



Our way

H&M Group

Who we are

We are a global family of brands and businesses with fashion and lifestyle at heart. We are for everyone, making it possible for customers around the world to express themselves through fashion and design in a sustainable way. United by our values, we want to lead the change towards a circular and net-zero fashion industry while being a fair and equal company.

What we do

We want to give our customers unbeatable value with strong, unique brands offering the best combination of fashion, design, quality, price and sustainability. We are working together to continuously improve the experience for our customers and meet their ever-evolving expectations.

This is our way

How we act and treat each other matters for us to fulfil our ambitions. We are committed to meeting all external regulations where we do business and to do the right thing. Acting consistently and with a strong ethical compass is vital if H&M Group is to continue being a trusted company and partner, a company that is valued by customers, respected by society and for which we are all proud to work.

This document aims to describe how H&M Group’s values, policies and guidelines come together to help us do business in an ethical, responsible, sustainable and transparent way — Our way.

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Our way covers all brands within H&M Group: H&M, COS, Weekday, Cheap Monday, Monki, H&M HOME, & Other Stories, ARKET, Singular Society and our B2B initiative Creator Studio.

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Our brands and business ventures

All our brands and business ventures share the same passion for offering the best combination of fashion, design, quality, price and sustainability. Each brand has its own unique identity. Together, they make it possible for people around the world to be inspired and express their personal style.



* Sellpy, an e-commerce platform for second-hand items, is majority owned by H&M Group but not part of its organisation.

Our story

Our founder had a vision. Erling Persson wanted to make great fashion available and affordable to everyone and do this in the right way. From a single store in 1947, to a family of brands reaching customers worldwide. Here is our story.

1947 — Our story begins when Erling Persson opens his first womenswear store in Västerås, Sweden. The store is named Hennes, Swedish for "hers".

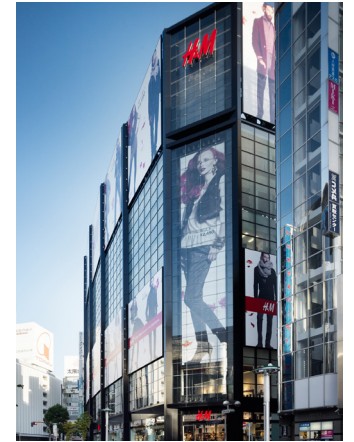


1960's — In 1964, Hennes expands abroad and opens in Norway. In 1968, Erling buys the hunting store Mauritz Widforss in Stockholm. This is the start of selling men's and children's clothing and the name is changed to Hennes & Mauritz.

1970's — H&M is listed on the Stockholm Stock Exchange in 1974. The first store outside Scandinavia opens in London, UK, in 1976.

1980—2000 — Global expansion takes off: H&M opens in new markets including Germany, the Netherlands, France and Spain, and Sweden becomes H&M's first online market. In 2000, H&M successfully opens its first US store on New York's Fifth Avenue.

2004 — High fashion icon Karl Lagerfeld teams up with H&M for our first ever designer collaboration. Since then, H&M has made fashion giants like Versace, Roberto Cavalli, Balmain and many more accessible to a wider audience, manifesting that design isn't a matter of price.



2006—2010 — Major expansion of H&M online takes place. The first H&M stores in China and Japan open. Meanwhile, our family is growing with new brands: COS, Monki, Weekday, Cheap Monday and H&M HOME. In 2007, H&M Foundation starts as a non-profit global foundation, which from 2013 onwards, has been funded by the Stefan Persson family.



2011—2014 — The H&M Incentive Program HIP is introduced in 2011 for all H&M Group employees, starting with a donation by the Stefan Persson family. H&M's first store in the southern hemisphere opens in Chile. Our Garment Collecting initiative starts, making us the first fashion company to collect old textiles in stores globally for reuse and recycling. New fashion brand & Other Stories is launched in 2013.

2016—2017 — Investments in digital and tech are further ramped up to cater to fastchanging customer behaviour and future needs. New sustainability goals include a net-zero value chain by 2040 and the use of only recycled or other sustainably sourced materials by 2030. ARKET, a new brand, is launched in 2017.

2018—2019 — Marketplace Afound is launched in 2018. H&M Group is a majority owner in second hand platform Sellpy. Beginning with the brands H&M, H&M HOME and ARKET, information about supplier, factory and materials is provided at product level. In 2019, customers hand in 29,005 tonnes of old textiles to our stores globally for reuse and recycling, already exceeding our target of collecting 25,000 tonnes per year by 2020. Meanwhile, integration of digital and physical sales channels continues as H&M online is now present in more than 50 markets.



