



HEMA sustainability due diligence statement

STATUS: DRAFT

Progress report 2024

In 2024 HEMA published her first due diligence statement to explain the processes and systems HEMA has in place to conduct human rights and environmental due diligence. You can find the statement [here](#).

This report outlines HEMA's progress in 2024 on implementing the steps of the OECD guidelines on human rights and environmental due diligence. It provides an update on HEMA's actions, prioritized risks, roadmaps, and challenges regarding sustainable due diligence. Our policies and processes remain the same, and can be found in the HEMA due diligence statement 2024. Where there have been changes to improve our strategy or meet targets we have summed them up in below progress report.

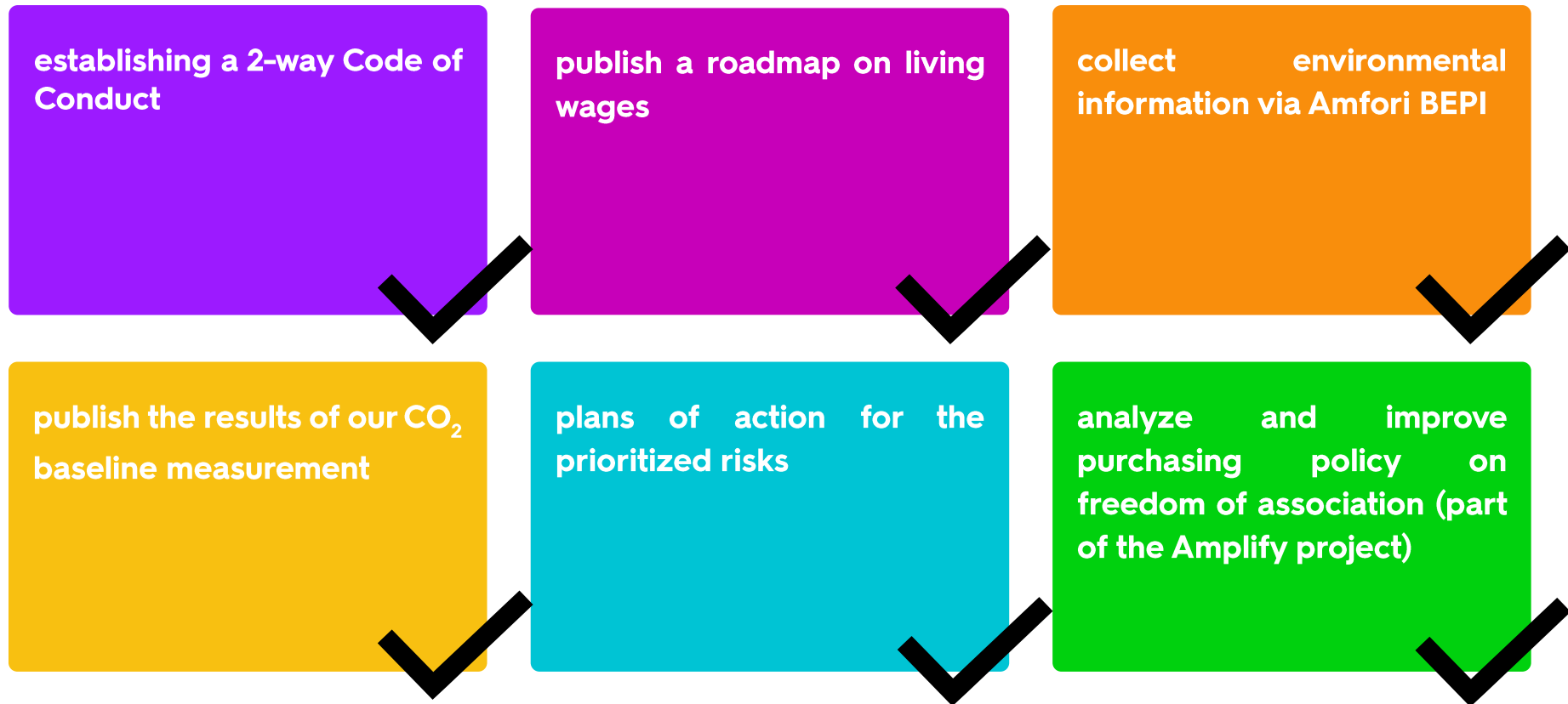
This is how we report on human rights and environmental due diligence:

