start the Sustainable Cotton Journey, in which we are gradually working towards 100% sustainable cotton (see case). Currently, 9% of our products in the fashion and home textiles category (including underwear) is made of organic cotton. No artificial fertilisers or chemical pesticides are used to grow this cotton. Our production meets the standards of the Organic Content Standard quality mark or of the Global Organic Textile Standard certificate.

In addition to cotton, a large part of our products is made from paper and wood. The use of this has a great impact on the environment, particularly on deforestation. That is why at HEMA, we opt for paper and wood with FSC certification, which means that the wood originates from sustainably managed forests. Today, 516 products carry the FSC certification. Compared to last year we give a more complete picture by also including the 142 FSC products in our service category. Looking at the same product categories of last year (excluding the service category), we have achieved a rise of 37% with 374 FSC products. In 2016, we are going to select the product categories for which we want to use fully sustainable wood or paper by 2020.

HEMA feels it is important to know where its products come from, including our food range. A way to guarantee the sustainable origin is by the purchase of certified raw materials. Of some products, we only sell the sustainable version. Our milk, for example, is always organic and all our cocoa, coffee and tea is sustainable. These products have a recognisable quality mark. For instance, our chocolate is UTZ certified and our tea is Fairtrade. Our coffee has the Rainforest Alliance label, apart from filter coffee, which is UTZ certified. A major part of the fish has the Marine Stewardship Council (MSC) quality mark or the Aquaculture Stewardship Council (ASC) quality mark. This guarantees that the fish has been

## Sustainable Cotton Journey

Our ambition is to make use of 100% sustainable cotton by 2020. This could be organic cotton or cotton that has been grown under the Better Cotton Initiative (BCI). This collaboration initiative aims to make the global cotton production more sustainable so that it is no longer harmful for cotton workers and the environment. In 2015, we have been a learning member of BCI. In that year, we explored the possibilities of BCI, analysed the application in our supply chain and entered into dialogue with companies that are already a BCI member. In 2016, we will move on to become a Standard Member of BCI. Maartje Passchier, Manager Purchase Intelligence and Sourcing Execution: 'Last year during supplier days in Turkey, we trained, together with BCI, our suppliers in this way of working. This creates better mutual understanding and more cooperation in the supply chain, which is valuable.' In 2016, we aim to be at 20% of the Sustainable Cotton Journey in our fashion and home textiles range.





**Han de Groot**  
Managing Director UTZ



In the past years, the UTZ programme has undergone enormous growth and that is largely thanks to the cooperation with our partners, such as HEMA. By committing to our programme, HEMA makes it possible to make a difference for many farmers, which means we are working together towards a world in which sustainability is the norm.



caught or farmed in a sustainable manner. We also think it is important to be offering healthier food. We are consciously searching for products with a lower salt content and offer healthier alternatives. Our pastry and confectionary is free from artificial fragrances, colourings and flavourings (with the exception of the photo cake).

### **animal welfare**

Within our varied range we use animal products. With this, HEMA has an impact on the quality of the life of an animal. We think it is important to consider this carefully when selecting our products. It means that we, when making this selection, are constantly looking for more responsible alternatives or higher animal welfare standards.

In some cases, we decide to stop using certain products. For our fashion and home textile products, we exclude the use of angora wool and only process merino wool if it is museling-free\*. A large part of our duvet and pillow fillings is synthetic. When we make use of goose and duck down, we make sure that the animals have not been plucked when alive. For our (cosmetic) brushes, we do not use hair from protected animal species and only hair that is a byproduct. Our cosmetics, skincare and haircare products have not been tested on animals. Within our food range, a large part of our meat, in particular beef, is organic. All our milk is organic and we use free-range eggs where possible.

In 2016, we will look into the possibilities of expanding our range with more vegetarian options. In the coming year, we will also carry out an evaluation of our food range in respect of animal welfare. Subsequently, a project group will set objectives and determine the steps that HEMA wants to make in the future.

