

GRUNDSATZERKLÄRUNG / H&M GROUP RESPONSIBLE BUSINESS CONDUCT POLICY - GERMANY

Document type:	Policy for Germany
Applies to:	H&M Hennes & Mauritz B.V. & Co. KG
Effective from:	January 1 st , 2023
Last reviewed/updated:	December 30 th , 2023
Approver:	Regional manager, Region Central Europe
Approved date:	December 30 th , 2023
Owner:	Regional manager, Region Central Europe
Contact:	Responsible person for Due Diligence in Germany
Version:	2
Supersedes:	This is the second version and it will be revised yearly

Introduction

H&M Group¹ is a family of brands and businesses, driven by the desire to make great design available to everyone, in a more sustainable way. We offer fashion, design and services that inspire and enable people to express their style while making it easier to live more circular.

The H&M Group sources products and services from many countries and business partners. The H&M Group companies are ultimately all subsidiaries of H&M Hennes & Mauritz AB, which is registered in Sweden. Our supply chain provides products and services to our customers around the world. H&M Hennes & Mauritz B.V. & Co. KG (hereinafter “H&M KG”) is a part of H&M Group. H&M Group consist of multiple legal entities, whereas H&M KG is the legal entity in Germany through which the main business operation on the German market is conducted.

Respecting human rights is essential for H&M Group to operate sustainably and successfully. This means we treat everyone equally, with respect and dignity, wherever or whoever they are. We recognize that we have a responsibility to uphold human rights. This means doing everything we can to avoid harming the human rights of people and communities, as well as creating a positive impact in our operations, throughout our supply chains and in the communities, we are part of.

This H&M Group RBC Policy for Germany provides the frames for and guidance on how we conduct business responsibly within H&M Group, while complying with legislative², international³ and voluntary⁴ requirements. It is applicable to our operations in our offices, warehouses and stores as well as the work in countries we operate in including direct and indirect business partners. This policy will be revised yearly based on learnings to ensure legal requirements, human rights and environmental impact are respected.

¹ [About us - H&M Group \(hmgroup.com\)](#)

² Currently local legislation in Germany (Lieferkettensorgfaltspflichtengesetz).

³ Conventions listed under the German Supply Chain Act Annex I.

⁴ OECD Guidelines for Multinational Enterprises and OECD Responsible Business Conduct Guidelines and UN Guiding Principles on business and human rights.

Overarching Policies

This “Responsible Business Conduct Policy – Germany” describes our commitment, way of working and gives an overview of our most significant risks within the area of human rights and environment. It is based on the policies described more in detail below. There are no exemptions from conducting business in a responsible way, which is why we always need to adhere with the internal and external requirements wherever and whenever they are applicable.

H&M Group’ Responsible Business Conduct Policy

[H&M Responsible Business Conduct Policy](#) defines how H&M Group conducts business in a responsible way with respect to areas of governance, human rights and environment.

H&M Group’s social policies

[H&M Group’s social policies](#) includes Grievance Policy, Equality, Inclusion and Diversity, No Discrimination Policy, Health and Safety Policy, No Harassment and No Violence Policy and is valid for all employees.

The Grievance Policy aims to ensure that all employees within H&M Group have a channel for putting forward grievances as well as access to an efficient procedure for the handling of potential violations or grievances related to our policies. This includes providing a supportive and open atmosphere where employees feel comfortable bringing up issues directly with their managers or peers, as well as providing a company-level channel where colleagues can escalate issues. In addition to the global policies, we do also have a local Grievance policy in Germany called the Green Frame, which is available to the local colleagues.

Human Rights Policy

Our [Human Rights Policy](#) guides our work and sets out our commitment to operate with respect to human rights.

Due to the nature of our business, we focus on working with the rights of colleagues in our operations and garment workers in our global manufacturing supply chains. We have identified the salient issues that are most relevant for our operations, which predominantly are connected to labour rights.

We take a risk-based approach to due diligence across our full value chain and our core strategies. This includes policy development and integration, strengthening of [grievance mechanisms](#), training and capacity building, industry initiatives and various ways to identify and follow up on risk.

H&M Group aims to lead the change towards achieving a circular fashion industry with net zero climate impact, while being a fair and equal company. This means, among other things ensure respect for human rights across our value chain.

Our ambition is to enable more people to choose a sustainable lifestyle as well as to create a positive correlation between profitable growth and a greater positive impact on customers, colleagues, business partners, employees and other stakeholders, while respecting planetary boundaries.

In our Human Right’s policy, we express our commitments to colleagues in relation to human rights and are applicable in all our operations throughout the world. They cover the areas of grievance, equality, inclusion, diversity, non-discrimination, no violence, no harassment, health and safety and labour relations.

To fulfil our commitments, we work proactively with information, training and awareness raising within all areas.

Environmental Policy

In our *Environmental policy*, we commit to managing all business in a way that meets local, national and international regulations and good practice to prevent, mitigate and remediate negative impacts on the environment. We adopt a value chain approach informed by the best available science and careful consideration of social aspects and human rights implications in all environmental policies and strategies.

Sustainability Commitment and Code of Ethics

As part of our contractual agreement, we require all business partners to sign our *Sustainability Commitment* as well as our *Code of Ethics*. The *Sustainability commitment* is the key document and a code of conduct setting our requirements to secure operations in line with laws, international standards and our sustainability goals. *Code of Ethics* for business partners is a global policy, a business code, based on our business values – honesty, integrity, transparency, and fair play.