HEMA due diligence statement – general policies and systems to implement OECD guidelines on human rights and environmental due diligence

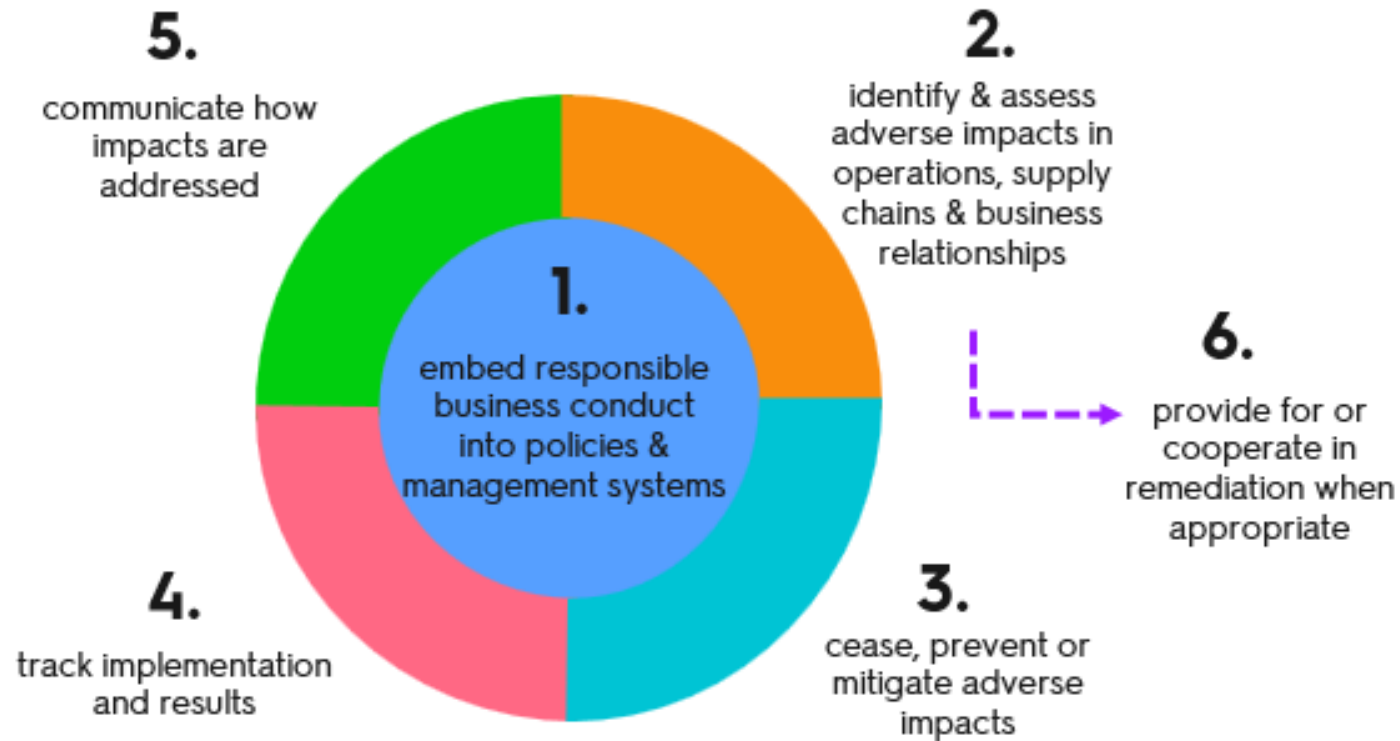
HEMA due diligence progress report 2024 – changes in policies, organization and/or monitoring systems, progress on targets and ambitions

HEMA sustainability report – report on ESG topics including yearly results of due diligence efforts

Below are the targets we set for 2024



In the next chapters changes, improvements and challenges are explained following the six steps of the OECD human rights and environmental guidelines.