### **packaging**

Packaging safeguards the quality and safety of our products. We do, however, realise that packaging that is required during the production process, transport and for sale in the store has negative consequences for the environment. That is why HEMA is looking for ways to reduce the environmental impact of packaging by using alternative and environmentally-friendly packaging.

#### **'work on the shop floor'**

This year, we organised 'work on the shop floor'. As part of this campaign, employees of the support office, including the board members, worked in one of our stores. This resulted in many points for improvement, including in the area of our packaging. It appeared that packaging was not always easy for our employees to remove and this has made us more aware of the possibilities to reduce the amount of packing material.

#### **search for alternative packaging**

In the past year, research has been carried out into alternative and environmentally-friendly packaging. All our carrier bags are now made of recycled plastic, for example. After research, this turned out to be the most suitable alternative. Of course, we also have our sustainable ecological bag and our shoppers whose lifespan is much longer. From 2016, the mats under the cakes from our bakeries are made of compostable sugar cane. After a test phase in 2015 in which 500,000 pieces were evaluated for optimum functionality and material properties, these mats can be found in all our cake boxes in 2016. We will continue the research into our packaging in 2016. It is going to be reviewed how we could use less or more environmentally-friendly packaging material without this being to the detriment of the product. The focus here will be both on the packaging of the products in the stores and on the packaging for online posting and transport.



**516**  
products made  
of paper and/or  
wood with FSC  
certification



# how our products are made

To produce our products in a responsible manner, we aim to increase insight into our supply chain, to improve the working conditions at our producers and pay attention to our transport and energy consumption.



**1 and 2.** By working together with FSC, we know that the paper comes from sustainably managed forests. **3.** By means of audits and by participating in BSCI, we are working towards improving working conditions at our producers. **4, 5 and 6.** By working together with Fairtrade, Rainforest Alliance and UTZ, we have more insight into the supply chain.

## 1.30 p.m.

It is the middle of the day, everyone is busy. With school, with work, with caring for other people or by enjoying leisure time. Whether you have a busy working day or are enjoying the fine weather in the park, HEMA products help make your day that little bit more special.

### supply chain transparency

Insight into our production chains, which are sometimes long and complex, is necessary to guarantee our products are produced in a responsible manner. It is therefore a precondition in the cooperation with suppliers and producers that they offer transparency. To understand production chains, HEMA has set clear definitions and a layered approach whereby we maintain a constant dialogue with direct suppliers but also demand insight from further down the supply chain.

In countries or supply chains with an increased risk, where there is a potential risk of the use of child labour for example, we are very alert to malpractice and abuse. As subcontractors represent a source of risks, it is actually essential that we know them. The knowledge about production chains is becoming more and more extensive. We are in contact on this issue with research institutions and NGOs\*. Sometimes they point to newly discovered potential risks and ask us questions on this. We view this as an invitation to enter into a dialogue and are happy to enter into a discussion with these parties so that we are able to gain more knowledge and can investigate our own supply chains in the best possible manner. For example, we participate in the Pakistan Buyers Forum, an initiative by Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation, and the ILO (International Labour Organisation). Several different retailers are associates in this. We share the knowledge and experience we have acquired with

the Bangladesh Accord with our supply chain partners. In 2016 and 2017, we are going to work on simplifying our supply chains by, among other things, reducing the number of production locations.

### working conditions at producers

HEMA is committed to make sure that its products are produced under fair and correct working conditions. HEMA carries out its own factory inspections, for example. The purpose of this is to see and verify with our own eyes under what circumstances HEMA products are made and if necessary improve them. It is our policy not to enter into any cooperation if, for example, child labour, forced labour or structural safety risks are involved. The goal of our audits is to identify points for improvement and to monitor change. Where improvements are required, HEMA works with its partners in the supply chain to ensure that these improvements are actually implemented. In 2015, we improved the structure and quality of our own audits and the training of our auditors.

