

Global Framework Agreement (GFA)
between
H&M Hennes & Mauritz GBC AB
and
IndustriALL Global Union and Industriefacket Metall

ON COMPLIANCE AND IMPLEMENTATION OF INTERNATIONAL LABOUR STANDARDS
AT THE SUPPLIERS OF H&M Hennes & Mauritz GBC AB

PREAMBLE

This Global Framework Agreement (GFA) is concluded between H&M (H&M Hennes & Mauritz GBC AB), IndustriALL (IndustriALL Global Union) and IF Metall (Industriefacket Metall) (the 'Parties').

This GFA is founded upon a shared belief that well-structured industrial relations are an essential component of stable and sustainable social relations in production. This foundation enables business to flourish and to provide decent work¹ with respect and dignity.

For its part, H&M confirms under this GFA its commitment to and respect for human and trade union rights in the workplace, including the right to organize and to negotiate collective agreements. H&M will actively use all its possible leverage to ensure that its direct suppliers and their subcontractors producing merchandise/ready made goods sold throughout H&M group's retail operations respect human and trade union rights in the workplace.

By this GFA, H&M recognizes IndustriALL as its legitimate partner for discussions regarding human and trade union rights in the workplace. H&M may also interact with IndustriALL affiliated trade unions and use its good offices to facilitate an improvement in such rights and conditions among its suppliers.

For their part, under this GFA IndustriALL and IF Metall confirm their commitment to work with all unions represented at H&M's direct suppliers and their subcontractors producing merchandise/ready made goods sold throughout H&M group's retail operations, with the objective of increasing trade union capacity to ensure implementation of this GFA within a framework of well-functioning industrial relations.

The Parties agree to work together actively to implement well-functioning industrial relations at H&M's direct suppliers own operations and their subcontractors producing merchandise/ready made goods sold throughout H&M's groups retail operations. The parties agree that well-functioning industrial relations are best achieved by ensuring the application of International Labour Standards including the Universal Declaration of Human Rights, International Labour Organisation's (ILO) Conventions and Decent Work Agenda, the UN Convention on the Rights of the Child, OECD Guidelines for Multinational Enterprises, ILO Tripartite Declaration of Principles Concerning Multinational enterprises, the UN Global Compact Principles and UN Guiding Principles on Business and Human Rights.

Collaboration between the Parties pursuant to the GFA aims to ensure more effective application of the International Labour Standards mentioned above in line with H&M's Sustainability Commitment signed by all H&M's direct suppliers producing merchandise /ready made goods sold throughout H&M group's retail operations.

The terms and conditions of the GFA shall cover all production units where H&M's direct suppliers and their subcontractors produce merchandise/ready made goods sold throughout H&M group's retail operations, and trade unions/worker representatives present at these production units. Non-affiliated unions may participate in the implementation of this GFA by mutual agreement with IndustriALL.

¹ See ILO 'Decent Work – A Better World Starts Here' for a full definition

IMPLEMENTING INTERNATIONAL LABOUR STANDARDS TOWARDS WELL-FUNCTIONING INDUSTRIAL RELATIONS

The following section sets out the Parties' shared expectations of H&M's direct suppliers and their subcontractors producing merchandise/ready made goods for H&M group's retail operations. These expectations are based on the applicable international labour standards listed as specified. The term 'employer' is used to refer to supplier or their subcontractor covered under the terms of this agreement. The term 'employee' refers to any individual who performs work directly for a supplier or their subcontractor covered under the terms of this agreement.

Freedom of Association and Collective bargaining

C. 087 Freedom of Association and Protection of the right to Organize Convention

C. 098 Right to organize and Collective Bargaining Convention

C. 154 Collective Bargaining

C. 135 Workers Representatives Convention

R. 135 Minimum Wage Fixing Recommendation

R. 143 Workers' Representatives Recommendation

All workers, without exception or distinction, have the right to join or form a trade union of their own choosing and to bargain collectively. The employer shall respect trade union rights and remain strictly neutral regarding workers' right to organize. Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under national law, the employer encourages and does not hinder the development of mechanisms for independent and free association and bargaining.

The parties acknowledge the central role of Freedom of Association and the Right to Bargain Collectively as set out in ILO Conventions, mentioned above, as the key to ensuring the sustainable and long-term compliance with International Labour Standards.

