

Code of Conduct

INTRODUCTION

H&M, as a strongly expanding multinational company, feels that it is increasingly important for us to take responsibility for all our actions, in Europe as well as in the rest of the world. Most importantly we have a responsibility towards all the thousands of people taking part in the production of our garments. We have to make sure that nobody whose work is contributing to our success is deprived of his or her human rights, or suffers mental or bodily harm.

In order to make our position clear to our suppliers, our own staff, as well as any other parties, we have set up a Code of Conduct. It is a non-negotiable requirement from our side that all our suppliers and their subcontractors, without exception, should follow this code.

1. LEGAL REQUIREMENTS

Our general rule is that all our suppliers must, in all their activities, follow the national laws in the countries where they are operating. Should any of the following requirements by H&M, be in violation of the national law in any country or territory, the law should always be followed. In such a case, the supplier must always inform H&M immediately upon receiving this Code.

It is however important to understand that H&M's requirements may not be limited to the requirements of the national law.

2. CHILD LABOUR

2. 1 Policy

We base our policy on child labour on the UN Convention on The Rights of the Child, article 32.1 .

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.

2.2 Definition

We define, in this context, the word "child" as a person younger than 15 years of age or, as an exception, 14 years in countries covered by article 2.4 in the ILO convention No.138.

2.3 Implementation of H&M's policy on Child labour

H&M does not accept child labour.

We are concerned about the situation of children in many parts of the world. We acknowledge the fact that child labour does exist and can't be eradicated with rules or inspections, as long as the children's social situation is not improved. We want to actively work with factories and with NGO's (Non Government Organisations) in third world countries, to try to improve the situation for the children affected by our ban on child labour.

If a child (see definition under 2.2) is found working in any of the factories producing our garments, we will request the factory to make sure that the measures taken are in the child's best interest. We will, in co-operation with the factory, seek to find a satisfactory solution, taking into consideration the child's age, social situation, education, etc. We will not ask a factory to dismiss a child without a discussion about the child's future. Any measures taken should always aim to improve, not worsen, each individual child's situation. Any costs for education, etc. have to be paid by the factory.

We will firmly demand that the factory employs no further children.

We recommend factories with predominantly female workers to arrange day care for children below school age.

2.4 Enforcement

If a supplier does not accept our policy on child labour, we will not continue our co-operation with this supplier.

2.5 Apprenticeship programmes

In countries where the law permits apprenticeship programmes for children between 12 and 15 years of age, we will accept that children of this age work a few hours per day. The total numbers of hours daily spent on school and light work should never exceed 7 (seven) hours (ILO convention No. 33). The factory must be able to prove that this work is not interfering with the child's education, that the work is limited to a few hours per day, that the work is light and clearly aimed at training, and that the child is properly compensated. If we have any reason to doubt that these conditions are met, such apprenticeship programmes will not be accepted in factories producing garments for H&M.

2.6 Special recommendations

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 therefore recommend our suppliers to make sure, that employees in the age group 15-18 years, are treated accordingly. Limits for working hours and overtime for this age group should be set with special consideration to the workers' low age.

3. SAFETY

3.1 Building and Fire Safety

We require from our suppliers that the workers' safety should be a priority at all times. No hazardous equipment or unsafe buildings are accepted.

The factory should have clearly marked exits, and preferably emergency exits on all floors. All exit doors should open outwards. Exits should not be blocked by cartons, fabric rolls or debris, and should be well lit. If emergency exits are locked, the keys should be placed behind breakable glass next to the doors, and thus be available to all staff at all times.

All workers should be aware of the safety arrangements in the factory, such as emergency exits, fire extinguishers, first aid equipment, etc. An evacuation plan should be displayed in the factory, the fire alarm should be tested regularly and regular evacuation drills are desirable.

3.2 First Aid

First aid equipment must be available in each factory, and at least one person in each department should have training in basic first aid.

It is recommended that a doctor or nurse should be available at short notice, in case of an accident in the factory. The employer should pay any costs (not covered by the social security) which a worker may incur for medical care, following an injury during work in the factory.