In addition, since 2003 we are working together with the Business Social Compliance Initiative\*, better known as BSCI, which supports companies in improving social aspects in the supply chain. In 2015, we became a member of the BSCI auditing working group through which we make an active contribution to the improvement of audits and the safeguarding of the integrity of the system. We do not treat our own audits, the BSCI audits and the signing of the BSCI code of conduct as a goal in itself, but as a tool to check working



## Bangladesh Textile Mission

In June, HEMA was part of the Dutch Multi-stakeholder Textile Mission to Bangladesh. The objective was to stimulate improvements in the Bangladeshi textile sector together with Minister Ploumen, other companies, the government, civil society organisations, trade unions and sector organisations. The Bangladesh Accord, which was signed in 2013 as a result of the collapse of the Rana Plaza Complex, increased the speed with which improvements needed to be implemented in 2015. HEMA monitors whether the agreed improvements are taking place and helps where it can. We work together with, and pay extra attention to, nine factories from which we make large purchases (in other words are 'lead brand'). In addition, at a number of our producers pilots are being carried out in the area of health and safety and training schemes are being developed.





**Firoz Mahmud**

Social Compliance Auditor  
HEMA Bangladesh



I am proud of the fact that we are working with producers on a long-term basis. If improvements are needed, we prepare an action plan\* and help them with this. This is better for the employees of the producer than ending the collaboration.



conditions and implement changes. We remain critically and proactively looking for improvements. In 2015, we carried out an extensive benchmark of BSCI and seven other audit systems to see where there is an overlap and which other systems we could use.

With the input of our people in the countries where we work, we can work on country-specific issues. In this way, we are keeping our audits sharp and effective. We also continue to comply with (upcoming) national and international laws and legislation in the field of due diligence\* and social compliance. We regularly organise supplier days where our strategically important suppliers meet. During these interactive days, we ask after their experiences and ideas. In 2015, one of the workshops concentrated on sustainability. In this workshop, we considered together with the suppliers how we can make progress on specific themes. We incorporate this input in our plans for realising our objectives.

### transport and energy

Energy is required to transport the products from our distribution centre in Utrecht and from there to the stores in all the countries where we operate. But it is also required to light and heat our stores. HEMA wants to lower its CO<sub>2</sub> emission in order to reduce its environmental footprint.

#### transport

Each year, our lorries travel approximately five million kilometres to stock our stores. By planning this transport as efficiently as possible, we are able to substantially reduce our fuel and energy consumption and, hence, our CO<sub>2</sub> emission. By reducing the number of distribution centres, our logistics have become substantially more efficient, which means we have to travel fewer kilometres. In 2014, we signed the Green Deal ZES (Zero Emission

Stadslogistiek) for our distribution centre: a declaration of intent to, in collaboration with governmental bodies and other parties, realise zero emissions as much as possible during the transport of goods in urban environments by 2025. For taxi transport, the support office only uses electric taxis. In addition, free rental bikes are available, so fewer people travel to nearby appointments by car. Better for our environment and better for one's health. When purchasing lease cars, information is provided on the energy labels and employees will be offered 'The new driving' course, which focuses on fuel-efficient driving.

#### energy consumption

To reduce our energy consumption, we invest where possible in energy-efficient lighting, equipment, heating and cooling installations for our stores. Henk Brinksma, HEMA Heerenveen Manager, has 80 solar panels on the roof of his store. 'I wanted to achieve energy savings in my store and the solar panels make a contribution to this. In 2015, around 22,000 kWh was generated. It also contributes to awareness of our employees to save energy wherever possible.'

In 2016, we will make a start with a plan of action that aims to lower our energy consumption and transport impact by 2020. To this end, we are reviewing all our locations (such as offices, distribution centres, bakeries and stores) and goods and people transport.



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audits carried out by HEMA's own auditors

# our role in society

HEMA is firmly rooted in society and wherever possible we want to contribute to it. We make a contribution to the neighbourhood of our stores or the place from which our products originate. As an employer, we also try to make sure our employees are happy and motivated.



