

# GLOBAL COMPENSATION AND BENEFIT POLICY

The contribution by our employees to our business is the key to our success and we want to reward accordingly.

Compensations and benefits in The H&M Group are fair and comply with our social policies on discrimination and equality, which for example means that there should be no structural differences in compensation between genders. Furthermore compensation and benefits will always comply with local legislation and collective agreements.

Equal compensation for work of equal value applies regardless of contract. The compensation levels in the H&M Group should primarily reflect the competence, responsibility and contribution of the employee.

This policy declares the basic principles and the minimum standards for compensation and benefits within the H&M Group.

## **Our commitment**

- All employees within the H&M Group will be guaranteed at least the statutory minimum wage through a fixed base salary or fixed base wage per hour.
- The compensation levels in H&M Group should as a minimum be equal to the prevailing industry benchmark.
- H&M Group works actively to even out any known structural differences in compensation between genders.
- H&M Group offers all employees the Global Employee Discount<sup>1</sup> and the H&M Incentive Program (HIP)<sup>2 3</sup>
- Before employment begins the employee will be informed about:
  1. Compensation based on a fixed base salary or fixed base wage per hour
  2. Date for payment
  3. Overtime compensation
  4. Any paid absence such as illness
  5. Vacation entitlements
  6. Any other payments
  7. Benefits

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<sup>1</sup> H&M Group offers 25 % employee discount. Lower discount may apply due to local legislation. Please refer to the terms and conditions of your Employee discount card.

<sup>2</sup> HIP is the H&M Groups reward program that acknowledges employees' daily commitment and long-term participation. HIP works the same way for everyone in the H&M Group – regardless of position, salary, country and whether working full- or part-time. HIP allows employees who have worked within the H&M Group for at least five years to share in any increase in company profits. For more information about the HIP contact your local HR.

<sup>3</sup> Other benefits may be provided in line with local market practices.

- All employees will receive payment punctually and be provided with a written statement that clearly shows the calculation of the gross and net pay, including other deductions and payments (Payslip).
- The compensations within H&M Group are reviewed annually. If individual compensation reviews are applied the review will be presented in a dialogue between the manager and the employee. If compensations are reviewed and set collectively the review might be presented collectively.

An employee who needs more information or has questions should turn to the manager or HR.

**Grievance procedure**

If any rights stated in this policy have been violated the employee should bring this up with the manager and refer to the local grievance procedure.

This policy complies with The ILO convention on minimum wage (C131) and the ILO Convention on equal remuneration (C100).