2020—2024 — In 2020, after more than 20 years as chair of the board, Stefan Persson hands over to the third generation as Karl-Johan Persson, CEO since 2009, is elected new chair, and Helena Helmersson becomes new CEO. Our latest climate targets to halve absolute greenhouse gas emissions by 2030 are introduced. The membership-based brand Singular Society and the new business venture Creator Studio are launched. We integrate our annual and sustainability reports for the first time. The new activewear brand H&M Move is launched worldwide. In 2023, H&M Group and Remondis create Looper, a joint venture to collect, sort and sell used and unwanted garments and textiles. All in Equestrian, a new equestrian sports lab within H&M Group, is launched. In 2024, Daniel Erv r, formerly the CEO of H&M brand, becomes CEO of H&M Group, taking over from Helena Helmersson.



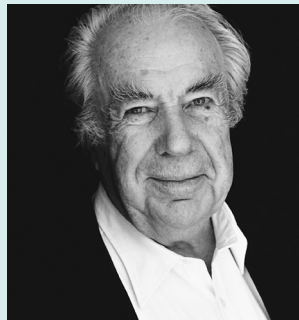
2015 — H&M Foundation initiates the Global Change Award, an innovation challenge aiming to make fashion circular. India and South Africa are among new markets for H&M, and the push into digital continues with ten new online markets.

Our values

At H&M Group, we are guided by shared values. By living them, we create an open and down-to-earth culture where we can work together to do best what matters most to our customers and our future.

- We are one team
- We believe in people
- We are entrepreneurs
- We make constant improvement
- We are cost-conscious
- We are straightforward and open-minded
- We keep it simple

These values contribute to a workplace in which the decision paths are short, where everyone works together at a fast pace, and where everyone can rely on each other's knowledge and abilities. Individually, these values may seem obvious. But together, they form a culture that we think is unique and different from many other companies. Our values should be seen as a support, something to strengthen us and use in our everyday work.



THE ERLING PERSSON AWARD

The Erling Persson Award is given annually to recognise colleagues around the world who, make a difference by putting our values into action every day; achieve great results; have our company's best in mind; and contribute to our unique company culture by being true role models who inspire others. The award was initiated in 2017 in honour of our founder Erling Persson who, right from the start in 1947, combined the entrepreneurial spirit and values-driven way of working that still define our culture today.

How we work together

At H&M Group, we build our workplace on trust, respect, inclusiveness, and integrity. We believe that giving people a strong sense of ownership and accountability creates the opportunity for everyone to make a difference. By working in diverse and agile teams, we access each other's knowledge, experience, and ambitions – increasing our ability to succeed.

WE WORK IN TEAMS

Teamwork is essential for us to reach our goals. When we work together and share knowledge, our diversity of opinions and wide variety of perspectives generate new and better ideas. All to ensure that we deliver the best customer offering in a sustainable way.

WE ARE CURIOUS AND BRAVE

To be resilient and agile in a dynamic and rapidly changing world, we need to stay curious and brave, daring to fail and try again. At H&M Group, we believe in everyone's ability and courage to take the initiative and make decisions based on our shared H&M Group values.



EMPOWERING LEADERSHIP

All our leaders are expected to build strong teams by empowering, supporting and challenging each member. At H&M Group, leadership is about enabling people to make fast decisions, adapt quickly to change and collaborate in new ways to deliver great customer value. Guided by our shared values, we lead by example, acting with trust and integrity, and bringing positive energy to our workplace.

WHEN WE GROW, OUR COMPANY GROWS

As H&M Group colleagues, we are trusted with great responsibility right from the start. We are encouraged to seize the many learning opportunities and ways of development provided at our brands and functions. Through internal recruitment we have the

chance to explore a wide variety of potential roles that could shape a sustainable, fulfilling career path.

WORKING IN A SUSTAINABLE WAY

Sustainability is an integral part of our business and has been part of our business idea for many years. To be able to drive positive change throughout the value chain it is important that everyone is pulling in the same direction. Each brand, retail market, production market and group function works to drive performance towards our sustainability goals.



WE STAND FOR INCLUSIVENESS AND DIVERSITY

We are committed to maintaining an inclusive workplace where human rights are upheld, and where we treat each other with integrity, respect, humility, and dignity. As we promote diversity and equality, we do not tolerate discrimination, bullying or harassment. H&M Group is committed to meeting all applicable labour and employment laws wherever we operate.