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**1, 2 and 3.** With the Jip and Janneke products, HEMA supports the Fiep Westendorp Foundation. **4.** With the sale of EARTH Water, we support EARTH Concepts and their world-wide drinking water projects. **5 and 6.** With Return to Sender products, HEMA supports small-scale producers in developing countries.

## 8.30 p.m.

It is now 8.30 p.m., the day has flown by. Some of us are already thinking about tomorrow and choose to go to bed early, for others the night is still young. Also in the evening hours, HEMA is there to add that little extra.

## social engagement

We aim to make our customers' daily life easier and more fun with our products and services. But HEMA also likes to give a helping hand to the neighbourhood. From local good causes and aid for refugees to combating youth unemployment. HEMA feels connected to the environment in which it operates and likes to make a contribution to it. We also like to promote better living conditions in the countries where our products are made.

### 'well wrapped'

In exchange for a donation to a good cause, presents were wrapped in 53 stores during the Christmas period. Each store chose a local initiative or project for which volunteers provided a wrapping service. An average of 260 customers per good cause per store were served which generated on average €400.

### BASTA competition

By participating in a BASTA competition ('BASTA-tafel') in Amsterdam-North, HEMA wanted to make a contribution to the neighbourhood where our support office is based. BASTA stands for Amsterdam Businesses Together Against Poverty [Bedrijven Amsterdam Samen Tegen Armoede]. During this meeting, eight projects from the neighbourhood presented their requests for help to different partners from the business community. HEMA supported four local initiatives with the donation of products.

## HEMA helps to fight youth unemployment

In twelve stores in the Amsterdam region, HEMA has started a project together with the municipality to support young people who have difficulty accessing the labour market to get a job. Young people aged 16 to 27 who participate will receive three months of training on the shop floor. If they complete this period successfully, they will be offered a contract. Since the beginning of 2014, over 80 young people have been given a job at HEMA.

### Fiep Westendorp Foundation

Since the early 1990s, HEMA and the late artist Fiep Westendorp enjoyed a special form of collaboration. HEMA has the exclusive right to use her drawings of Jip and Janneke. We sell Jip and Janneke products in all countries. With the purchase of these products, customers support the Fiep Westendorp Foundation. The objectives of this foundation include: management of the copyright, supporting and initiating children's artistic development, and initiating projects that bring happiness to children who are in a difficult situation for whatever reason.

### EARTH Water

HEMA and EARTH Concepts have been working together since 2011. EARTH Concepts supports drinking-water projects around the world. The net profit made by EARTH Concepts, as a result of the sales of water, coffee and tea, is fully returned to the projects. Earth Concepts includes EARTH Water, which is

## assistance after earthquake in Nepal

HEMA started a campaign to support the victims of the earthquake that hit Nepal in April 2015. Our Return to Sender products are made in one of the worst affected areas. Fortunately, all 250 employees survived the earthquake but the material damage was substantial. In addition to a financial contribution for emergency aid (such as the distribution of food, medicines and materials for a temporary shelter), HEMA started a campaign to sell as many Return to Sender products as possible between June and August 2015. The full proceeds were donated. The money was used for food and first aid and to provide temporary shelter for the employees, which in turn meant that new tools could be purchased and the warehouse could be repaired.







**Gijs de Vries**  
Managing Director  
Rode Kruis



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HEMA made a fantastic contribution during the refugee crisis. We have been able to help many refugees with thousands of HEMA towels and women's and men's T-shirts.



sold by HEMA. The pure mineral water called EARTH Water is bottled at the small-scale water source of An'l'eau, located in the protected, green nature reserve of Hunzedal, in the Dutch province of Drenthe. EARTH Concepts receives the proceeds of the EARTH Water sales. In 2015, we sold over 73,202 litres of EARTH Water in still and sparkling versions.

