



Code of Conduct

INTRODUCTION

This Code of Conduct is applicable to all suppliers, their subcontractors and other business partners that do business with H&M Hennes & Mauritz AB (publ.), registered in Sweden, corporate organisation number 556042-7220, or any other company, wholly or partly owned, directly or indirectly, by H&M Hennes & Mauritz AB ("H&M").

This Code of Conduct is drafted and valid in the English language. Where there are different language versions of this document these shall be considered translations of convenience only and the English version will prevail in any case of discrepancy

H&M's business concept is to offer fashion and quality at the best price. Quality also means that our products must be manufactured in a way that is environmentally and socially sustainable. We have a responsibility towards everyone who contributes to our success. We are therefore committed to working closely with our suppliers and business partners to achieve a long-term, sustainable social and environmental standard in the factories that manufacture H&M's products and in the operations of other business partners.

This Code of Conduct specifies what we require from our suppliers, their subcontractors and other business partners in order to fulfil our commitment to our Board of Directors, to our employees, to our customers, to our shareholders and to other stakeholders. It is the responsibility of H&M's suppliers and other business partners to inform their subcontractors about H&M's Code of Conduct and Policy for Homework, and to ensure that these are implemented in every factory and workplace that produces, finishes packs or otherwise handles goods or performs services for H&M.

We base our requirements mainly on internationally agreed standards such as the Universal Declaration of Human Rights, The UN Convention on the Rights of the Child and applicable ILO Conventions, as well as national legislation.

1. LEGAL REQUIREMENTS

Our general rule is that all our suppliers and other business partners must, in all their activities, follow the national laws in the countries in which they operate. Should any requirement in this Code conflict with the national law in any country or territory, the law must always be followed. In such cases the supplier must notify H&M immediately, before signing this Code.

However, H&M's requirements may go beyond the requirements set out in national law.

2. CHILD LABOUR IS NOT ACCEPTED

(Refer to ILO Conventions 138 and 182 and to the UN Convention on the Rights of the Child)

2.1 Child Labour

H&M does not accept child labour. No person shall be employed at an age younger than 15 (or 14 where the national law so allows) or younger than the legal age for employment if this age is higher than 15.

The company must take the necessary preventive measures to ensure that it does not employ anyone below the legal age of employment.

2.2 Young Workers

All legal limitations on the employment of persons below the age of 18 years must be followed.

We acknowledge that according to the UN Convention on the Rights of the Child, a person is a child until the age of 18. We recognise the rights of every child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

For further clarification regarding the prevention and remediation of child labour please see our Code of Conduct Guidance for Implementation of Good Labour Practice.

3. HEALTH AND SAFETY

3.1 Building Safety

We require our suppliers and other business partners to make employees' safety a priority at all times. No hazardous equipment or unsafe buildings are accepted.

3.2 Fire Safety

Emergency exits on all floors must be clearly marked, well lit and unblocked all the way out of the building. Evacuation through emergency exits must always be possible during working hours.

Everyone working on the premises, including managers and guards, must be regularly trained in how to act in case of fire or other emergency. Regular evacuation drills for all employees are required; evacuation plans and fire fighting equipment must be in place.

3.3 Accidents and First Aid

The employer must work proactively to avoid accidents causing harm to any employee in the workplace.

Relevant first aid equipment must be available and where legally required a doctor or nurse should be available during working hours.

3.4 Working Environment

The premises must be regularly maintained and cleaned and must provide a healthy working environment.

4. WORKERS' RIGHTS

4.1 Basic Rights

4.1.1 We do not accept any forms of forced or bonded labour and we do not accept the use of prison labour or illegal labour in the production of goods or services for H&M. (Refer to ILO Conventions 29 and 105)

4.1.2 Migrant workers shall have exactly the same entitlements as local employees. Any commissions and other fees in connection with employment of migrant workers must be covered by the employer. The employer must not require the employee to submit his/her identification documents. Deposits are not allowed. Workers employed through an agent or contractor are the responsibility of H&M's supplier and other business partners, and are thus covered by this Code.

4.1.3 Every employee shall be treated with respect and dignity. Under no circumstances do we accept the use by our suppliers, their subcontractors or other business partners of humiliating or corporal punishment, and no employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.

4.1.4 All employees have the right to form or join associations of their own choosing, and to bargain collectively. H&M does not accept disciplinary or discriminatory actions from the employer against employees who choose to peacefully and lawfully organise or join an association. (Refer to ILO Conventions 87, 98 and 135)

4.1.5 No employee shall be discriminated against in employment or occupation on the grounds of sex, race, colour, age, pregnancy, sexual orientation, religion, political opinion, nationality, ethnic origin, disease or disability. (Refer to ILO Conventions 100 and 111)

4.1.6 All employees are entitled to a written employment contract, in the local language, stipulating the employment terms and conditions. The employer has a responsibility to ensure that all employees are aware of their legal rights and obligations.

