

H&M GROUP:

ANIMAL WELFARE & MATERIAL ETHICS POLICY

As a large global organization, H&M group is committed to act ethically, transparently and responsibly, and we also expect the same from our business partners. We want to work together with suppliers that not only meet our requirements on responsible sourcing, but that are also aligned with our long-term goals and share our ambitions to always seek the best available product option from both an environmental, social, and animal welfare perspective.

This document includes our general standpoint on animal welfare and ethical sourcing and it covers mainly raw material production. It also includes material-specific requirements since sourcing of these materials require due diligence processes on supplier level to ensure that any risks are identified and addressed.

In addition, our long-term goals for specific material groups are all aligned with our group wide goal of using 100% recycled and other sustainably sourced materials by 2030. Since many of these materials pose higher risks on raw material level, most material goals in this document are to be met by end of 2025 the latest.

In parallel to our long-term goals on responsible and sustainable sourcing, H&M group is also committed to work with new, more innovative approaches on raw material sourcing and we support new technological material solutions that could help us replace less sustainable materials with better ones.

OUR ANIMAL WELFARE POLICY

Animal welfare is very important to H&M group and no animals should be harmed in the production of our products. We have a long-standing commitment to improve animal welfare across our global supply chains and we are working to source all animal derived materials from farms where the animals have been treated humanely and where the *Five freedoms* have been implemented. *The five freedoms* are recommendations on animal welfare set out by the World Organisation by Animal Health (OIE) in their Animal Health Codes and the Farm Animal Welfare Committee (FAWC). The guiding principles are:

- *Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour*
- *Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area*
- *Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment*
- *Freedom to express (most) normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind*
- *Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering*

H&M group is also working with industry expert groups to support the ongoing research, development and implementation of animal welfare standards and transparency in the supply chains of wool, cashmere, leather and down. Long-term, we aim to source all our virgin animal derived materials from responsible farms in terms of animal welfare that are certified to a credible standard. We also support the use of recycled animal fibres, as well as innovative and more sustainable choices that offer the same qualities but that are from non-animal origin.

Our animal welfare policy also includes our zero tolerance on animal testing of cosmetic products and we support the work that is being done to end animal testing for cosmetic purposes globally.

OUR MATERIAL ETHICS POLICY

H&M group is committed to ensuring that sourcing of the raw materials used in our products is obtained in a responsible and sustainable way, and that social and environmental impact is always taken into account during the sourcing process. Raw material production and sourcing must also comply with local laws as well as international standards and must not lead to degradation or destruction of ecosystems and biodiversity. Securing our supply of raw materials from an ethical perspective is an extremely important part of H&M group's business model.

Therefore, we want the natural raw materials used in our products to be produced in a way that contribute to sustainable development, respect human rights, preserve natural resources, and helps maintain biodiversity. No vulnerable or endangered species must be used.

Our minimum requirements are that:

- Suppliers must comply with our raw material specific requirements found in this document and can provide all relevant information needed about the origin.
- Suppliers of natural raw material must comply with all applicable environmental, health & safety, labour and social laws and regulations (including applicable land tenure and use rights).
- No endangered and vulnerable species* are used in the production of our products.

** As defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.*

SCOPE OF POLICY

This policy document and all the material specific requirements are connected to the *sourcing* of raw materials. Even though some listed materials also include process, this policy does not cover sustainability issues linked to the production of products. Therefore, this policy should always be accompanied with our H&M Group Sustainability commitment to cover the full supply chain.

This policy document is valid for all brands within the H&M group and all products, including non-commercial goods.

MATERIAL SPECIFIC REQUIREMENTS AND GOALS:

1. ANIMAL HAIR

- 1.1. H&M group does not accept angora or any other hair from animals reared in cages for their hair, including but not limited to rabbit, raccoon, marten, fox, squirrel, sable chinchilla or ferret.
- 1.2. H&M group does not accept hair from wild animals, for example vicuña.
- 1.3. H&M group is phasing out the use of mohair and from mid-2018, no new orders containing mohair can be placed and by January 2020, mohair products will no longer be sold in our stores or online*.
- 1.4. By the end of 2025, 100% of all animal hair used by H&M group will either; 1) come from farms with good animal welfare practices that are certified to a credible standard**; 2) come from recycled or regenerated sources; or 3) be replaced with other sustainable, non-animal fibres.

