

H&M Group

Modern Slavery Statement 2021

Modern Slavery Statement

H&M Group *H&M* COS WEEKDAY MONKI
H&M HOME & Other Stories ARKET AFOUND

H&M Group

The H&M group is one of the world's leading fashion and design companies and has seven independent fashion brands: H&M, COS, Weekday, Monki, H&M HOME, & Other Stories, ARKET and Afound. We also operate: Treadler, a business-to-business service enabling other companies to access our supply chain and remove barriers to sustainable sourcing; and Singular Society, a subscription-based business that gives members access to responsibly made, high-quality fashion at the price it costs to make. We are a majority shareholder in Sellpy, an online resale platform.

We want to offer customers the best combination of fashion, quality and sustainability at affordable prices — providing unbeatable value and the ability to access a more sustainable lifestyle. We are dedicated to creating a better fashion future, and to use our size and scale to lead the change towards a circular and climate positive fashion industry while being a fair and equal company.

The H&M group brings together approximately 155,000 employees across the world. We have around 4,800 stores in 75 markets, provide online services in 54 markets and our brands can be reached via various digital marketplace and external platforms. The products we sell are manufactured by approximately 600 commercial product suppliers, which have around 1,200 manufacturing factories and final product processing units (collectively called supplier factories). Our tier 1 and 2 production supply chain contributes to the employment of around one and a half million people in 24 countries.

Since 2013, we have published our [Supplier List](#). For more information about the H&M group, its organisational structure and group relationships, see [About us](#) and [Annual and Sustainability Report](#).

About this statement

This statement is made on behalf of H & M Hennes & Mauritz AB and all companies in the H&M group (“H&M group”), pursuant to the UK Modern Slavery Act, the Australian Modern Slavery Act 2018 (Cth) and the California Transparency in Supply Chains Act. It applies to, and sets out the steps, the H&M group has taken during the financial year 2020-2021 to address modern slavery within its supply chain and its own business operations.

H & M Hennes & Mauritz AB provides this joint statement for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions. Currently this includes H&M Hennes & Mauritz UK Ltd, H&M Hennes & Mauritz UK Services Ltd and H & M Hennes & Mauritz GBC AB pursuant to section 54(1) of the UK Modern Slavery Act 2015, and H&M Hennes & Mauritz Pty Ltd pursuant to the Australian Modern Slavery Act 2018. Through this statement, H&M group also satisfies the disclosure requirements pursuant to the California Transparency in Supply Chains Act 2010.

H&M group has a global commitment to human rights and takes a global approach to tackling modern slavery risk. This statement therefore reflects our global commitment and approach across our value chain and has been prepared in joint consultation with the subsidiaries identified above, whose relevant representatives were provided with the opportunity to contribute to the statement process.

A value chain approach to addressing modern slavery

When we talk about our value chain, we mean the full range of activities it takes for us to bring our products to market — from the design idea and choice and sourcing of material, through processing and manufacturing, distribution and sales, to consumption, including disposal, recycling, reuse and resell. In other words, our various supply chains, our own operations, and the use and reuse of our products.

Modern slavery is a comprehensive term that covers forced and compulsory labour, indentured child labour, servitude, human trafficking and similar violations. These are violations of human rights, which are upheld by both international and national legislation. According to the available data and experts in the field, forced labour occurs in all sectors and industries, and is unfortunately observed in all types of economic activities — and in every country.

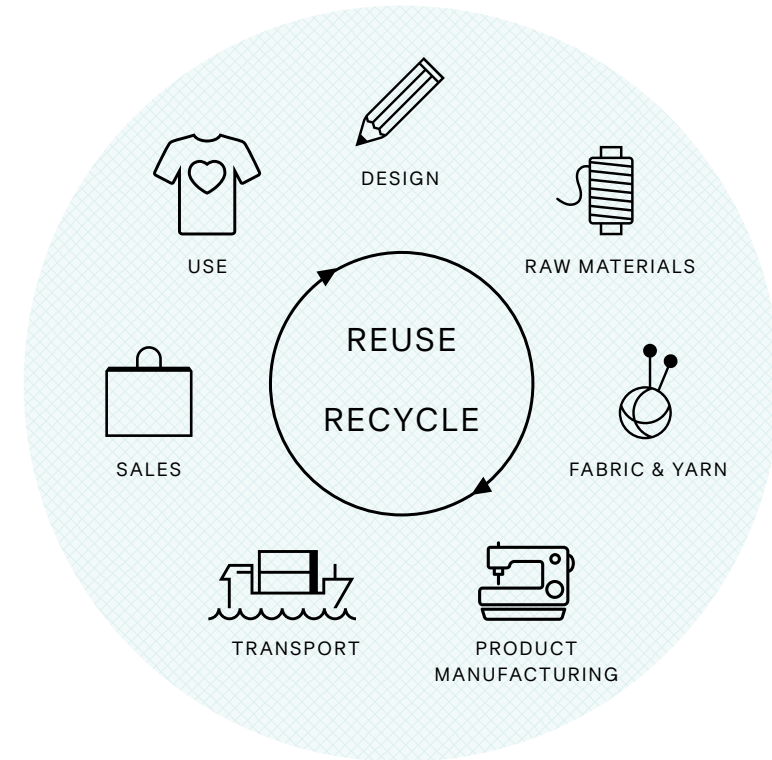
ILO Convention 29 defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily,¹ and in addition to being a serious violation of fundamental human rights, exacting forced labour from people is a criminal offence under domestic law. Both adults and children can be victims of forced labour. It can be exacted from them by state authorities, private enterprises or individuals. Indicators of forced labour² include unreasonable fees leading to debt bondage, deception, restriction of movement,