4. WORKERS' RIGHTS

4.1 Basic Rights

All workers producing garments for H&M should be entitled to his or her basic rights:

4.1.1 We do not accept that bonded workers, prisoners or illegal workers are used in the production of goods for H&M.

- 4.1.2 If foreign workers are employed on contract basis, they should never be required to remain employed for any period of time against their own will. All commissions and other fees to the recruitment agency in connection with their employment should be covered by the employer.
- 4.1.3 Under no circumstances do we accept that our suppliers or their subcontractors use corporal punishment or other forms of mental or physical disciplinary actions, or engage in sexual harassment.
- 4.1.4 All workers should be free to join associations of their own choosing, and they should have the right to bargain collectively. We don't accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organise or join an association.
- 4.1.5 No worker should be discriminated against because of race, gender, religion or ethnic background. All workers with the same experience and qualifications should receive equal pay for equal work.
- 4.1.6 All workers should be entitled to an employment contract.

4.2 Wages and Working Hours

- 4.2.1 Wages should be paid regularly, on time and be fair in respect of work performance. The legal minimum wages should be a minimum, but not a recommended, level.
- 4.2.2 Weekly working time must not exceed the legal limit, and overtime work should always be voluntary and properly compensated.
- 4.2.3 The workers should be granted their stipulated annual leave and sick leave without any form of repercussions.
- 4.2.4 Female workers should be given their stipulated maternity leave in case of pregnancy.
- 4.2.5 Dismissal of pregnant female workers is not acceptable.

In developing countries, we recommend our suppliers to provide the workers with at least one free meal daily.

5. FACTORY CONDITIONS

- 5.1 It is important for the workers' well-being, and for the quality of the garments, that the factory environment is clean and free from pollution of different kinds.
- 5.2 The temperature in the factory should be tolerable as a working environment, and the ventilation should be adequate. Heaters or fans should be provided when needed.
- 5.3 The lighting in each workplace should be sufficient for the work performed, at all times of day.

5.4 Sanitary facilities should be clean, and the workers should have access without unreasonable restrictions. The number of facilities should be adequate for the number of workers in the factory. Sanitary facilities should be available on each floor, and preferably separated for men and women.

6. HOUSING CONDITIONS

If a factory provides housing facilities for its staff, the requirements regarding safety and factory conditions, under point 3 and 5 above, should also cover the housing area.

All workers must be provided with their own individual bed, and the living space per worker must meet the minimum legal requirement.

Separate dormitories, toilets and showers should be provided for men and women.
There should be no restriction on the workers' right to leave the dormitory during off hours.

We want to particularly stress the importance of fire alarms, fire extinguishers, unobstructed emergency exits and evacuation drills in dormitory areas.

7. ENVIRONMENT

The environment is of increasing concern globally and H&M expects its suppliers to act responsibly in this respect.

Our suppliers must comply with all applicable environmental laws and regulations in the country of operation.

According to the H&M Chemical Restrictions, we do not allow use of solvents or other hazardous chemicals in the production of our garments. All suppliers must sign the H&M Chemical Restriction Commitment, confirming that no prohibited chemical substances will be used in the production.

8. MONITORING AND ENFORCEMENT

8.1 The principle of trust and co-operation

H&M expects all its suppliers to respect the above Code of Conduct and to actively do their utmost to achieve our standards. We trust our own staff to take a lot of responsibility in their work, and we expect from our suppliers that they do the same. We believe in co-operation and we are willing to work with our suppliers to achieve workable solutions in each individual case.

We are willing to take into consideration cultural differences and other factors which may vary from country to country, but we will not compromise on our basic requirements regarding safety and human rights.

8.2 Monitoring

All suppliers are obliged to always keep H&M informed about where each order is being produced. H&M reserves the right to make unannounced visits to all factories producing our goods, at any time. We also reserve the right to let an independent third party (e.g. a NGO) of our choice make inspections, to ensure compliance with our Code of Conduct.

8.3 Non-compliance

Should we find that a supplier does not comply with our Code of Conduct, we will terminate our business relationship with this supplier, if corrective measures are not taken within an agreed time limit.

If we find repeated violations, we will immediately terminate the co-operation with the supplier and cancel our existing orders.