Discrimination, diversity and equality

C. 100 Equal Remuneration Convention

C. 111 Discrimination (Employment and Occupation) Convention

C. 159 Vocational Rehabilitation and Employment (Disabled Persons) Convention

R. 090 Equal Remuneration Recommendation

R. 111 Discrimination (Employment and Occupation) Recommendation

R. 168 Vocational Rehabilitation and Employment (Disabled Persons) Recommendation

Every employee is treated with respect and dignity at all times. No employee shall be subject to humiliating or corporal punishment or subject to physical, sexual, psychological or verbal harassment or abuse. There is no discrimination in hiring, compensation, access to training, promotion, termination of contract or retirement on the grounds of gender or sexual orientation, race, colour, age, pregnancy, religion, political opinion, nationality, ethnic origin, migratory status, disease or disability. There is a grievance mechanism in place enabling employees to put forward complaints without risk of retaliation.

With this Agreement the Parties emphasize their commitment to strive for equality between woman and men at work and gender equality when it comes to recruitment, career development, training and equal pay for equal work.

Child Labour and young workers

C. 138 Minimum Age Convention

C. 182 Worst form of Child Labour

R. 146 Minimum Age Recommendation

R. 190 Worst form of Child Labour Recommendation

Child labour is not accepted. No persons shall be employed at an age younger than 15 (or 14 where ILO Convention 138 makes an exception) or younger than the legal age for employment if this is higher than 15. All legal limitations regarding employment of persons below the age of 18 shall be followed. They should be protected from any hazardous work, night shift and any kind of work that might hamper their development or impose any physical harm.

Necessary measures shall be taken to prevent anyone under the legal age of employment from being recruited. The employer shall develop, or participate in, and contribute to policies and programs which provide transitional arrangements for any child found to be performing work in the workplace to enable her or him to attend and remain in quality education until no longer a child. The best interest of the child should be applied in consultation with the child's parents and/or guardian.

Forced, bonded, prison and illegal labour

C. 029 Forced Labour Convention

C. 105 Abolition of Forced Labour Convention

R. 035 Forced Labour (Indirect Compulsion) Recommendation

Forced, bonded, prison or illegal labour is not accepted. If contracted labour is used, the employer is responsible for employment eligibility fees of contract and/or foreign workers including recruitment fees. Employees shall not be required to lodge "deposits" or identity papers with their employer and shall be free to leave their employment after reasonable notice. The employees freedom of movement is not restricted. No part of wages is withheld.

Recognized employment

C. 122 Employment Policy Convention

C. 175 Part Time Work Convention

Every employee shall be entitled to written contract, in their own language, that stipulates conditions for the employment. Obligations to employees, under labour or social security laws and regulations arising from the regular employment relationship, shall not be avoided through the use of labour-only contracting or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

The employers should strive for permanent employment and take steps beyond those required by law to limit the use of fixed-term contracts of employment. In countries where the social security system falls short – the employer is encouraged to provide alternative insurance for employees, including medical and retirement insurances.

In the event of plant closure, the employer shall make payments of owed wages and mandated benefits, including severance pay and other allowances.

Fair Living Wage and benefits

C. 131 Minimum Wage Fixing Convention

C. 183 Maternity Protection Convention

R. 135 Minimum Wage Fixing Recommendation

The wages and benefits paid for a standard working week meet, at a minimum, national legal level, industry level, or collective bargaining agreement, whichever is higher. In any event, a fair living wage based on regular working hours and exclusive of overtime, bonuses and allowances, should always be enough to meet the basic needs of employees and their families, and provide some discretionary income. All wages shall be paid on a regular basis and in full, and the particulars of the wage for a pay period must be provided in written and understandable form. All fringe benefits required by law or contract are provided. Deduction from wages as a disciplinary measure shall not be permitted.

Working hours

C. 001 Hours of Work (Industry) Convention
C. 030 Hours of Work (Commerce and Offices) Convention

C. 014 Weekly Rest (Industry) Convention
C. 106 Weekly Rest (Commerce and Offices) Convention

Working hours in a week, as well as overtime hours, shall comply with national law or collective agreement, whichever affords the greater protection for workers, and be defined in contracts. In any event, employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every 7 day period. In exceptional cases voluntary overtime can be used but it cannot exceed 12 hours per week and the total hours in any 7 day period shall not exceed 60 hours. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

Health and Safety

C. 155 Occupational Safety and Health Convention
R. 164 Occupational Safety and Health Recommendation

P. 155 Protocol of 2002 to the Occupational Safety and Health Convention

The employer shall provide a safe, healthy and hygienic workplace to their employees. This is a priority at all times and at a bare minimum, this means:

- Compliance with applicable laws and regulations.
- No unsafe buildings.
- No exposure to hazardous machines, equipment and/or substances.
- Fire Safety shall be maintained through adequate equipment and facility conditions, regular firefighting training and evacuation drills and prevention of fire hazards.
- There is access to clean drinking water and toilet facilities. Adequate ventilation and temperature is provided.
- Accommodation/housing, when provided, must be separated from the workplace and is subject to all above fundamental requirements concerning health and safety.
- Prevention of accidents and injury to health arising out of, associated with, or occurring in the course of work.
- Employees receive regular and recorded health and safety training.