isolation, abuse of vulnerability, physical and sexual violence, intimidation and threats, abusive living and working conditions, wage withholding, excessive overtime, and retention of personal documents. As actual cases of forced labour can be hard to identify, we report both on actual cases confirmed and on indicators of heightened risks of modern slavery — see KPI table on [page 11](#).

Forced labour has been identified as a one of the H&M group’s salient human rights issues and informs the focus of our work. The risks of forced labour in our production supply chain are most prominent upstream in the supply chain linked to specific raw materials, often associated with agriculture or farming. Manufacturing, warehouse operations, transportation, construction and facility management are also recognised as high-risk industries. This risk increases where local legislation or governance are weaker, and where more vulnerable groups are present.

Vulnerable groups that run a higher risk of exploitation include migrant workers, agency workers, temporary workers and self-employed people. As migration around the world has increased and to further strengthen our work to address the risk of forced labour in connection with migration, we signed a memorandum of understanding with the International Organisation of Migration (IOM) in 2019, including a goal of no recruitment fees in our supply chain by 2025. We recognise migrant workers as a group particularly vulnerable to the risks of modern slavery and therefore as a key focus for achieving our goal. Read more about our various collaborations and partnership to combat modern slavery in [Appendix 1](#).

H&M Group value chain



1) C029 – ILO Convention Concerning Forced or Compulsory Labour.
 2) ILO Indicators of Forced Labour.

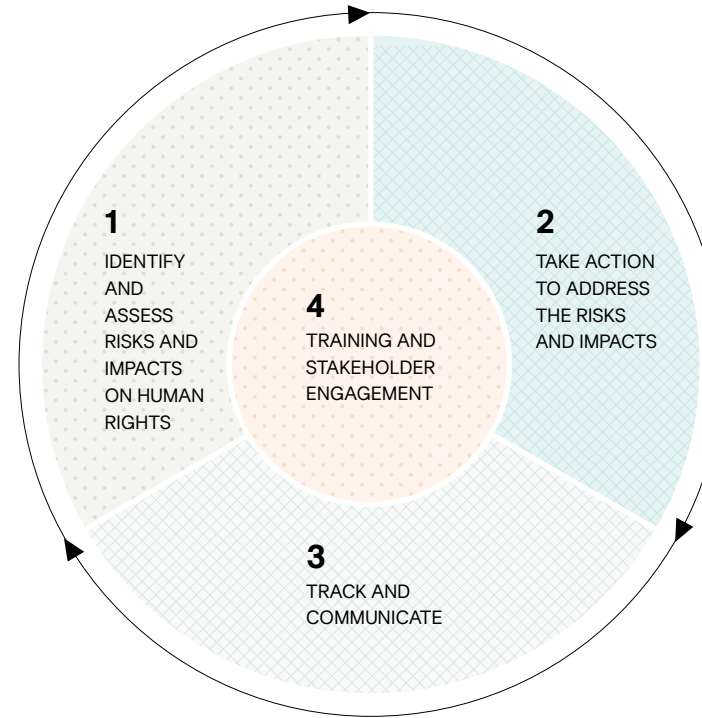
Human rights management: our approach

Our policies and commitments guide our approach, and our aim is to ensure that human rights due diligence is carried out systematically and consistently as an integral part of all relevant processes. Human rights due diligence is an ongoing process of identifying risk and impact to people, addressing — meaning prevention, mitigation and/or remediation of identified risks — and accounting for how we respect human rights in practice.

Our social sustainability strategy puts a lot of focus on strengthening worker voice, including the establishment of grievance mechanisms at various levels, and our incident and remediation process is informed by our commitment to respect human rights.

Together, these elements serve as the basis for our human rights management (see graphic). For more information, see [Our Approach](#).

