



H&M

Corporate banners: H&M

Type of company: Public, H&M B: OM Stockholm

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - Number and extensiveness of audits determined by risk assesment of the countries of manufacture, number of employees, and commercial significance to H&M p.6, 2005 CSR Report (http://www.hm.com/filearea/corporate/fileobjects/pdf/common/COMMON_CSRREPORT_PART1_SOCIAL_PDF_1157098062729.pdf)	100	30
Section total score / section weighting	30	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a Code of Conduct - It limits the company's commitment to freedom of association: "We don't accept any disciplinary actions from the factory against workers who choose to peacefully <i>and lawfully</i> organise or join an association" - It does not meet the hours of work standard - it does not have a living wage standard	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -Available in numerous languages on H&M website http://www.hm.com/ca/corporateresponsibility/downloads_downloads.nhtml	100	20
2.3 Application of the code for supply chain labour standards -Standards apply to the entire breadth of production p.2, 2005 CSR Report	100	20
Section total score / section weighting	55	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of FLA (http://www.fairlabor.org/all/news/updates/2006320.pdf)	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -There is evidence of engagement with NGOs and labour over time, including in the country of manufacture 2005 CSR Report	75	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process. - Workers are also given H&M contact information during audit interviews. p.6, 2005 CSR Report	66.7	40
Section total score / section weighting	79.2	X 20%

4. Management

4.1 Resource commitment -There is a VP of Corporate Social Responsibility, one of 10 senior executives <i>(Annual Report 2005, p. 49)</i>	100	25
4.2 Training for buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -There is training for workers and management but it is unclear whether it is ongoing. <i>p.18, 2005 CSR Report; p. 32, 2005 Annual Report</i>	66.7	25
4.4 Rewards and incentives -Code of conduct ranking is a factor in overall supplier evaluation. <i>p.40, 2005 CSR Report</i>	50	25
Section total score / section weighting	54.2	X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is an internal monitoring program and FLA external audits	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented. - Percentage of factories are audited by FLA <i>pp.12-14, 2005 CSR Report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>p. 6, 2005 CSR Report</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is.	66.7	5
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of aggregate audit results, and factory-specific results from FLA audits will be made available. <i>p.15-16, 2005 CSR Report; www.fairlabor.org</i>	60	20
5.7 Dealing with non-compliance -There is a staged approach for dealing with non-compliance <i>p.17, 2005 CSR Report</i>	100	15
Section total score / section weighting	75.3	X 35%

Total Score **64** /100