#### Red Cross

In November, HEMA donated over 25,000 items to the Red Cross. Refugees who are looked after by the Red Cross arrived in the Netherlands with virtually no possessions. Together with the Red Cross, it was considered what help was required during the first three days after their arrival. There appeared to be a great shortage of basic products such as towels and T-shirts. In total, nearly 5,000 men's shirts, around 2,000 women's shirts and another 20,000 towels were donated. The Red Cross ensured that the items were handed out where they were most needed.

#### Return to Sender

Since 2006, HEMA has been involved in the foundation Return to Sender, an initiative by the popular Dutch actress Katja Schuurman. For each Return to Sender product sold, the foundation receives financial support from HEMA. When Return to Sender makes a profit, this is directly returned to the projects concerned. In 2015, fifteen new fluffy toys were introduced in our stores and webshops. These are handmade in Nepal.

#### KWF Kankerbestrijding (Dutch Cancer Society)

HEMA and KWF have been working together since 2006. In the stores, near the customer service desk, there is a collection box for empty ink cartridges. The proceeds of these go to KWF. For each cartridge received, KWF is donated 1 euro by HEMA. Small effort, nice yield.

#### Not For Sale

HEMA and the non-profit organisation Not For Sale have been working together since 2013. Not For Sale protects people and communities globally against modern slavery\* and human trafficking. Regarding a number of products, HEMA has a co-branding with Not For Sale, which means that the logo of Not For Sale is printed on our products. By selling these products, we generate awareness and financial support for this good cause. Since 2014, we sell HEMA coffee capsules Lungo Ultimo and two types of HEMA espresso coffee beans with the Not For Sale logo.

In 2016, we will be adding even more focus to the way in which HEMA helps. We wish to commit for the long term to impactful initiatives for groups we feel connected to, locally and internationally. We will also try to mobilise our customers in this, as happened during the wrapping-campaign and our Nepal aid campaign.

#### good employment practices

HEMA is there for everyone and certainly for its own employees. Good employment practices mean that we pay a lot of attention to sustainable employability, training and education, diversity and offering jobs to disabled people and people with health conditions. Good employment practices are an important part of our success: only with happy and motivated people can we service our customers well every day.

Within sustainable employability, connection is a key term. This is a good example of an issue where we can achieve more by cooperation than alone. We work together with, for instance, ArboVitale, the Ministry of Social Affairs and Employment, Restart, and Menzis in order to come to the best possible implementation of sustainable employability. At the distribution centre, we offer a programme to promote the health of our



5,000

men's shirts, around 2,000 women's shirts and another 20,000 towels were donated to the Red Cross by HEMA



**Nanda de Jong**  
Consultant Key Accounts  
Menzis



In addition to being a partner for HEMA's Health Insurance, Menzis is also a partner in respect of sustainable employability of employees. In the past year, we have jointly shaped this by developing a preventative approach to limit physical injuries on the shop floor. This was very successful and will be rolled out in the distribution centre and the bakeries in 2016. We are doing it just that little bit differently, with the HEMA touch: this is how together we make a difference as regards sustainable employability!