Human rights due diligence



1 PROCESS TO IDENTIFY AND ASSESS

- Salient human rights process and review
- Risk assessment in production markets
- Risk assessment by functions
- Material risk assessment
- New markets review
- Due diligence of potential business partners

2 COMPONENTS IN OUR SUSTAINABILITY PROGRAMME

- Specific policies and procedures
- Supply chain monitoring and management
- Audits and remediation, capacity building, initiatives and programmes (own and in collaboration with others)
- Partnerships and public affairs
- Grievance mechanism
- Incident management and remedy

3 TRACK AND COMMUNICATE

- Business partner performance
- Report on goals and KPIs
- Disclosure of supplier list and compliance data
- Report according to the UNGP RF and additional standards
- Report according to law requirements like UK Modern Slavery Act etc.
- Respond to grievances and questions raised by stakeholders

4 TRAINING

- Internal training capacity building of business partners and business partner employees

4 STAKEHOLDER ENGAGEMENT

- Continuous dialogue and engagement, and collaboration in identification and assessing, address (prevent, mitigate and remediate)

Our policies & commitments

We strictly prohibit any type of forced labour in our supply chain, regardless of the market or region. All allegations made about the H&M group, a supplier or business partner are investigated. If we discover and verify a case of forced labour, we will take immediate action.

Our policies and commitments guide our approach to managing human rights and our aim is to ensure that human rights due diligence is carried out systematically and consistently as an integral part of all relevant processes.

— The H&M group publicly commits to respecting human rights and recognises its responsibility to respect human rights across our value chain as stated in the UN Guiding Principles on Business and Human Rights (UNGP) through our [Human Rights Policy](#). Our Human Rights Policy manifests our commitment to combat forced labour by reference to the Universal Declaration of Human Rights and ILO Core Conventions.

— We place specific requirements on all our business partners, and they are required to sign and implement our [Sustainability Commitment for Business Partners](#). This commitment clearly states that: “forced labour, bonded, prison or illegal labour is not accepted. If contracted labour 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 their wages is withheld.”

— Our [Migrant Workers Fair Recruitment and Treatment Guidelines](#) further clarifies requirements and detailed expectations in relation to the recruitment of foreign and migrant workers towards our business partners, including the use of labour agencies and definitions of recruitment fees.

— Our Sustainability Commitment also states that child labour is not accepted. To underline the importance of this requirement, we have a specific [Child Labour Policy](#) stating our requirements and expectations should child labour be found.

— Our approach to material sourcing with specific requirements is outlined in our [Responsible Raw Material Sourcing Policy](#).

All business partners are continuously trained in or kept informed about our commitments and policies and their content.

Concern about suspected modern slavery or any other issues can be raised using our corporate [Speak Up](#) grievance channel available in most of our markets, as well as through other grievance mechanisms.

Staff training & capacity building

H&M group employees are continuously trained in our policies, including those related to human rights, and our company values. Specific e-learning courses on sustainability-related themes are also available to our employees via web-based platforms, including e-learning modules on forced labour developed by the Mekong Club.

During 2021 we continued to roll-out general awareness raising about modern slavery risks. We also provided specific training on migrant workers and fair recruitment to key roles within our production offices as well as the majority of our direct manufacturing suppliers – see case study right, and KPI table on [page 11](#).

Identifying risks of modern slavery

Our company’s overarching salient issues, including the risk of forced labour and child labour, form the basis for our ongoing analysis of human rights risk across our operations and supply chains. We apply this analysis to different situations and contexts to inform a risk-based approach that helps us prioritise our efforts and adjust actions. Our risk methodology combines: country risk indicators, from sources such as Maplecroft, Global Slavery Index, and the US Department of Labor’s List of Goods made by Forced and Child Labour; sector or process risk;

Engaging with our colleagues and suppliers

In 2019, the H&M group formed a partnership with the [International Organization for Migration \(IOM\)](#) and announced our goal of no recruitment fees in our supply chain by 2025. This is part of our commitment to be a fair and equal company and to promote diversity throughout our value chain.

We have since worked with IOM to develop our [Migrant Workers Fair Recruitment and Treatment Guidelines](#) and we are developing strategies and roadmaps in each of our production countries to ensure we reach our goal. Another essential step is to ensure our suppliers and our own people are informed and educated about ethical recruitment.

In 2021, IOM conducted trainings to raise awareness about the vulnerability of migrant workers and how to promote their rights and secure safe recruitment. More than 40 of our own colleagues in key roles and over 500 senior management from 300 supplier manufacturing factories joined the training, from seven different countries.