4.2 Wages, Benefits, Working Hours and Leave

As background to this chapter we quote from the Universal Declaration of Human Rights Article 23:3, as guidance concerning our ambition for our suppliers and business partners: "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity..."

4.2.1 Wages must be paid regularly, on time, and must reflect the experience, qualifications and performance of the employee. H&M's minimum requirement is that employers shall pay at least the statutory minimum wage, the prevailing industry wage or the wage negotiated in a collective agreement, whichever is higher. All other types of legally mandated benefits and compensations shall be paid. No unfair deductions are

allowed, and the employee has the right to a written specification of how the wage has been calculated.

4.2.2 Ordinary working hours must not exceed the legal limit and shall never exceed 48 hour per week. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week. Overtime work must always be voluntary and compensated in accordance with the law. Piece-rate work should not be exempted from the right to overtime compensation. Employees are entitled to at least one day off in every seven-day period.

4.2.3 The employees shall be granted and correctly compensated for any types of paid leave to which they are legally entitled. Examples of such leave include annual leave, maternity/parental leave and sick leave.

5. HOUSING CONDITIONS

If a company provides housing facilities for its employees, the requirements regarding fire safety and cleanliness under point 3 above should also cover the dormitory. The dormitory must be separated from the workplace and have a separate entrance. Employees should have free access to the dormitory.

6. ENVIRONMENT

The environment is of increasing concern globally and H&M expects its suppliers and other business partners to act responsibly in this respect. Our suppliers must comply with all applicable environmental laws and regulations in the country of operation. In particular, we are concerned about how the production of our garments and other products contributes to climate change and water stress.

6.1 Environmental Permits

The company must have the relevant environmental permits and licences for its operations.

6.2 Handling of Chemicals

Chemicals used must be in compliance with H&M's Chemical Restrictions for the relevant product type. Chemical containers must be properly labelled and safely stored. A material safety data sheet (MSDS) must be available (in the local language) in the workshop. The instructions in the MSDS must be followed.

(Refer to ILO Convention 170)

6.3 Water Management and Wastewater Treatment

Water is a scarce resource in many parts of the world and should be used as efficiently as possible. All outgoing wastewater from wet processes must be treated before it is discharged. The treated wastewater quality must meet the requirements in local legislation or the BSR guidelines¹, whichever is stricter.

¹ Business for Social Responsibility (BSR) has coordinated a working group consisting of a number of companies that have developed an industry standard for wastewater quality

6.4 Waste Management

Any waste and in particular hazardous waste must be taken care of in a responsible manner and in accordance with local law.

7. SYSTEMS APPROACH

In order to maintain compliance with H&M's Code of Conduct, local labour laws and environmental laws, it is important that H&M's suppliers and other business partners have the necessary policies and management systems in place.

8. MONITORING AND ENFORCEMENT

8.1 Transparency and Co-operation

H&M expects all its suppliers and other business partners to respect this Code of Conduct and to actively do their utmost to achieve our standards. We also expect our suppliers and other business partners to be transparent and not intentionally mislead our auditors. We believe in co-operation and we are willing to work with our suppliers and other business partners to achieve sustainable solutions and to promote suppliers and other business partners who are in compliance.

Ethical behaviour is required by H&M's auditors and any breaches of H&M's Code of Ethics must immediately be reported to H&M's local management or to CoE@hm.com.

8.2 Monitoring

All suppliers and other business partners are obliged to keep H&M informed at all times of where each product is being produced, including subcontracting and homework. Relevant documentation must be maintained for auditing purposes. We reserve the right to make unannounced visits to all units producing goods or services for H&M, at any time. We also reserve the right to appoint an independent third party of our choice to conduct audits in order to evaluate compliance with our Code of Conduct. H&M is a member of the FLA, which randomly carries out unannounced audits on behalf of H&M. During audits we require unrestricted access to all areas of the premises, to all documents and to all employees for interviews. We also demand the right to provide employees with contact details for H&M.

8.3 Supply Chain

H&M's Code of Conduct applies only to our direct suppliers, other business partners and manufacturers of goods or services for H&M and their downstream subcontractors. However, we encourage our suppliers and other business partners to impose social and environmental requirements upstream in their supply chain, for example on suppliers of fabric, labels, leather, wood, cotton and other components and raw materials. Examples of such requirements include banning the use of forced labour and child labour, chemical restrictions and treatment of wastewater.

8.4 Corrective Action

H&M's audits aim to identify gaps between the requirements in this Code of Conduct and the actual practices and conditions in the workplace. The audited company will usually be given the opportunity to propose and implement a corrective action plan. H&M will follow up the implementation of the plan and verify that violations have been remedied. A supplier failing to undertake sustainable improvements within the stipulated time frame would seriously damage its relationship with H&M. Unwillingness to cooperate or repeated serious violations of H&M's Code of Conduct and local law may lead to reduced business and ultimately termination of the business relationship with H&M.

For further clarification concerning the implementation of our requirements, refer to our Code of Conduct Guidance for Implementation of Good Labour Practice.