

# Group Guidelines

## Home Worker Guidelines

<b>Applies to:</b>	All business partners at H&M Group
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## Introduction

Homework is generally performed by women. The income from homework can be an important contribution to the family's economy, in some cases even the only income. In many cases women are unable to take employment outside the home due to responsibilities for the household and children. Homework can then give women the possibility to still earn an income. It is known that women tend to spend their income on their family, whereby the children's health and possibility to get an education is likely to be improved. H&M Group has therefore decided to accept homework in some situations, under the conditions specified in these guidelines.

## Routines for establishing when an order is entirely or partly produced in homes.

The supplier is obliged to always inform H&M Group/ Brand of H&M Group, when an order is partly or entirely produced by home workers. Failure to inform the brand about orders produced by home workers will lead to a Letter of concern for undeclared units to be sent to the supplier.

## When does H&M accept Homework

Homework is only accepted when the work requires a special workmanship skill and can be considered as handicraft. Our requirement is that any operation that is part of the industrial process, or a simple process that does not require special skill or not connected to an art/handicraft of a specific geographical part and can be performed in a factory should be performed in the factory.

Type of production where we accept Homework:

- Hand Embroidery
- Beading
- Jewelry
- Straw products
- Hand knit/crochet
- Other types of handicraft

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Type of production where homework is not accepted:

- Assembly work
- Finishing (for example thread cutting)
- Fringing
- Packing of products or accessories to garments (for example spare buttons)
- Labelling
- Panel knitting
- Other types of simple tasks that can easily be performed in the factory
- Work involving any type of hazardous chemical that requires special ventilation or protective equipment

## Definition of Homework

According to ILO's Home Work Convention no 177, "the term homework means work carried out by a person, to be referred to as a homeworker, in his or her home or in other premises of his or her choice, other than the workplace of the employer; which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used".

H&M Group guidelines for determining whether or not a Homework situation applies:

- The employer does not own the premises where the work is performed.
- The workplace is someone's home
- If the work takes place in a building/room owned by the supplier or a contractor we consider this a factory. Workers would then be considered daily workers, not home workers.

## Supplier requirements in the case of approved Home Work

When the supplier has confirmed and H&M Group/Brand has approved Home Work, H&M Group requires the following information per order:

- The location of the production (village, city area etc)
- Name and address of intermediaries (contractor/local contact persons))
- The number of workers involved
- The number of weeks for completing each order (Home Work part)
- The average amount of time required to make one piece
- Piece rate paid to the worker, if work is done at worker's home
- Daily wage rate paid to workers if work is performed at Production center. Production center means work performed by workers in a building/room by contractor/or supplier at village location.

The supplier must make sure that the workers receive an agreement stipulating the below points, to be distributed by the contractor/local contact person (latest when the raw materials are distributed):

- Child labor is not allowed
- Contact details of H&M's supplier
- Piece rate for each order (before start of the production)
- The quantity to be produced
- The time of delivery
- Date of paying salary
- Conditions for any deductions from payment

The supplier must have visited the village (district and made sure that H&M Group requirements are met before production can start. H&M Group/Brand will require written confirmation from the supplier on this point.

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The contractor must have an accounting system that is transparent and auditable and agree to make the records available to H&M Group/Brand/third party auditor upon request.

Where there is risk for child labour, the supplier must obtain a written confirmation from the contractor/local contact person that work has only been assigned to adults.

The hourly payment must be equivalent to minimum wage of the country/province/region. If there is a special law in place for remuneration of home workers, this law applies.

## Guideline on child labour valid only for homework

### Child Labour and Child Work

H&M Group does not accept Child Labour in home work production. No work can be assigned to children and they cannot be on the pay roll. However, as we are aware that the work takes place in private homes we have to use common sense. As a help to distinguish if child labour is actually taking place if we suspect that children are occasionally helping out with the work, for example when coming home after school, please see the following quotes

Quote from UNICEF:

“Child work: Children’s participation in economic activity – that does not negatively affect their health and development or interfere with education, can be positive. Work that does not interfere with education (light work) is permitted from the age of 12 years under the International Labour Organization (ILO) Convention 138.