** Any left-over products from earlier order placements that took place before mid-2018 will be handled according to our Left-over product routine.*

*** By H&M Group approved scheme that both includes animal welfare and land management practices.*

2. WOOL

- 2.1. H&M group does not accept wool from farms that practice mulesing*.
- 2.2. By 2022, 100% of all wool used by H&M group will either; 1) come from farms certified to the Responsible Wool Standard (RWS)**; 2) come from recycled or regenerated sources; or 3) be replaced with other sustainable, non-animal fibres.

** All wool originating from Australia must be declared as 'non-mulesed' (NM) or 'ceased-mulesed' (CM) in a National Wool Declaration (NWD) test certificate.*

*** Currently, the accepted standard for wool is the Responsible Wool Standard (RWS) - a voluntary global standard that addresses the welfare of sheep and of the land they graze on.*

3. FUR

- 3.1. H&M group does not accept real fur.

4. LEATHER AND EXOTIC SKINS

- 4.1. H&M group only accept leather originating from cow, buffalo, sheep, goat or pig that has been bred for meat production.
- 4.2. H&M group does not accept exotic skins or skins from wild animals, including but not limited to; snake, alligator, crocodile, lizard, ostrich, emu or kangaroo.

- 4.3. H&M group does not accept leather or skin from fetal or newborn lambs; including but not limited to slink, astrakhan, karakul, Persian lamb, broadtail, or krimmer.
- 4.4. H&M group does not want to contribute to deforestation of the Amazon rainforest. Therefore, we do not allow leather from cattle raised in the Amazon Biome*.
- 4.5. H&M group does not allow leather from Bangladesh due to poor tannery processes in the country.
- 4.6. All tanneries in our supply chain must comply with our Sustainability commitment.
- 4.7. By end of 2025, H&M group aim to have all leather originating from fully traceable** and known sources that are certified to a credible standard***; or be made from innovative and more sustainable non-animal sources.
- 4.8. By 2025, 100% of all leather used by H&M group will be chrome-free.

** Suppliers of Brazilian hides/leather must have a traceable and transparent system enough to provide credible assurances that hides/leather used for our products is from cattle raised outside of the Amazon Biome.*

*** Traceability information required is location and name of finishing tannery; Location of pickling, wet-blue, crust tannery if different from the finishing tannery, country and region of the slaughterhouse, and country of origin and region of the farm.*

**** By H&M group accepted certification schemes where the production is considering animal welfare, people and the environment throughout the entire value chain.*

5. HORN AND BONE

- 5.1. H&M group does not accept any animal derived horn or bone to be used in our products.

6. DOWN AND FEATHERS

- 6.1. All virgin down and feathers used by the H&M group must come from farms certified to the Responsible Down Standard (RDS) or to a similar standard*.
- 6.2. H&M group does not accept down or feathers from exotic birds, including but not limited to ostrich.
- 6.3. H&M group promotes the use of recycled down and other innovative material solutions to be used as sustainable alternatives to virgin down.

**Currently, the only accepted standard apart from the Responsible Down Standard (RDS) is the Traceable Down Standard (TDS)*

7. ANIMAL TESTING

- 7.1 H&M group does not accept animal testing on any cosmetic products, either during production or on finished products.
- 7.2 H&M group does not allow the use of cosmetic ingredients which have been tested on animals after 11 March 2009 relating to cosmetic ingredient development or cosmetic ingredient safety assessment. Such animal testing may not be performed by the cosmetic product supplier or their raw material suppliers, manufacturers or agents.
- 7.3 H&M group does not allow any product quality tests to be conducted on animals, for example self-adhesive skin testing.

8. SILK

- 8.1. H&M group does not allow silk originating from India or Uzbekistan due to high risks of poor working conditions in the silk industry.
- 8.2. H&M group promotes new and innovative material solutions to be used as a sustainable alternative to silk.

9. SHELLS, PEARLS AND CORAL

- 9.1. H&M group does not allow coral to be used in our products.
- 9.2. H&M group does not allow any shell from vulnerable or endangered species*.
- 9.3. H&M group only allow cultivated pearls.