H&M Group Corporate Governance Policy

The frames for governance within H&M Group is described in detail in the internal H&M Group Corporate Governance Policy in relation to risk management, internal controls, internal audits, and policy management. Read more about our related work on our website: <https://hmgroup.com/about-us/corporate-governance/about-corporate-governance/>

Other Policies

We comply with all relevant laws and regulations in the respective market where we operate. In order to ensure this, we have local steering documents that may only be applicable for certain business areas, countries or business partners. Such other policies and guidelines concern Product safety, Taxation, Consumer interests, Data and AI, Innovation, Data Privacy and many other areas which are part of how we conduct business responsibly. The respective documents can be found in our Policy manager or locally in the respective country.

Risk management

Risk management is a company wide area where all business functions and country organizations work according to the same main processes described in a set of guidelines as listed below: Due diligence within H&M Group is an ongoing process that enables us to identify and address risks in our business, our supply chain and the communities where we operate. We conduct due diligence to identify risks to people and planet, and work to prevent and mitigate any harm, as well as to ensure there are channels for people to raise concerns and access remedy. By being transparent with our ambitions and learnings through public reporting and communication we hope to inspire action and drive collaboration.

H&M Group Risk Management Guideline sets out the basic principles, processes, and tools within risk management all of which apply to H&M KG.

The **Standard Due diligence guideline** describes the way of working with all business partners. It includes, general, financial, legal and sustainability related questions to identify risk and make sure that we assess how our business partners work with for example, human rights and environmental risks. This process is conducted before a supplier is engaged in a contractual relationship and during the business relationship.

The **Responsible Business Conduct Policy and the Responsible Business Conduct due diligence guideline** ensures identification, assessment and mitigation of human rights and environmental risks in our supply chain where the risk exposure is high and significant. The business functions and countries where there is a high-risk exposure are expected to conduct the process at least yearly but also on ad-hoc basis when required.

Speak up channel, to raise a concern regarding a suspected breach of H&M Group policies you should report it immediately to the H&M Group *Speak Up!* channel which is also available at <https://speakup.hmgroup.com/>. This is a tool that aids employees and business partners to address fraud, violations and other misconduct of our policies in a highly confidential way. Early reporting is essential and can help resolve an issue quickly. It can also minimise any harm. All reports are investigated, and appropriate actions are taken against proven misconduct.

Most Significant Risks Reporting on risks and outcomes is done both to inform decision-making and to evaluate and adjust our approach for effectiveness. Every year our *H&M Group Salient human rights report* list the most significant risks for H&M Group including a specific risk analysis H&M KG. Human-rights reporting is one aspect of our corporate governance, where we work to establish meaningful reporting that drives positive outcomes for people and connects with business value. Our commitments and goals related to human rights and the environment are communicated on a yearly basis as part of our *Annual and Sustainability Report*, which can be found on our corporate website. As described in our Annual and Sustainability Report we have a Sustainability Impact Partnership Program (SIPP) which monitors compliance with our standards and supports suppliers' due diligence procedures.

From a group perspective the most significant human rights are listed in countries with higher risk exposure. Germany is not amongst the countries where we see the highest risk exposure, we do however conduct regular due diligence on the business operations in Germany to identify any significant risks on a yearly basis. The most significant human rights risks identified in Germany for the past period are risks connected to labor rights and data privacy. Under the German Supply Chain Act, we have a reporting obligation where we also include reporting on our risks. The reporting is to be submitted to the supervising authority BAFA by the end of May 2024

Follow up and Internal control

Based on H&M Group Corporate Governance Policy, policy compliance is followed up with internal controls. There are several internal controls conducted on various levels for the policies and processes within H&M Group. You can read more about our internal controls in our [Corporate Governance Report](#). The Responsible Business Conduct Policy for H&M Group is part of the group controls conducted yearly where specific questions are posed regarding policy compliance to business functions and country organizations.

Additionally, the Responsible Business Conduct Due Diligence Guideline is followed up by the respective business functions to ensure that the process is followed in an efficient manner. To ensure an efficient risk management system the country organizations also follow up the mitigation plans connected to each the risk identified, by multiple methods described in **Responsible Business Conduct due diligence guideline**.

The aggregated results of the different internal control mechanism are reported to the policy/risk owners, the CEO and CFO of H&M Group and the audit committee of the H&M Group Board of Directors twice a year in order to improve the processes and way of working. The responsibility for reporting lies with Corporate Governance.

Links

<https://hmgroup.com/about-us/>

[H&M Responsible Business Conduct Policy](#)

<https://speakup.hmgroup.com/>

<https://hmgroup.com/sustainability/standards-and-policies/>

<https://hmgroup.com/sustainability/standards-and-policies/sustainability-commitment/>

<https://hmgroup.com/sustainability/standards-and-policies/human-rights-policy/>

[H&M Group Environmental Policy](#)

[HM-Group-Salient-Human-Rights-Issues-2022.pdf \(hmgroup.com\)](HM-Group-Salient-Human-Rights-Issues-2022.pdf)

[Annual and Sustainability Report 2022 - H&M Group \(hmgroup.com\)](#)

[Corporate governance report - H&M Group \(hmgroup.com\)](#)