WE RESPECT PRIVACY AND PROTECTION OF PERSONAL DATA

It is vital to H&M Group to protect personal data and everyone's right to privacy in a lawful and ethical way. H&M Group has established a comprehensive data privacy policy that applies to all colleagues. Mandatory privacy training is provided to ensure that colleagues are equipped with the necessary knowledge and skills to uphold fundamental priva-

cy principles described in the policy. This includes utilizing personal data in a lawfully and transparent, collecting only what is essential for legitimate purposes, limiting data retention to the necessary duration, and consistently implementing appropriate security measures to protect personal data. The H&M Group Data Privacy Community is responsible to support all colleagues with data privacy related enquiries and escalation of privacy issues.

PROTECTING CONFIDENTIAL INFORMATION AND COMPANY ASSETS

Information about H&M Group and our brands is an important asset and provides a competitive advantage. It's vital that we protect any confidential information about the company. This includes everything from contracts to pricing information, from expansion to marketing plans, from financial information to personal information. Therefore, we must never disclose confidential information in any way to anyone outside or within the company, except to persons, organisations or authorities to whom disclosure is necessary for the purpose of the employment or other company agreement. We should only use confidential information that is naturally associated with our duties.

HEALTH AND SAFETY IN THE WORKPLACE

We aim to create and maintain healthy, safe and sustainable working environments throughout our operations. We strive to build a strong health and safety culture by taking preventative measures to minimise exposures to risks and accidents. As employees we are encouraged to take responsibility

in our daily work to protect ourselves, colleagues, customers and third parties as well to report any accidents or unsafe conditions to our manager.

RAISING CONCERNS

We are committed to conducting our business in a fair and ethical way, and we have clear and effective procedures in place to ensure that any concerns or allegations of misconduct are taken seriously and handled in an appropriate and respectful way.

Our open-door practice empowers colleagues to openly discuss any work-related issues or concerns directly with their managers. Anyone who suspects breaches of H&M Group's policies or experiences misconduct in our business is encouraged to bring this to the attention of management immediately.

If a concern can't be resolved through direct dialogue, it can always be formally reported via H&M Group's Speak Up channel at speakup.hmgroup.com.

PEOPLE ENGAGEMENT PULSES

Another example of how we value employee engagement is the voluntary online employee survey People Engagement Pulses (PEP), conducted yearly and allowing colleagues globally to voice their opinion and provide feedback. PEP covers areas such as our culture, I&D and overall employee satisfaction. The outcome is intended to create a basis for discussion and actions for individuals, teams and our business to develop and grow.

LABOUR RELATIONS

H&M Group believes that having constructive workplace dialogue built on communication, trust and respect is crucial to being a responsible employer. We believe in freedom of association, respecting the rights of our employees to establish or join organisations of their choice, if they so wish. We work to facilitate a meaningful and constructive dialogue in the workplace, in which to listen to the voices of all employees, increase engagement, and create a collaborative way of working.

HIP — A REWARD PROGRAM FOR H&M GROUP'S EMPLOYEES

H&M Incentive Program (HIP) recognises H&M Group employees' daily commitment and long-term involvement. Regardless of position and salary level, H&M Group employees are included in HIP according to the same basic principle. Once having been with the company for five calendar years, employees are included in all profit sharing allocated to HIP. Local legislation affects HIP. See also hmgroup.com.



How we interact with the world around us

Working at H&M Group means that we are all ambassadors, representing the company and our brands every day. By putting our values and policies into practice, we aim to ensure that our behaviour towards customers, suppliers, business partners and other external stakeholders is consistent, and that we communicate in a transparent, objective, accessible and sensitive way.

With our customers

LETTING OUR VALUES SHINE THROUGH

Every time we interact with a customer, we play an important role in their impression of us as a company and brand. It's natural for us to be warm, welcoming and attentive, and when a customer asks us for assistance, we always try to give the best service. Trust is vital to the customer experience. We want our customers to feel confident that we act in an ethical, responsible, sustainable, and transparent way.



TRULY CUSTOMER-FOCUSED

Truly understanding our customers and meeting their ever-evolving expectations is at the heart of what we do. Regardless of where, when, and how our customers choose to engage with us, we are there to give them a great experience. We work together to always keep our physical and online stores inviting and attractive and by integrating our digital and physical channels, we make the experience even more inspiring and smooth for our customers.

OUR PRODUCTS ARE MADE TO LAST

We are very proud of our products and designs, working passionately throughout the value chain to make sure we offer fashion and quality at the best

price in a sustainable way. We want our customers to know that our products are developed, produced, transported, sold, reused, and recycled with respect for human rights and with the aim of making the least possible impact on the environment. Our products should be durable, well-made, well-cut, user-friendly, and safe, free from harmful chemicals. We want our customers to enjoy them for a long time and we strive to enable a circular lifestyle.