Learn more about our partnership with IOM and the work we do to protect migrant workers on [here](#).

risk indicators relating to business model set-up; and our current understanding of the presence of vulnerable groups within a specific country or region. We involve our colleagues in the process for qualitative input, and engage with external experts and stakeholders. We incorporate learnings from these sources into our analysis, and more in-depth risk assessments on a site level are performed as needed.

Processes to provide oversight of the risk picture across our value chain include:

— **Risk assessment in production markets.**

All our major production markets have established heat maps of human rights related issues based on severity and likelihood, to inform where extra attention is needed. We update the maps annually, looking at the type of manufacturing that takes place in the market, and drawing insight from our own supplier performance data, issues raised, stakeholder input and an assessment of the broader context in the country. This process is key in informing our goal setting process: prioritised issues are either addressed in local goals or through global programmes, as well as by working with peers through industry initiatives.

— **Risk assessment by business functions.**

For business functions where we are aware of a heightened risk linked to publicly available information, we assess human rights risk and impacts down to country level on a regular basis to inform prevention and mitigation plans. In 2021, we consolidated our yearly risk reporting for construction, facility management and warehouse operations to improve internal reporting and oversight, and worked with strategic last-mile

transport providers to identify key risk indicators and adjust our analysis of this growing supply chain.

— **Materials risk assessment.** In 2016, we strengthened the risk assessment we conduct on the materials used in our products to more comprehensively integrate the associated risks to human rights. This assessment is conducted for all new materials and on an annual basis for our major materials. In 2021, we engaged external and internal experts including our material managers to review and update our ongoing risk assessment, with a focus on forced labour and child labour. The results of these assessments guide us in determining potential preventative, mitigation and remediation measures to ensure responsible sourcing of materials.

— **New market sustainability risk assessment.**

All potential new retail and production markets are assessed before deciding whether to set up operations and to inform relevant functions and action. The sustainability risk assessment includes both an environmental and a social perspective. For high-risk markets, stakeholders (global, and local when possible) are consulted and involved in reviewing the findings, providing additional input, and helping guide our actions to address critical issues.

— **Due diligence on potential business partners.** In line with the H&M group's due diligence guidelines, the legal, financial, social — including human rights — and environmental aspects of a new business partner (supplier of products or services) are duly assessed before

Supporting the responsible recruitment of refugees

Over the past decade, Turkey has experienced a significant increase in the number of refugees entering the country. Many struggle to find a legal employment as their refugee status require them to have special working permits to be employed. Being outside the formal workforce can lead to poverty and increases vulnerability to exploitative working conditions. Efforts to support responsible inclusion of refugees is therefore not only an opportunity for business to attract and retain talent, but also an important preventative measure to combat forced labour on a societal level.

In 2019, we joined the TENT Partnership for Refugees and committed to the responsible recruitment of 2,000 refugees within our Turkey supply chain by 2025.¹

Through the programme, H&M Turkey works with local and international stakeholders — including the UN Refugee Agency, UNHCR, International Labour Organization (ILO),

United Work, UNDP and Mudem — to integrate refugees into the labour market. A key enabler is to promote the benefits of diversity and refugee recruitment and encourage suppliers to get on board with the programme.

In 2021, suppliers have applied for new work permits for 249 refugees across 21 factories. In total there are 410 refugees actively working with registered work permits in 38 factories.

Read more about the work we have done to integrate refugees into our supply chain in our Sustainability Disclosure 2021.

¹) H&M Group has committed to the target of 2,000 refugees to have been hired in our supply chain in Turkey by 2025, against a 2019 baseline of 500. Due to supplier turnover, employee turnover or refugees returning to their home countries, we may not have 2,000 refugees working in our supply chain in the year 2025.

Scaling and accelerating our traceability solutions

Currently, the standard approach to verify that the materials in our products meet our sustainability requirements is via material certifications and paper-trail routines. This is workable, but not scalable. With our ambition for full traceability for all products and growing external expectations for traceability, we need to reinvent our way of working and identify new traceability solutions.

The fashion industry supply chain is complex, and we don't believe that one solution will meet every demand. We are therefore looking into different traceability solutions for different fibres and origins. As this is an industrywide challenge and opportunity, we will enable efficiencies by working together and across industries to develop shared solutions. We're exploring opportunities to improve traceability of materials, enrolling in multiple projects to find scalable solutions that meet our needs.

For example, together with [Textile Exchange](#) and [TextileGenesis](#), we're piloting eTrackit — a digital certified chain of custody model to improve traceability of materials through the supply chain. TextileGenesis uses blockchain technology to track and verify the use of sustainable fibres, and eTrackit provides an alternative digital chain of custody for Textile Exchange standards. This model could help eliminate the need for paper-based transaction certificates.