** As defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.*

10. WOOD AND NON-TIMBER FOREST PRODUCTS

- 10.1. H&M group does not allow any wood or non-timber forest products* used in our products to originate from ancient or endangered forests**, or forests operations damaging high conservation values.
- 10.2. H&M group does not allow vulnerable or endangered species*** of wood or non-timber forest products to be used.
- 10.3. H&M group does not allow any wood or non-timber forest products that has been illegally harvested or harvested in violation of traditional and civil rights.
- 10.4. H&M group does not allow any wood or non-timber forest products originating from natural forests cleared for plantation or non-forest use.

10.5. For wood originating from countries with tropical rainforest or ancient and/or endangered forests, H&M group require the wood to be certified under the FSC Chain of Custody standard.

10.6. By the end of 2025, 100% of all virgin wood based material used in our products will be sourced from well-managed and independently certified forests****.

** Materials obtained from forests which do not require harvesting (logging) trees. For example, rattan, bamboo, plants, nuts, and seeds.*

***Defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or forests that are ecologically critical for the protection of biological diversity.*

***** As defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.*

***** Currently, FSC (Forest Stewardship Council) is the certification standard that qualifies in to our definition.*

11. MAN-MADE CELLULOSIC FIBER

11.1. H&M group aim to reach full traceability on all man-made cellulosic fibres by end of 2019.

11.2. H&M group require our supply chain partners to eliminate all sourcing from man-made cellulosic fibre producers which present a high level of risk* of sourcing from ancient and endangered forests. By end of 2020, 100% of H&M groups' man made cellulosic fibers will be sourced from low risk suppliers** that have attained a green shirt in the Hot Button Report.

11.3. H&M group give preference to FSC certified man-made cellulosic fibre. For fiber from wood originating from countries with tropical rainforest or ancient and/or endangered forests, we require the fibre to be FSC Chain of Custody certified.

11.4. From 2020, H&M will put in place a preference for purchasing man-made cellulosic with a minimum of 50% of innovative fibre sources, such as recycled sources*** and agricultural residues.

11.5. By the end of 2025, all H&M group's man-made cellulosic fiber will be sourced from either; 1) recycled sources; 2) agricultural residues, or; 3) from FSC certified forests. H&M will prioritize the use of recycled fibers or fibers from agricultural residues.

11.6. By the end of 2025, H&M will only use viscose and other MMC producers found to have good environmental practices such as 'closed-loop' processing of water and chemicals aligned with the Roadmap towards responsible viscose and modal fibre manufacturing****.

** I.e. do not meet minimum requirements in the CanopyStyle verification audit and/or have red shirt in the Hot button report - www.canopystyle.com*

*** Meaning producers indicating low risk of sourcing from ancient and endangered forests in the CanopyStyle Audits and/or have attained a green shirt in the Hot Button Report.*

****Recycled content certified to a recycled standard (e.g. Global Recycled Standard or Recycled Claim Standard).*

***** changingmarkets.org*

12. BIO-BASED MATERIALS MADE FROM FOOD-CROPS

- 12.1. For all bio-based materials made from traditional food crops, H&M group requires that the raw material is independently certified to a credible standard* or in other ways verified as being of lower risk from a social, environmental, and land use perspective.
- 12.2. H&M group only accept RSPO (Roundtable on Sustainable Palm oil) certified** palm oil to be used in our products containing palm oil. For derivatives used in our cosmetic products, H&M group buys RSPO credits to contribute to the development of a more sustainable palm oil production.
- 12.3. H&M group encourage the use of agricultural waste and residues*** derived from food production as feedstock for bio-based materials.

** Currently, accepted standards are; Roundtable on Sustainable Biomaterials (RSB), Bonsucro, Roundtable of Responsible Soy (RTRS), International Sustainability and Carbon Certification (ISCC).*

*** Certified as identity preserved, segregated, or mass balance*

**** Agricultural wastes and residues are secondary products derived from agriculture, forestry, or industrial production and processing chains, among others.*

13. COTTON

- 13.1. H&M group does not accept any cotton* originating from Uzbekistan, Turkmenistan or Syria due to severe human rights concerns related to the cotton sector and the ongoing armed conflict in Syria.
- 13.2. By the end of 2020, all cotton used for H&M Group will be sustainably sourced**.

**With an exception for certified recycled cotton.*

*** Currently, this means certified organic cotton, recycled cotton, or cotton sourced through the Better Cotton Initiative (BCI).*

14. NATURAL STONE

- 14.1. H&M group require country of origin and location of the mine/quarry for all stone used in our products.
- 14.2. H&M group only accept stone deriving from legal mining and quarrying activities.