1. embed RBC into policies & management systems

2024	Next in 2025
ESG committee	Development of MT KPIs and including HREDD in strategy decisions
Published additional policy documents externally	Publish of HEMA Grievance mechanism policy
Stakeholder engagement	Development of a responsible sourcing strategy
Extend scope to include value chain	OECD due diligence risk analysis for food products

Step 1: Embed RBC into policies & management systems

Sustainability is at the core of our strategy. With our employees, for the customer, and in the production chain. We are working with all employees to create a better everyday life in a more beautiful world. For us, this also means creating a sustainable corporate culture internally at HEMA and in cooperation with our suppliers and stakeholders outside HEMA.

ESG Committee & Sustainability team

Developments and sustainability targets are monitored and discussed in the ESG committee. The committee consists of amongst others the CEO, CFO, CPO, CPeO, and representatives from the communications, legal, quality, buying desk, risk & audit and sustainability departments. In 2024 HEMA's sustainability team has expanded. Also, the sustainability committee transitioned to the ESG committee, which discusses all sustainability issues and preparation for CSRD and CSDDD implementation, every month.

management team

CEO, CFO, CPO, CCO, COO, CTO, CPeO

ESG committee

CEO

CFO

CPO

CPeO

representatives from the communications, legal, quality, buying desk, risk & audit and sustainability departments

sustainability team

Eva Ronhaar

director of sustainability

Xander Kotvis

environmental impact

Marieke Doolaard

production chain

Fuusje Schlette

jr. sustainability specialist

Milou America

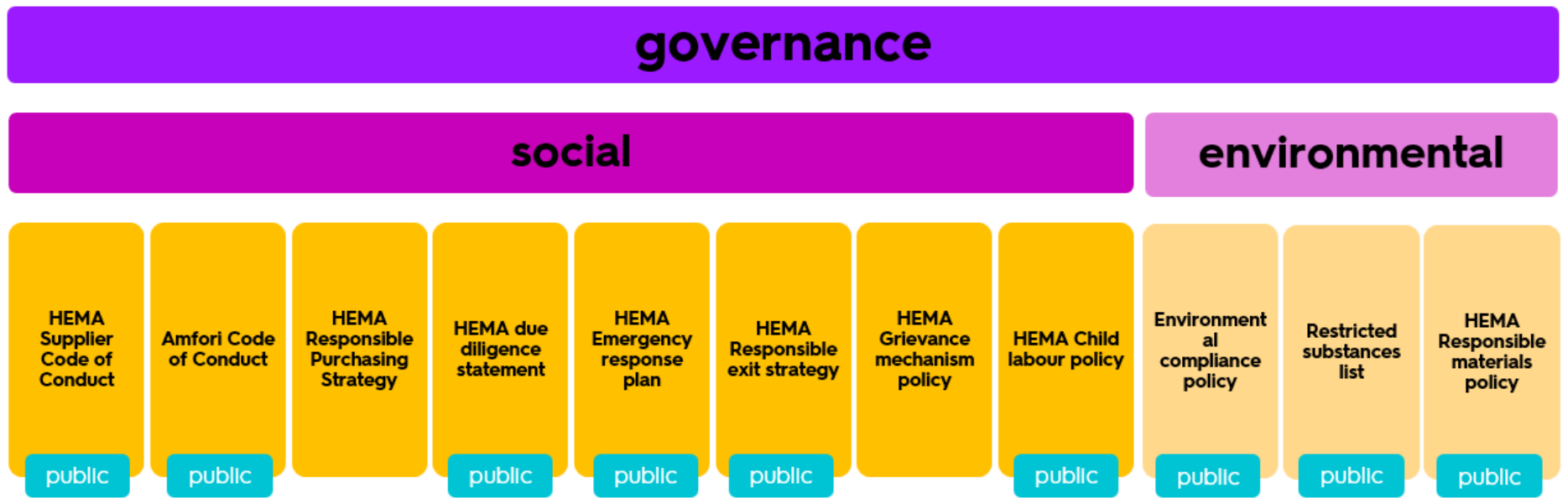
sustainability specialist

other departments

other departments involved, such as the buying offices, purchasing and quality, have designated sustainability specialists

HEMA's Policies

In 2024 we have published additional key policies. The documents that are public are listed below. The purpose of these documents is to give external stakeholders more insight on our policies and implementation internally. In setting up the policies, critical stakeholders were asked to provide feedback.



