



H&M'S CODE OF CONDUCT

Code of conduct for suppliers

H&M does not have any factories of its own. We buy our goods from suppliers primarily in Asia and Europe.

H&M has a responsibility towards all those who contribute to our success, including the employees of our suppliers. Since 1997 we have therefore had a Code of Conduct, which is aimed at our suppliers. The Code of Conduct is based on the ILO's conventions and on the national laws of the manufacturing countries, and it includes H&M's requirements regarding working conditions among other things.

Few suppliers satisfy every requirement set out in the Code of Conduct, but all suppliers must fulfil a number of minimum requirements to be able to work with H&M. It is also important that suppliers have a desire to implement lasting improvements and in this way come closer to full compliance with the Code of Conduct.

Following up the Code of Conduct

To monitor compliance with the law and with H&M's Code of Conduct, H&M has around 60 auditors who carry out regular checks on the factories of our suppliers and their subcontractors. Around 2,500 factory visits are made each year.

While visiting a factory, the auditor will examine contracts of employment, time cards, payrolls and other documentation. The focus here is on working conditions and workers' rights. The auditor also checks working hours and to ensure that the textile workers receive the pay they are entitled to. Auditors seek the views of employees regarding the conditions in the factory by interviewing them. The management is also interviewed to gain an understanding of the management system and routines in the factory. H&M's staff audit the factory

to check the fire safety provisions and the physical working environment. Once the audit is complete, the factory has a certain period of time in which to come up with an action plan for rectifying any deficiencies. Some problems are easy to solve, while others may require a lot of effort and more time. H&M's auditors visit the factory at regular intervals to follow up and support the work to achieve changes. After a period lasting up to two years, the shortcomings must have been remedied and then it's time for a new audit and improvement process.

The suppliers are also given the opportunity to attend workshops to gain a better understanding of H&M's requirements and the advantages of looking after their employees. H&M runs projects, often in conjunction with local cooperative partners, with the aim of educating the suppliers' workers about employment rights. The goal is to empower workers so that they can influence their own situation.

Independent factory audit

Since 2006 H&M has been involved in the Fair Labor Association (FLA). The overall purpose of this collaboration is to promote good working conditions in the textile industry and help to ensure that human rights and international labour laws are respected. Through our involvement we aim on the one hand to strengthen our programme of factory audits and on the other to show our stakeholders how well our programme functions. This is achieved in part by the FLA carrying out independent audits on H&M's suppliers, but the focus is primarily on projects of various kinds. The FLA publishes an annual report about H&M on its website

www.fairlabor.org. ■