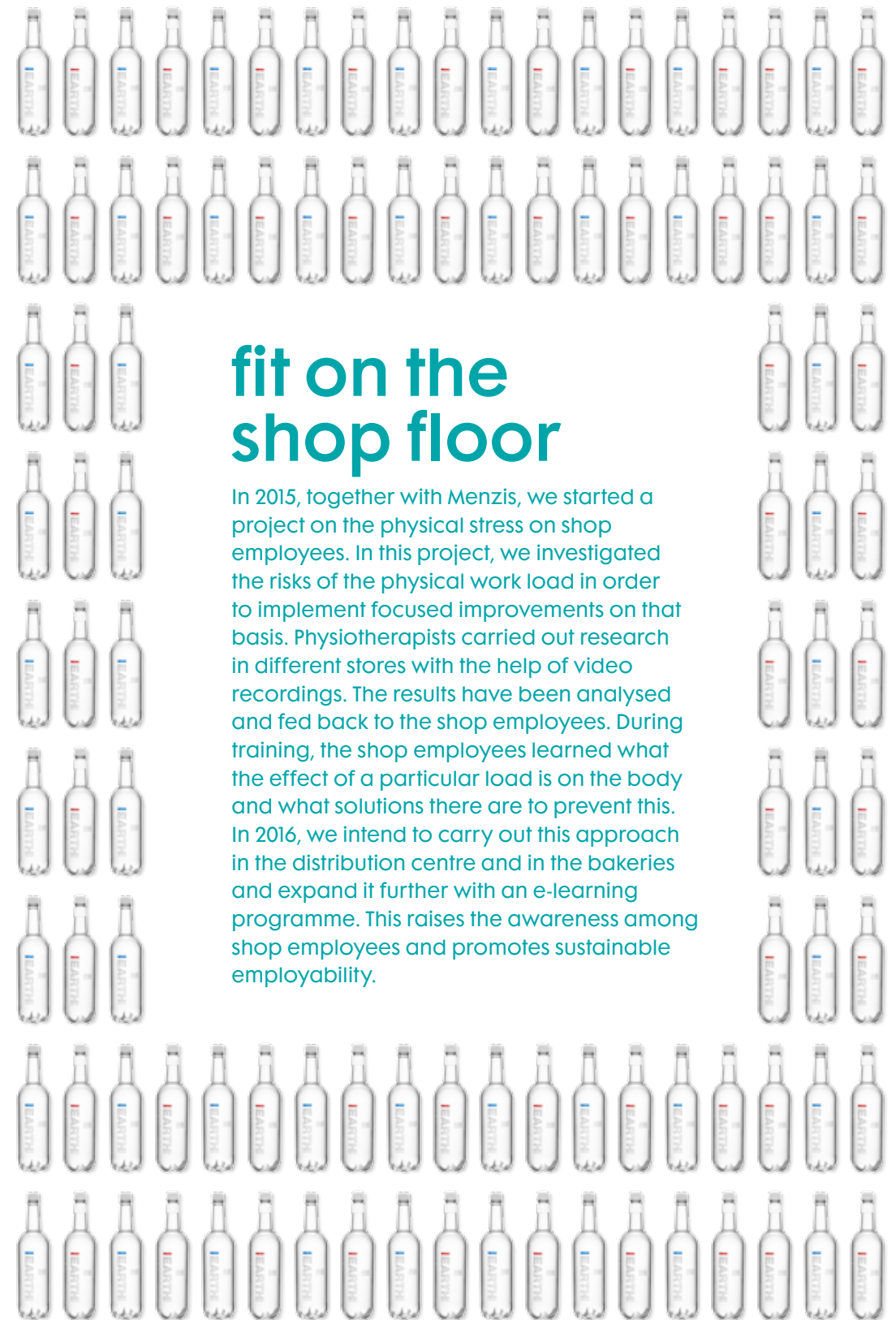


employees. This includes giving information and motivating in a positive way to exercise more, stop smoking and reduce alcohol consumption, eat healthily and consciously, and relax sufficiently.

For new employees of the support office, we have developed an introduction programme in 2015. From February 2016, we will be offering them (personal) leadership training. In this training programme, we give HEMA employees the opportunity to develop their competences in the field of (personal) leadership further. In addition, nearly 500 employees of the support office took part in training and education.

As a company, we are firmly rooted in society and we think it is important that employees with an occupational limitation work for us. We have been putting this into practice for a long time now. However, the new Participation Act forces us to consider how we can help people with an occupational limitation, proportionally, into a job in all business units. Currently, we are working in a project-based manner on preparing a plan of action to be able to effectively implement this.