As data processing solutions and tech improvements continue, we expect to make significant progress towards improving transparency and traceability throughout our supply chain in the next few years.

entering a business relationship. All our business partners need to comply with our [Sustainability Commitment](#) and [Code of Ethics](#).

— **Supply chain management and monitoring.** We strive for strong long-term relationships that are based on trust, transparency and a joint commitment to due diligence.

– New suppliers of commercial goods must meet our minimum requirements, which we assess prior to production. For all our suppliers of commercial goods, we apply our Sustainability Impact Partnership Programme (SIPP), which monitors performance on a broad range of social and environmental issues on an ongoing basis. Read more about SIPP and our Supply Chain Management programme in our [Sustainability Disclosure 2021](#). Continuous follow-up of our business partners' implementation of the Sustainability Commitment is an important risk management and assessment measure. Our SIPP programme covers 100% of tier 1 manufacturing units, and in 2021 we also reached our goal for 100% of our tier 2 dyeing and printing factories to implement SIPP. In addition, we carry out minimum requirement checks with a broad selection of fabric and yarn spinning units that we have mapped.

– To ensure our minimum requirements are met and to enable us to monitor the implementation of these requirements, we must know where the manufacturing of our products takes place. Consequently, the use of unauthorised subcontracting to units not

audited and approved by the H&M group is strictly forbidden.

– Our other business partners, for non-commercial goods (NCG) and services, are also subject to regular monitoring of compliance with the requirements in the Sustainability Commitment. 83% of our NCG suppliers and 79% of their factories are enrolled in SIPP. For warehousing we conduct regular audits with a special focus on identified salient issues, for transport we leverage our partnership with the [Responsible Trucking Platform](#), and we do ad-hoc visits at construction sites. These initiatives are driven by each business function.

— **Supply chain mapping and traceability.** Supply chain mapping is a pre-requisite for meaningful due diligence. Since 2013, we have published our [Supplier List](#), which today includes both manufacturing and material production suppliers. For upstream suppliers of raw material we have good oversight of country of origin, which from a due diligence perspective enables us to identify risk hot-spots, and we collaborate with others to establish approaches to prevent, mitigate and remedy risk. Our long-term aim, however, is to have full traceability for all our products to meet evolving customer and regulatory needs. Traceability means tracking a product through every stage of a supply chain from raw material to finished garment, down to site level. For some products and materials this is already achieved, but we still have a way to go.

Acting on identified risks & impacts

Together with partners or on our own, we engage in programmes, projects, industry initiatives and activities to address identified risks and impacts. In some cases we focus on prevention and mitigation; in others we must take remedial measures.

To effectively address risks of modern slavery, forced labour and child labour, we must recognise them as systemic issues that require comprehensive responses by various actors. Potential risks and impacts might be identified upstream or downstream in our supply chains, where our leverage to influence and address the issue in a substantial way is very limited. For these reasons, we place a strong emphasis on collaborations and partnerships to reduce risk and drive progress. We also collaborate with experts

in the field to help inform our strategies. See an overview of key collaborations and partnerships relating to the topic of modern slavery in [Appendix 1](#).

Furthermore, these issues cannot be seen in isolation from our broader work to ensure fair and decent work in our operations and across our supply chains. Many topics are interdependent and a number of risks or issues may be indicators of forced labour, as described by the

[International Labour Organization](#). Read more about our sustainability work in our [Sustainability Disclosure 2021](#).

Below are some examples of modern slavery, forced labour and child labour risks identified in the value chain, ongoing efforts to address these, and relevant updates for the financial year 2020-2021.

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2021
Raw materials	Risk of forced labour and child labour connected to specific raw materials and high-risk contexts, for example agriculture	<ul style="list-style-type: none"> — We have a ban on cotton from Uzbekistan, Turkmenistan and Syria. — In 2020 we reached our goal of 100% cotton to be sourced in a more sustainable way, meaning our suppliers only source organic cotton, recycled cotton or cotton licenced by Better Cotton for the manufacturing of our products. — We are a member of the Responsible Mica Initiative (RMI) to address child labour and improve working conditions in mica production in India — We conduct risk assessments for both new and existing raw materials (see our Responsible Raw Material Sourcing Policy). 	<ul style="list-style-type: none"> — Continued engagement in various industry collaborations to accelerate towards our ambitions of full traceability of materials in our products (see page 7). — Enhanced due diligence for understanding the risk of entities being connected to serious human rights violations or forced labour. — Provided training on OECD Guidelines, Forced Labour and Child Labour for our material managers. — Revised and updated our annual risk review process, with a focus on forced labour and child labour for key materials.
Material Production (Fabric & yarn production and processing)	<p>Risk of exploitative labour practices in various countries and sectors of tier 2 and 3 suppliers</p> <p>Risk of forced and bonded labour in the spinning mill industry in Tamil Nadu</p>	<ul style="list-style-type: none"> — All our direct suppliers sign our Sustainability Commitment, which spells out an expectation of due diligence towards upstream suppliers. — We carry out ongoing and expanded mapping of second-tier suppliers (processing units, fabric and yarn suppliers-to-our-suppliers). See our Supplier List. — We take a risk-based approach to assess compliance with our standards, where certain second-tier suppliers are included in our SIPP programme or undergo minimum requirements verifications. — Since 2013, we have been involved in various multi-stakeholder initiatives to combat bonded labour and exploitative practices in the spinning mill industry in Tamil Nadu, India. Initiatives include the ETI / TNMS initiative and our involvement in the Amsterdam Coalition (AMCO) supported by OECD. 	<ul style="list-style-type: none"> — Continued effort and acceleration to map and trace materials throughout the full supply chain (see page 7). — Expanded our SIPP programme to cover 100% of tier 2 dyeing and printing factories, where some units are vertically integrated and produce material. — Continued discussions in Tamil Nadu with various brands, NGOs, unions, CSOs and other actors to assess potential to align initiatives under one umbrella. Engagement on the ground has continuously been limited due to COVID-19 and increased attention has been given to the inter-related issue of harassment and gender-based violence.