Stakeholder engagement

We value input and feedback from our stakeholders during our Human rights and environmental due diligence process. HEMA carefully chooses and assesses her collaborations to create and support meaningful engagement.

Follow-up on stakeholder recommendations

To gather feedback from our stakeholders HEMA hosted a supply chain event of June 2023. The event produced two follow-up actions:

1. Set up a two-way Code of Conduct ([HEMA Supplier Code of Conduct](#)), defining the responsibilities of both HEMA and the supplier
2. Set up a [Roadmap for living wages](#) in the production chain.

In 2024 both actions have been realised and published. Follow the links for more information.

Supply chain event 2024

In June 2024 our second supply chain event was held. We discussed upcoming important legislation such as the CSRD and CSDDD. There was a focus on due diligence in general, and specifically on living wages and purchasing practices. In two break-out sessions, we looked at the data quality collected during audits and possible actions a company can take to communicate about living wages. In the second breakout session, we looked at the steps to exit a factory responsibly when the factory is in breach of our code of conduct. In both sessions colleagues and stakeholders were able to share their thoughts and experiences.

HEMA has separate strategy days for suppliers and has since 2023 distributed supplier newsletters several times a year. In these letters, we communicate important developments around legislation, sustainability, and HEMA operations.

Extend scope to include value chain

Based on our risk analysis in 2023 we will extend the scope to include more and more of our value chain. In 2024 we started with Not for resale (NFR) and our food department. Our food department as an impact agenda, to which we will add a risk analysis based on the OECD guidelines on human rights and environmental due diligence. We have set up a project in 2024 including our due diligence partner Enact.

In 2025 HEMA will perform a risk analysis on the food production locations and ingredients. Based on the outcomes we will identify priorities based on urgency and influence.

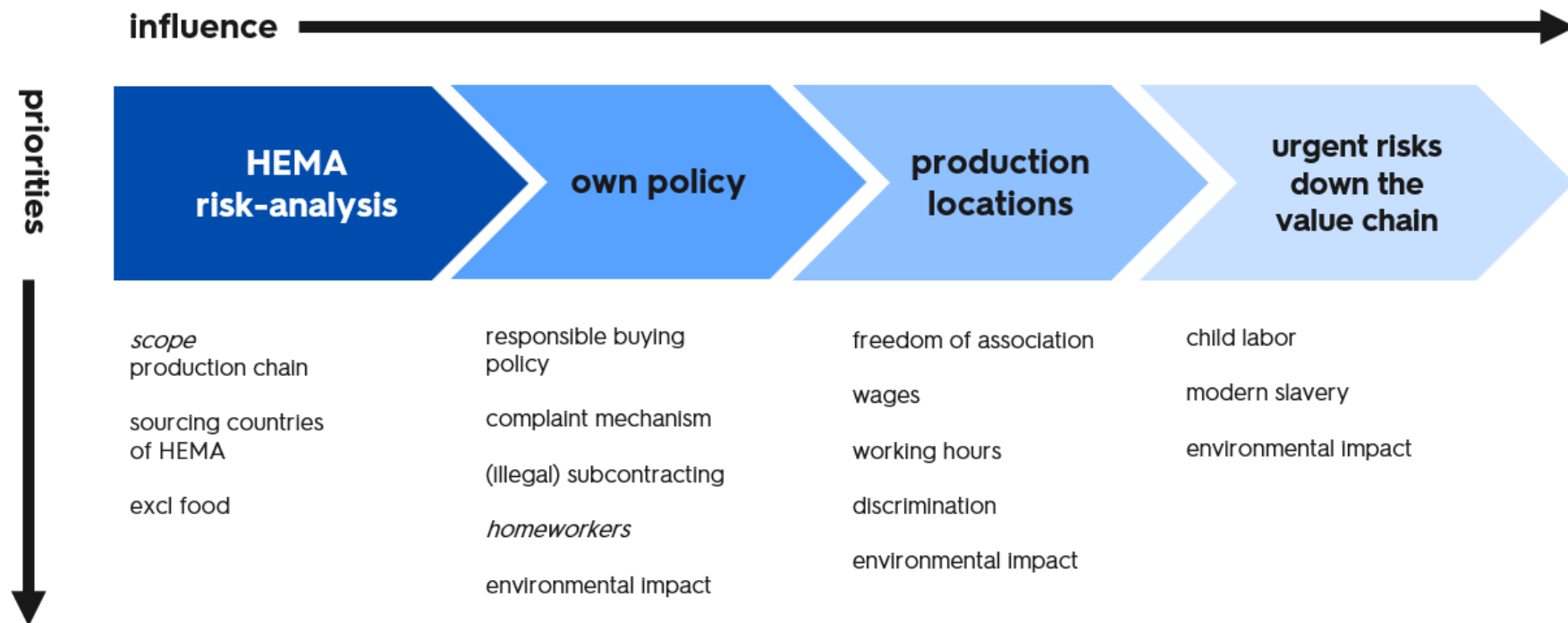
2024	Next in 2025
update on HEMA due diligence risk analysis & priorities	Introduction of the HEMA Supplier survey on Responsible purchasing practices
update on country specific due diligence (covering China, Bangladesh, India and Türkiye)	