2016 will also be dedicated to 'jong HEMA'. By means of various activities, such as workshops, a retail journey, an annual event, joint lunches and a buddy system, we will ensure there is a connection between departments. In addition, it will give the young, enthusiastic and ambitious HEMA employees a voice. In this way, 'jong HEMA' wants to contribute to the values of the HEMA heart; by paying attention to sharing knowledge, forging bridges between different departments, celebrating successes together, creating a think tank for commercial and strategic decisions and by paying attention to personal development.



## fit on the shop floor

In 2015, together with Menzis, we started a project on the physical stress on shop employees. In this project, we investigated the risks of the physical work load in order to implement focused improvements on that basis. Physiotherapists carried out research in different stores with the help of video recordings. The results have been analysed and fed back to the shop employees. During training, the shop employees learned what the effect of a particular load is on the body and what solutions there are to prevent this. In 2016, we intend to carry out this approach in the distribution centre and in the bakeries and expand it further with an e-learning programme. This raises the awareness among shop employees and promotes sustainable employability.



# quality certificates

Recognise our sustainable products by these logos on the packaging.



## \*definitions

### audit

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

### action plan

Improvement plan drawn up by HEMA when an audit has demonstrated that a production location does not meet the criteria. This plan describes the corrective and preventive measures needed to meet these criteria.

### Bangladesh Accord

In 2013, HEMA co-signed the Bangladesh Accord, which is an initiative focussed on improving the working conditions in the textile industry in Bangladesh. This initiative was taken after the Rana Plaza building in Bangladesh had collapsed, which predominantly housed textile production sites. And although HEMA did not do business with these producers, we are actively involved in the Bangladesh Accord.

### Better Cotton Initiative (BCI)

The Better Cotton Initiative (BCI) is a non-profit organisation that works towards improving cotton standards worldwide and brings the parties from the complex cotton supply chains, from farmers to retailers, together. <http://bettercotton.org>

### Business Social Compliance Initiative

The Business Social Compliance Initiative (BSCI) is a platform for companies with the aim to globally improve the working conditions in the production chain of its members. Companies that are affiliated with BSCI implement the BSCI Code of Conduct in their supply chain. <http://www.bsci-intl.org/>

### due diligence

The performance of risk analyses and impact assessments to reduce or exclude risks in the area of sustainability.

### HEMA heart

At the centre of the HEMA heart there are five priorities that we pursue in our mission to make our customers' daily life easier and more fun. These are: truly happy customers, employees who are proud of HEMA, simplification and improvement of our activities, sustainable business operations, and achieving healthy financial results.

### modern slavery

The acquisition of labour by means of force, deception or coercion, with the intention of exploiting the people who do the work.

### mulesing

Mulesing is the process whereby parts of the skin of a sheep are removed in an animal-unfriendly manner in order to prevent infections.

### non-governmental organisations (NGOs)

Organisations that pursue social or political interests, and which are not a part of a government and do not have a profit motive.

### production chain

The subsequent series of processes undergone by a product, from raw material until it reaches the customer.

### social compliance

Compliance with set rules for social responsibility within the own organisation as well as at suppliers and in the production chain. The relevant parties are continuously looking for improvements to safeguard and protect the health, safety and rights of employees.

### stakeholders

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

HEMA feels that sustainability should be within reach of a broad public and intends to achieve this by making it more understandable. We hope that this report has contributed to this. If you have any suggestions or comments, please do not hesitate to contact us.

Send a message to [sustainability@hema.nl](mailto:sustainability@hema.nl).

Follow HEMA on

#### **about this report**

This report has been prepared in accordance with the Global Reporting Initiative (GRI) guidelines and complies with G4 level Core. It relates to the period 1 January 2015 up to and including 31 December 2015. No significant acquisitions or divestments took place in this period. Unless otherwise indicated, the results relating to the national and international activities of the HEMA relate to the own organisation. The scope and demarcation of the content are based on the material subject matters and on the information requirements of the stakeholders. It is HEMA's ambition to report annually on progress on the material issues presented in this report.

date of publication 27 June 2016

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