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2021
<p>Product manufacturing</p>	<p>Risk of involuntary overtime and undeclared production units</p> <p>Vulnerable groups, such as migrants, at risk of bonded labour through recruitment practices</p> <p>Increased vulnerability of workers due to the pandemic and weak social security systems in some production markets</p> <p>Risk of forced labour in the textile supply chain</p>	<ul style="list-style-type: none"> — All new suppliers must sign our Sustainability Commitment that sets out our expectations and they are trained on the content as part of the onboarding process. — We work to ensure we know where production takes place and we enforce prohibition on the use of undeclared production units. Our supplier list has been public since 2013. — All factories producing for us need to pass our audit on minimum requirements prior to being allowed to produce — only then is the production unit enrolled in our monitoring programme. — Our monitoring programme — the Sustainable Impact Partnership Programme (SIPP) — currently covers 100% and we are expanding the scope continuously using a risk-based approach. We re-assess our suppliers annually to ensure they meet our strict minimum requirements. — We implement Wage Management System (WMS) programmes in supplier factories. — Our responsible purchasing practices include engagement in the Action Collaboration Transformation (ACT) initiative. — We are members of the Mekong Club to increase awareness and build employee capacity. — In production markets, we work to ensure that migrant workers are entitled to the same social benefits as local employees. In 2019 we also entered a collaboration with IOM and launched our Migrant Workers Fair Recruitment and Treatment Guidelines. — In 2019, we joined the TENT initiative, with a commitment to increase the formal employment and inclusion of refugees in our Turkey supply chain to 2,000 by 2025. — In 2020, we joined the Call to Action and took actions to honour our responsible purchasing practices and to mitigate the effects of the Covid-19 pandemic on suppliers and workers. 	<ul style="list-style-type: none"> — Expanded our SIPP programme to cover 100% of tier 2 dyeing and printing factories. — Began developing a country-by-country approach to reducing risks of forced labour for migrant workers, as we work towards our goal of no recruitment fees in our supply chain by 2025. — Ran internal and supplier training reaching 298 supplier factories with IOM and continued a joint project to improve inclusion of migrant workers in our supply chain — Continued engagement in Call to Action activities to mitigate the effects of the Covid-19 pandemic, including supporting worker access to emergency funds, wage subsidies and severance pay. We also increased options for supplier payments to maintain financial liquidity.