HEMA risk assessment & priorities

The main risks have been identified for each risk country where the factories producing for HEMA are located. Not only the risk countries also commodities and their risks were considered. Every three years a comprehensive risk assessment will take place, complemented by an annual review to validate key findings and significant changes.

due diligence

HEMA has implemented the OECD guidelines for due diligence in the value chain. As such, HEMA takes responsibility to analyse risks related to human rights and the environment (ENACT; 2023) and commit to **prevent or mitigate adverse impacts**.



Find a detailed overview and more information on how we identified these risks in our due diligence statement [on page 4](#).

Country specific due diligence

At HEMA we try to bring focus in our work, so that we can have more impact. For example, these are the country specific salient risks that we have identified together with colleagues in the countries and stakeholders.



2024	Next in 2025
introduction 2-way HEMA supplier Code of Conduct HEMA took different steps to cease, prevent and mitigate salient risks, below is a short overview of prioritized risks:	Developing supply chain action plans on both social and environmental impact

Responsible Buying policy

In 2023 the management team agreed on a responsible purchasing strategy. In 2024 this strategy became the basis of the new 2-way [HEMA Supplier code of conduct](#).

- To create awareness HEMA provides two trainings to departments within HEMA on responsible purchasing practices.
- Additionally, in 2024 the working group on Responsible purchasing practices met twice to discuss progress on several topics, including payment terms, balancing orders and training.

Complaints mechanism

HEMA is part of several multi-stakeholder initiatives for complaints mechanisms (read more in due diligence statement). To improve HEMA's complaints mechanism policies, HEMA in 2024:

- drafted a grievance mechanism policy, published in 2025
- followed roll out of the amfori Speak 4 change program
- reported on complaints in the sustainability report on 2024

Workers' voice (Freedom of Association)

In the past years this has been one of HEMA's prioritized risks. HEMA believes improving freedom of association in factories where HEMA products are made is one of the key topics to improve the well-being of workers.

- In 2024 HEMA continued the efforts of the Amplify project together with FNV and Awaj foundation and selected two factories in Bangladesh for training.
- Also we have set up a brief survey to collect feedback from workers as well as trained management in an effort to measure the impact of the training.

Environmental impact

After having calculated our carbon footprint for the year 2019, see our [baseline](#), we mapped all scope 1, 2, and 3 emissions. HEMA aims to reduce CO₂ emissions from its operations (scope 1 and 2) by 75% in 2030 compared to 2019, and to halve those from other activities in the production chain (scope 3). In addition, HEMA is committed to the long-term goal of being climate-neutral by 2050. We will report on our progress against the targets and developments within our carbon footprint each year.

In 2024 we have stimulated suppliers to fill in the amfori BEPI risk-assessment.

(illegal) subcontracting

HEMA has checks in place at different stages of production:

- When a supplier signs a contract it also agrees with the HEMA supplier Code of Conduct, which includes HEMA's policy on subcontracting
- Before a production location can supply to HEMA it is audited. This includes an capacity audit
- HEMA conducts inline inspections at production locations in risk countries, including capacity checks
- Still, the topic remains a priority to HEMA because we know it is a known risk in our supply chain, despite of these checks.