GIVING OLD GARMENTS A NEW LIFE

By 2030 we aim to use only recycled or other sustainably sourced materials. We are thrilled to see our customers sharing our commitment to the climate and environment. With our global Garment Collecting

programme we make it easy for people to hand in old textiles to our stores, mainly for reuse but also for recycling. Other services that are helping to enable a more sustainable lifestyle include reselling, rental and repairs.

CIRCULAR AND NET-ZERO

Giving products as many lives as possible is part of our work to achieve net-zero throughout the value chain by 2040, which is one of our goals. This includes accelerating our transition to the use of recycled materials. Encouraged by new technological breakthroughs by our innovative partners in recycling textiles made of material blends on an industrial scale, we have set a waypoint to increase the share of recycled materials we use to 30 percent already by 2025. Interim goals for reducing greenhouse gas emissions have also been set for 2025.



TRANSPARENCY FOR MORE SUSTAINABLE CHOICES

We keep pushing for greater transparency in our industry because we believe it drives positive change. By providing our customers with a better understanding of how, where, by whom and with what kind of impact our products are made, we want to enable well-informed, sustainable choices. We were one of the first fashion companies to make our supplier list public. At H&M, H&M HOME and ARKET, products carry detailed information about materials, suppliers and factories.

INCLUSIVE MARKETING

Our marketing has a major impact so it's essential that our communication and the image we convey reflect who we are and what we believe in. People are chosen and styled to portray our fashion and design in a positive, diverse and healthy way. Our advertising aims to stand up for inclusion and diversity by reflecting and celebrating the diverse customers we serve and the communities we are part of. To engage with our customers in relevant ways, we use a mix of our own channels and external media. All our brands follow the guidelines provided by our partner Unstereotype Alliance, an industry-led initiative convened by UN Women, as well as our own policies and guidelines on advertising and the people featured in our marketing.

RESPONSIBLE AI

At H&M Group, we work with artificial intelligence, analytics and data across our operations to optimise business decisions and create an even better experience for our customers. It is important for us to do this in a sustainable and ethical way. Our mission is twofold: we are using the power of AI and data to reach our sustainability goals and create sustainable growth; and we are actively working to prevent causing any unintentional harm in our AI and data-driven operations. This work is guided by nine principles we believe are crucial for Responsible AI. Our approach is that AI should be: Focused, Beneficial, Fair, Transparent, Governed, Collaborative, Reliable, Respecting Human Agency, and Secure.

PROTECTION OF PERSONAL DATA

Protecting personal data and everyone's right to privacy is of the greatest concern to H&M Group. We extend our standards beyond our organisation and require our business partners to adhere to all relevant data protection laws when handling personal data on our behalf. It is imperative that the processing of personal data by our business partners aligns with the same principles of respect for personal privacy upheld by H&M Group.

With our suppliers and other business partners

H&M Group does not own any factories, but instead buys products from suppliers, primarily in Asia but also from Europe and Africa. We have clear requirements when it comes to quality, sustainability, human rights and ethics and work in close co-operation with our business partners to ensure their compliance with our Code of Ethics and Sustainability Commitment.

WE RESPECT AND PROMOTE HUMAN RIGHTS

Overarching all our standards and policies is our Human Rights policy, set in accordance with the UN Guiding Principles on Business and Human Rights. We are committed to respecting human rights in all our operations, our supply chain and in the communities where we operate. We seek to avoid any negative human rights impact and we use our influence to promote the fulfilment of human rights.

ETHICAL BUSINESS PRACTICES

Honesty, integrity, fair play and transparency are essential in how we act towards all our business partners. Conducting business in an ethical manner is crucial and we require both employees and business partners to sign and follow our Code of Ethics. To ensure their compliance we inform, instruct and train employees as well as suppliers and other business partners. We encourage both our employees and business partners to speak up if they are aware of a suspected breach of H&M Group policies, via the dedicated H&M Group's speak up channel at speakup.hmgroup.com.

WE FOLLOW THE LAW AT ALL TIMES

H&M Group is committed to meeting all laws and regulations wherever we conduct our business activities. We comply with all applicable legal requirements and relevant international conventions and work to ensure that all our actions are sustainable and ethical.

ZERO TOLERANCE — BRIBERY AND CORRUPTION

We comply with all applicable legal requirements and relevant international conventions and work constantly to ensure that all our actions are sustainable and ethical. We have zero tolerance of all forms



of bribery and corruption. Gifts and advantages are never tolerated, regardless of value, therefore we have a strict no-gift policy. This applies to all business dealings and transactions, in all the countries in which we, our suppliers and business partners operate.