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2021
Warehousing & transport & logistics supply chains	<p>Vulnerable groups, such as migrants, agency workers, interstate workers and self-employed face a heightened risk</p> <p>Increased vulnerability of workers due to the pandemic</p> <p>Risk of involuntary overtime</p>	<ul style="list-style-type: none"> — Our Sustainability Commitment spells out our expectations and forms part of our contractual agreement with business partners. — The due diligence conducted on potential business partners for the H&M group, prior to entering a business relationship, includes questions and requirements related to forced labour along with other relevant social, environmental, legal and financial aspects. — We carry out annual risk assessments at a country and function level to inform risk-based verifications. — We undertake annual audits of our own and outsourced warehouse operations using a risk-based approach, including follow-up on the requirements in our Sustainability Commitment. — We are a member of the EU Responsible Trucking Platform for collaboration on standards and monitoring. 	<ul style="list-style-type: none"> — Mapped our last-mile delivery operations to better understand the use of labour brokers and presence of vulnerable groups including migrant workers. — Continued our engagement with the EU Responsible Trucking Platform. — Worked with Shift to raise awareness of remedy and grievance mechanisms with our sustainability leads. — We recognised the challenge of seafarers stuck on boats because of Covid-19 restrictions. All our shipping partners have signed the Neptune Declaration on Seafarers and we followed up regularly to assess progress, including crew changes and wellbeing.
Sales, non-commercial goods & service supply chains	<p>Vulnerable groups, such as migrants, outsourced staff and self-employed face a heightened risk</p> <p>Risk of forced labour and human trafficking higher in certain markets, linked to governance and socio-economic factors</p>	<ul style="list-style-type: none"> — Our Sustainability Commitment spells out our expectations and forms part of our contractual agreement with business partners. — The due diligence conducted on potential business partners for the H&M group, prior to entering a business relationship, includes questions and requirements related to forced labour along with other relevant social, environmental, legal and financial aspects. — We carry out annual assessments at a country and function level. — We take a risk-based approach to follow-ups with construction and facility management partners, and during 2019 we launched an assessment method for business partners supplying us with non-commercial goods. 	<ul style="list-style-type: none"> — Expanded our assessment method for non-commercial goods (NCG) partners to reach 83% of our suppliers and 79% of their factories. — Worked with Shift to raise awareness of remedy and grievance mechanisms with our sustainability leads.

Progress and Key Performance Indicators

TIMESCALE	TARGET	2021 PROGRESS
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Targets and progress

2025	No recruitment fees in our supply chain by 2025. We are currently developing more specific targets with a special focus on migrant workers, informed by our collaboration with IOM.	Baselining year
Ongoing	Increase number of priority colleagues to receive training on forced labour and responsible recruitment	Sustainability experts: 6 Production team: 41 (IOM training) Materials team: 15
Ongoing	Increase number of business partners in high-risk supply chains and regions to receive training on forced labour and responsible recruitment ¹	298 factories and 517 participants
2025	2,000 refugees employed at our suppliers in Turkey, to contribute to the legal employment and inclusion of refugees ²	710 refugees ³

- 1) We focus on suppliers located in regions where we have identified a risk of forced labour or a high number of migrant workers.
- 2) H&M Group has committed to the target of 2,000 refugees to have been hired in our supply chain in Turkey by 2025, against a 2019 baseline of 500. Due to supplier turnover, employee turnover or refugees returning to their home countries, we may not have 2,000 refugees working in our supply chain in the year 2025.
- 3) This number reflects the number of refugees that have been supported to get an employment since we began our partnership with TENT, not the number employed in 2021. This year, the Covid-19 pandemic meant we continued to

- 4) focus on supporting those already employed to keep their jobs, rather than on scaling the programme.
- 5) Data from tier 1, production manufacturing direct suppliers.
- 6) As per requirements in our Sustainability Commitment.
- 6) The Garment Labor Union, a member of our India NMC, filed a complaint alleging workers had been subjected to too high performance targets, non-payment of lockout and overtime wages, forced overtime and workplace harassment. After factory management initially refused to discuss the situation with the union, NMC representatives met with managers and were able to facilitate an amicable resolution.

KEY PERFORMANCE INDICATOR	2021 PERFORMANCE
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Key performance indicators (KPIs)⁴

Number of forced labour cases confirmed	0
Number of forced labour cases successfully remediated	Not applicable
Number of non-conformities ⁵ related to excessive overtime	50
Number of non-conformities related to improper contracts	25
Number non-conformities related to restriction of movement	3
Number of non-conformities related to monetary deposit	69
Number of grievances coming into our National Monitoring Committees (NMCs) relating to forced labour	Raised: 1 ⁶
	Resolved: 1
	Open: 0
Number of grievances coming into our corporate Speak Up channel relating to forced labour	Raised: 0
	Resolved: 0
	Open: 0
Ranking in the <u>Know the Chain</u> benchmark	9 out of 37 in the Apparel and Footwear industry (2020/21 benchmark)

Looking ahead

Going forward, we will continue to engage throughout the value chain to ensure we fulfil our responsibility to respect human rights and combat modern slavery. Our focus for 2022 includes:

- Build roadmaps for strengthening recruitment systems in priority countries and with high-risk direct suppliers to reach our 2025 goal of no recruitment fees in our supply chain.
- Establish action plans to protect and ensure fair recruitment of migrant workers in selected service supply chains using a risk-based approach.
- Continue roll-out of internal training, including strengthening reporting and making trainings for business partners more broadly available.
- Continue engagement and collaboration with industry platforms as well as experts and peers, to strengthen due diligence relating to high-risk materials.
- Expand and evolve our external reporting of KPIs to reflect measures taken and track their effectiveness.

Approval

This statement has been unanimously approved and signed by the Board of Directors of H & M Hennes & Mauritz AB on behalf of H&M group on 30th March 2022.