The Parties agree that health and safety issues shall be dealt with within the system of industrial relations if local procedure or national legislation does not prevent that.

The employer must ensure that the workers' rights to know about the hazards of their work and to receive education and training in how to do the work safely and their rights and obligations in relation to safety issues, are fulfilled. The employer shall respect the right of a worker to refuse work that he or she has reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation.

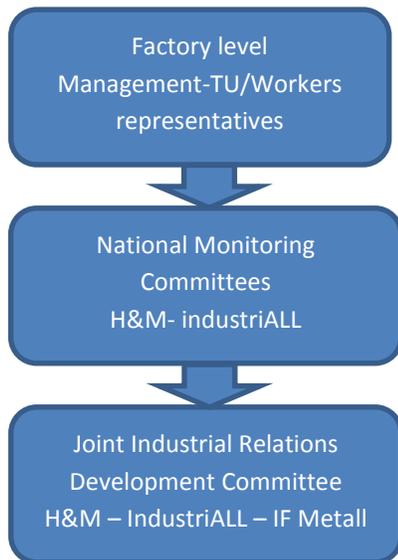
STRUCTURE AND IMPLEMENTATION OF WELL FUNCTIONING INDUSTRIAL RELATIONS

The guiding principle of the Agreement is the shared belief that cooperation and oversight of the Parties is the best way to fulfil the Agreement and to ensure good working conditions in the industry at H&M's direct suppliers and their subcontractors producing merchandise/ready made goods sold throughout H&M group's retail operations. Any disagreement on the interpretation and implementation of the Agreement shall be raised with the Parties and solved within the provisions and spirit of the Agreement by the Parties.

STRUCTURE AND RESPONSIBILITIES

For implementation of the agreement and dispute resolution the parties have agreed on a specific structure:

- Factory level
- National Monitoring Committees (NMC)
- Joint Industrial Relations Development Committee (JIDRC)



National Monitoring Committees

1. The Parties shall each designate two representatives to participate as members of each NMC, or more if the Parties so agree.
2. Each member designated by a Party must have (i) full insight and knowledge of the agreement and the intention of the agreement, the organizations they represent, and (ii) good knowledge and experience of industrial relations, and labour relations and legislation in the country where they are operating.
3. At national level, the NMCs shall:
 - i. create, monitor and evaluate national strategies for implementation of this Agreement in countries where H&M direct suppliers and their subcontractors producing merchandise/ready made goods sold throughout H&M group's retail operations are located;
 - ii. collaborate with trade unions/worker representatives and H&M direct suppliers and their subcontractors producing merchandise /ready made goods sold throughout H&M group's retail operations to provide general guidance and advice on achieving well functioning industrial relations, with particular reference to dispute prevention and resolution, and collective bargaining agreements;
 - iii. if necessary, assist with the resolution of industrial relations issues and disputes as set out in paragraphs [10-11] of this Agreement and;
 - iv. discuss/explore/implement other activities as agreed to by the Parties in writing.
4. NMC shall meet regularly at times agreed on by the Parties. In between meetings, matters may be dealt with by correspondence or telephone. Special meetings can be held on an ad hoc basis depending on the matter.
5. Each NMC shall report its activities and issues related to the Agreement on a regular base to the JIRDC.

Joint Industrial Relations Development Committee

6. The Parties shall establish a Joint Industrial Relations Development Committee (**JIRDC**) comprising equal numbers of representatives appointed by each Party.
7. Each Party shall appoint a Co-Chairperson as one of its representatives who shall preside over the proceedings of the JIRDC on an alternating basis. The JIRDC shall meet as and when agreed, but in any case, at least once a year. In between meetings, matters may be dealt with by correspondence or telephone.
8. The JIRDC shall have responsibility for:
 - i. planning and overseeing practical implementation of this Agreement at global level;
 - ii. exploring opportunities for joint cooperation initiatives aimed at achieving and maintaining well-functioning industrial relations in H&M direct suppliers and their subcontractors producing merchandise /ready made goods sold throughout H&M groups retail operations;
 - iii. if necessary, providing support and guidance to the National Monitoring Committees;
 - iv. discussing, exploring and implementing other activities as agreed by the Parties in writing;
 - v. giving advice on matters referred to it by NMC.