AVOIDING CONFLICT OF INTEREST

Fair play also means we are to avoid any situation where a conflict of interest may arise. A conflict of interest is when an individual's personal interests compete or conflict with the interests of H&M Group. We instruct our employees to avoid any actual or conceivable situation that could put integrity at risk. It's very important that we strive to have an open climate and act transparently and that all our colleagues have the confidence to notify a manager or local HR by disclosing the concern via the dedicated channel at ethics.hmgroup.com.

WE BELIEVE IN LONG-TERM COLLABORATION AND PARTNERSHIPS WITH OUR SUPPLIERS

We believe that well-managed business relationships have the potential to turn into successful strategic partnerships, based on shared risks and shared rewards. We believe such alliances can result in great sustainable business performance.

TOGETHER WE AIM TO LEAD THE CHANGE FOR A MORE SUSTAINABLE FUTURE

We take pride in running all our business operations in a way that is economically, socially, and environmentally sustainable. We expect all our suppliers and business partners to do the same. We start by

selecting suppliers who share our values and we work closely with them for continuous improvement. Our local teams assess their progress and help them take ownership of their sustainability work to integrate it into their core business. We work to promote sustainable operations among our partners throughout the value chain.



With our other stakeholders

H&M Group is committed to engaging closely and openly with our various stakeholders. This includes providing transparent information to meet the needs of our diverse stakeholders.

DIALOGUE AND COLLABORATION WITH OUR STAKEHOLDERS

H&M Group works to maintain regular dialogue with stakeholder groups such as suppliers and their employees, our local and global communities, non-governmental organisations (NGOs), intergovernmental organisations (IGOs), trade unions, policy makers, industry peers and shareholders. We do this on a daily basis through regular meetings, dedicated surveys and consultations or active participation in several multi-stakeholder initiatives. We actively seek collaboration with our stakeholders in order to develop our company and its role as a corporate citizen.

CORRECT, NEUTRAL AND TRANSPARENT FINANCIAL COMMUNICATION

H & M Hennes & Mauritz AB is publicly listed on the Nasdaq Stockholm stock exchange and has been a

listed company in Sweden since 1974. We have an open dialogue with the stock market and the media. Our financial communication abides by the stipulated laws and regulations and is intentionally neutral and transparent. We comply with the information regulations laid down by Nasdaq Stockholm and the EU's Market Abuse Regulation. Our annual reporting of financial information and non-financial information, such as on sustainability and corporate governance, is being increasingly integrated and continuously developed to reflect upcoming regulations and our company's focus on long-term value creation with multiple stakeholders in mind.

INSIDER TRADING

Our employees, board of directors, consultants and advisors who have insider information about H&M Group shall act in compliance with our Insider policy. This policy details relevant aspects of applicable insider trading rules, including the EU's Market Abuse Regulation. Insider information is nonpublic information which is likely to have an effect on the price of our publicly listed share.

ALWAYS TAX COMPLIANT

H&M Group is tax compliant. Our tax policy always reflects our business. H&M Group pays its taxes at the appropriate times. We provide timely, relevant information as requested by the appropriate tax authority to accurately establish the company's tax liabilities. H&M Group's internal transaction model is fully in line with the OECD Transfer Pricing guidelines.

POLITICS

H&M Group does not provide financial contributions to individual politicians or political parties.

FAIR COMPETITION

H&M Group is dedicated to promoting fair competition and we make sure to operate our business accordingly.

H&M FOUNDATION

In addition to H&M Group's work to drive sustainable change throughout the value chain, there is the H&M Foundation, an independent non-profit global foundation privately funded by the Stefan Persson family—founders and main owners of H&M Group. Aimed at accelerating the realisation of the UN Sustainable Development Goals 2030, H&M Foundation uses collaboration and innovation to co-create, fund and share solutions for the world's most urgent challenges. To help safeguard the welfare of humanity, the foundation is catalysing the fashion industry to become planet-positive and accelerating the development of inclusive societies. Break-through innovations and findings are openly shared for anyone to adopt and scale, in order to contribute to systems change. The H&M Foundation can also provide emergency relief.

H&M FOUNDATION

Supporting codes and policies to this document include:

- Code of ethics
- Human rights policy
- Data privacy policy
- Sustainability commitment
- Social policies
- Sourcing policy
- Tax policy
- Security policy
- Finance policy
- Insider policy
- Communications policy
- Information security policy
- Loss prevention policy

As we constantly revise our policies and guidelines in order to keep them up to date, some of the above mentioned policies, which are a selection of our global policies, may change and change name over time. Guidelines and policies are applicable everywhere in the group, but may need to be adapted to local/national laws and legislation.





H&M Group