Child labour: This is more narrowly defined and refers to children working in contravention of the above standards. This means all children below 12 years of age working in any economic activities, those aged 12 to 14 years engaged in harmful work, and all children engaged in the worst forms of child labour.”

Quote from Human Rights Watch: “In some cases, a child's work can be helpful to him or her and to the family; working and earning can be a positive experience in a child's growing up. This depends largely on the age of the child, the conditions in which the child works, and whether work prevents the child from going to school”.

Quote from Clean Clothes Campaign: “Child labour is a complex problem that is very much debated. This debate is dominated by the distinction between 'child labour' and 'child work'. Child labour implies that children are engaged in employment that is harmful to a healthy development of children. The harm may come from dangerous chemicals or machinery, long hours of work, psychologically damaging conditions and so on. Child work is thought of as 'good' or 'beneficial', referring to occupations where children can learn to take responsibility or prepare themselves for their own maturity. It is not so easy to draw sharp lines between destructive and beneficial child labour. Much child labour falls into a grey area in between these two extremes.”

## Wage and working time verification

The time and wage verification for home work can be difficult to record and calculate; still home workers should keep attendance records or other adequate documentation to secure they are given minimum wage.

## Migrant workers

In the context of Homework, the major risk with migrant workers is illegal immigrants. We are not looking for single individuals who happen to be of different origin as this would be bordering on discrimination. We are only concerned about migrant workers if a large number of the workers are from a different country (region/province) and we can

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suspect that they have been “imported” for the purpose of working, or that they are illegal immigrants who are systematically exploited by the contractor.

## Contracts

Home workers will usually only work for a short period and it might not be possible to sign contract with all the workers. Other relevant documentation is acceptable as a substitute, like workers card/workers agreement or similar.

## Relevant chapters in H&M’s Sustainability Commitment

### Health and safety (only applicable for production centers) 1 A

Our approach is based on upholding ILO Conventions 155 and 183, ILO Recommendations 164 and 191 Workplace safety and the health & safety of employees must be a priority at all times and a safe and hygienic working environment shall be provided. At a minimum, this means;

- No unsafe buildings.
- No unsafe 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.
- Prevention of accidents and injury to health arising out of, associated with, or occurring in the course of work and employees receive regular and recorded health and safety training.
- Reasonably accommodate the needs of pregnant workers.

### Discrimination, diversity and equality 1 B

Our approach is based on upholding ILO Conventions 100, 111 and 159, ILO Recommendations 90, 111 and 168 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 or retirement on the grounds of gender or sexual orientation, race, color, age, pregnancy, marital status, religion, political opinion, nationality, ethnic origin, caste, disease or disability.

### Recognized employment 1 C

Our approach is based on upholding ILO Conventions 122, 158 and 175, ILO Recommendation 166 All work performed must be on the basis of recognized employment relationship established through national law and practice. Every employee shall be entitled to written contract, in their own language, that stipulates conditions for the employment. Obligations to employees, under labor or social security laws and regulations arising from the regular employment relationship, shall not be avoided through the use of labor-only contracting, fixed-term contracts or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

### Fair living wage and benefits 1 D

Our approach is based on upholding ILO Conventions 131 and 183, ILO Recommendation 135 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 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

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understandable form. All fringe benefits required by law or contract are provided. Deduction from wages as a disciplinary measure shall not be permitted. The employee shall be granted and correctly compensated for any type of paid leave to which they are legally entitled.

## Child labor and young workers 1 G

Our approach is based on upholding ILO Conventions 138 and 182, ILO Recommendations 146 and 190 United Nations Convention on the Rights of the Child, The Children's Rights and Business Principles Child labor 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 that no one under the legal age of employment is 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 always be applied in consultation with the child's parents and/or guardian and the child it concerns in a way conducive to the child's age and healthy development.

## Forced, bonded, prison and illegal labor 1 H

Our approach is based on upholding ILO Conventions 29 and 105, ILO Recommendation 35 Forced, bonded, prison or illegal labour is not accepted. If contracted labor is hired, the employer is responsible for payment of 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 employee's freedom of movement is not restricted. No part of wages is withheld.