Resolution of Industrial Relations Issues

9. It is a key principle of this Agreement that well-functioning industrial relations are best achieved if industrial disputes and related issues (**'Industrial Relations Issues'**) are resolved through workplace negotiation, and when needed with support of appropriate national trade union or dispute resolution procedures provided for in industry agreements and/or local law.
10. If, however, an Industrial Relations Issue covered by this Agreement, arises in an H&M supplier and/or their subcontractor which cannot be settled satisfactorily through one of the methods in paragraph (9), or a request is made to the NMC to support the local procedures, the NMC may intervene to facilitate a resolution.
11. On learning of an Industrial Relations Issue, the NMC shall notify the JIRDC of the details and any related actions of the NMC.
12. If the NMC considers it necessary, the NMC can request support and guidance from the JIRDC.
13. If the NMC disagree on the best way to facilitate a resolution of an Industrial Relations Issue, either Party may submit it to the JIRDC for final decision.
14. In case of a failure to agree at the level of the JIRDC, the Parties may by mutual agreement appoint an independent mediator, acceptable to both Parties, to help the Parties agree on the best way to facilitate a resolution of an Industrial Relations issue.

IMPLEMENTATION OF THE AGREEMENT

15. The Parties shall agree upon which of H&M's production countries the NMCs shall be established in.
16. The Parties will work out a strategic plan for awareness-raising and education of NMCs to ensure the implementation of the Agreement.
17. With guidance from NMCs, the Parties will annually meet with them and review the need for awareness raising and capacity building for a long term sustainable implementation of the Agreement.
18. The Parties will jointly promote signing of collective agreements both at factory, company and industrial level between relevant social partners in countries where H&M has direct suppliers and subcontractors producing merchandise/ready made goods sold throughout the group's retail operations.

Role of H&M in communications and capacity building of suppliers and subcontractors

19. H&M shall inform all its direct suppliers of the existence and the implementation of this Agreement. H&M shall request that all direct suppliers inform their subcontractors that are producing merchandise/ready made goods sold throughout H&M group's retail operations.
20. H&M shall request that their direct suppliers inform their employees and request subcontractors producing merchandise/ready made goods to inform their employees of the existence and the implementation of this Agreement. Upon request, H&M will provide IndustriALL and or IF Metall with the latest available updated list of H&M's direct suppliers and their subcontractors producing merchandise /ready made goods sold throughout H&M group's retail operations. H&M will secure the translation of the Agreement into all relevant languages agreed with IndustriALL and IF Metall.
21. H&M shall evaluate the capacity of management representatives at H&M's direct suppliers and subcontractors producing merchandise/goods sold throughout H&M groups' of retailers and when needed request them to undergo necessary capacity building, including but not limited to fields of employers' responsibility, workers' rights and obligations, industrial relations, collective bargaining agreements and peaceful conflict resolution.

Role of IndustriALL and IF Metall in communications and capacity building of trade unions

22. IndustriALL shall inform all of its affiliates in countries where H&M's direct suppliers and subcontractors are producing merchandise/ready made goods sold throughout H&M's group's retail operations of the Agreement.
23. IndustriALL and IF Metall together with affiliated unions shall evaluate trade union capacity and provide necessary capacity building to all trade unions and worker representatives present at H&M's suppliers and their subcontractors producing merchandise sold throughout H&M group's retail operations, including but not limited to fields of worker awareness of rights and obligations, industrial relations, peaceful conflict resolution and collective bargaining agreements.
24. IndustriALL and IF Metall undertake to work with all trade unions and worker representatives present at H&M suppliers and their subcontractors producing merchandise sold throughout H&M group's retail operations, with an initial focus on increasing necessary capacity to ensure implementation of this GFA.
25. The capacity building activities will be included in the national strategies approved by the NMCs.

Registration and term of this Agreement

- 26. This Agreement shall be registered with the International Labour Organization.
- 27. This Agreement shall run initially for a period of one year, after which it may be renewed, revised or discontinued, following a review of its impact and effectiveness by both Parties.
- 28. The original English version of this agreement will apply in all parts and to all interpretations of the Agreement.

Date:

Date:

On behalf of H&M:

On behalf of IndustriALL:

Karl-Johan Persson, CEO

Jyrki Raina, Secretary General

Date:

On behalf of IF Metall:

Anders Ferbe, Chairman