DEEPDIVE Living wage roadmap

In 2024 HEMA has set the ambition to have 50% of our buying value come from production locations where HEMA contributes to a living wage, by 2027. To reach this target HEMA developed [HEMA's Roadmap on living wage](#), which was published and communicated to our suppliers. Following our Roadmap in 2024 we:

- used the **IDH salary matrix** with selected suppliers to validate data on wages from production locations in our top-5 risk countries
- selected **3 partners** to work on improving wages **Schijvens corporate fashion, Tony's Chocolonely, and one production location in Bangladesh**
- we will report on **progress on wages** in our yearly sustainability report

Living wage data is collected through the Amfori BSCI audits. In 2024 we partnered up with IDH- The Sustainable Trade Initiative –to validate some of this data and create a meaningful pathway to attaining our targets. Also, IDH trained HEMA colleagues on living wage and the IDH Salary Matrix Tool. Contributing to a living wage is, for us, a logical step in our policy to strengthen the position of the employee, strengthen their worker's position and reduce other risks deeper in the supply chain. At the same time, the topic is very complex to work on, working in different regions, with different standards and benchmarks.

12 facilities
4 countries

8,833 employees

70.80% employees below
living wage

33.73% average living wage
gap per employee

54.3% male employees
below living wage

82.1% female employees
below living wage

2025

- We use the IDH salary matrix with selected suppliers to validate data on wages
- We select another 3 production locations to work on improving wages

Deepdive on working hours in China

Excessive overtime in China is one of the priorities resulting from our HREDD risk analysis. To understand the complexity of the topic we analyzed our production chain.

Verifying data

To verify the audit data and know more about the root cause of excessive overtime HEMA:

- conducted desk research on excessive overtime
- consulted stakeholders
- send out a survey to selected suppliers on (excessive) overtime
- initiated interviews with suppliers based on the results of the survey
- agreed to support at least one supplier based on the interview with an improvement plan

Next steps

- address concerns towards suppliers with excessive working hours with extra information
- select suppliers for open discussions on improvement
- set up improvement plans for reducing excessive working hours

2024	Next in 2025
development due diligence monitoring framework	Use monitoring framework internally to measure impact on workers and incorporate in strategic decisions Develop a supplier scoring/performance benchmark on sustainability

HREDD monitoring framework

HEMA has developed **a due diligence monitoring framework**, with this framework we measure the status and progress of our due diligence targets. Included in the framework are HEMA's prioritized risks.

In our [sustainability report](#) we will report on audit outcomes and measured impact.

5. communicate how impacts are addressed

2024	2025
Supply chain event 2024	Launch / redesign HEMA website on sustainability
Sustainability report	Annually update the HREDD due diligence statement
Newsletters to suppliers	Report on progress in our sustainability resport
Policies on corporate website	
Training online on HEMA Supplier code of conduct for buyers and buying offices	
Training on responsible purchased practices for two departments	

6. provide for or cooperate in remediation when appropriate

2024	2025
Developed a Grievance mechanism policy with stakeholders	Published HEMA Grievance mechanism policy

Grievances & remedy

Together with our legal department we have aligned our external grievance mechanism policy for the production chain with the grievance mechanisms of HEMA. Next, we will publish our policy. We report on outcomes in our sustainability report.

Next steps for HEMA

Due diligence is an ongoing process in which we continuously improve. The past year we have taken several steps to develop a stronger due diligence policy and embed it in our organization. For example, we changed our governance, added policies, set up meaningful stakeholder projects and introduced monitoring frameworks. Navigating a rapidly changing world, where new challenges arise every day makes due diligence an ongoing commitment for HEMA.

We invite our customers, partners, and stakeholders to join us and positively contribute to the human rights in retail conversation. Below are some of the ambitions we have set for 2025

**collect feedback on
2-way CoC with
supplier survey, and
include HREDD in
sourcing strategy**

**create policy on
salient risks beyond
tier 1**

**3 more partners in
living wage roadmap**

**continuing training
for factories on
Freedom of
Association**

**create awareness on
excessive working
hours**

**social and
environmental action
plans for our supply
chains**

For more information

We communicate online at hema.nl and [on our corporate website](#).

For questions or comments, we can be reached at sustainability@hema.nl.