This statement has also been approved by the Board of Directors of H&M Hennes & Mauritz UK Ltd, H&M Hennes & Mauritz UK Services Ltd and H & M Hennes & Mauritz GBC AB which are subject to the UK Modern Slavery Act and signed by a director of each entity.

H&M Hennes & Mauritz Pty Ltd (H&M Australia) is a reporting entity under the Australian Modern Slavery Act 2018. H&M Australia is a subsidiary to H & M Hennes & Mauritz AB and has its headquarters in Sydney. It distributes, sells and markets apparel from brands within H&M Group. H&M Australia has approximately 1,400 employees engaged in administrative functions and retail sales through approximately 45 stores across Australia. It does not engage in manufacturing. This statement has been approved and signed by the Board of Directors of H & M Hennes & Mauritz AB.

Appendix 1: collaborations & partnerships

Combatting risk of forced labour requires actions by various actors, and collaboration is often necessary to drive progress. For these reasons, we place a strong emphasis on collaboration and partnerships with different organisations. Below is an overview of our collaborations and partnerships relevant to the topic of modern slavery and forced labour. Read more about other collaborations and partnerships related to our broader decent and fair jobs agenda in our [Sustainability Disclosure 2021](#).

COLLABORATIONS & PARTNERSHIPS	HOW IT SUPPORTS OUR WORK TO COMBAT MODERN SLAVERY ACROSS OUR VALUE CHAIN	COLLABORATIONS & PARTNERSHIPS	HOW IT SUPPORTS OUR WORK TO COMBAT MODERN SLAVERY ACROSS OUR VALUE CHAIN
<p><u>Ethical Trading Initiative (ETI)</u></p>	<p>We were accepted as a full ETI member in 2016 after two years as a foundation stage member. The ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers’ rights around the globe. It offers a platform for collaborating with peers and stakeholders to collectively and strategically address concerns and issues in our supply chain.</p> <p>Our membership with the ETI enables us to work collaboratively with other companies, trade unions and civil society on difficult human rights issues including modern slavery that cannot be solved by individual companies working alone by:</p> <ul style="list-style-type: none"> — Raising awareness and advocacy with governments to influence policy and legislation. — Accessing practical information and tools. — Engaging in and learning from the ETI /TMNS Tamil Nadu multi-stakeholder initiative. 	<p><u>Mekong Club</u></p>	<p>The Mekong Club works to “fight the business of modern slavery” by engaging, inspiring and supporting the private sector to take the lead in this fight. Our membership provides:</p> <ul style="list-style-type: none"> — Opportunity to engage with experts on the topic in regular meetings throughout the year. — Access to e-learning modules on forced labour and human trafficking, for integration in our internal training platforms towards staff. — Access to the latest data, tools and practical information.
<p><u>International Organisation for Migration (IOM)</u></p>	<p>To further strengthen our work to address the risk of forced labour in connection with migration we signed a memorandum of understanding (MOU) with International Organisation for Migration in 2019. This MOU leverages the strengths, expertise and global footprint of IOM and the H&M group to:</p> <ul style="list-style-type: none"> — Enhance migrant protections and improve the recruitment, employment and livelihood opportunities for migrants across our supply chains. — Build awareness among staff and suppliers on the special vulnerability of migrant workers. <p>IOM also implements the Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) programme, which works collaboratively with companies to tackle the vulnerabilities of migrant workers in supply chains. Read more about the collaboration in the IOM Statement.</p>	<p><u>Responsible Mica Initiative (RMI)</u></p>	<p>RMI is a global coalition for action focused on putting policy into practice. It includes over 70 members from various sectors and NGOs, with the ambition to jointly work to establish a fair, responsible and sustainable mica supply chain in the states of Jharkhand and Bihar in India, to eliminate unacceptable working conditions and eradicate child labour by 2030. The H&M group is a member.</p>
		<p><u>Shift</u></p>	<p>Shift is an independent, non-profit organisation that provides practical guidance on implementing the UN Guiding Principles on Business and Human Rights. It supports and helps governments, businesses and their stakeholders to put these principles into practice. We collaborate with Shift for roll-out of internal awareness raising and for advisory support.</p>
		<p><u>TENT</u></p>	<p>The TENT Partnership for Refugees is an initiative to mobilise the private sector to take steps to include and integrate refugees in their host communities, and as such reduce their vulnerability to situations of modern slavery. We joined TENT to:</p> <ul style="list-style-type: none"> — Contribute to the inclusion of refugees in our product supply chain, including the goal of reaching 2,000 refugees employed in our Turkey supply chain by 2025. — Increase our understanding, be inspired and explore further opportunities to positively contribute to refugees’ situation in different countries.
		<p><u>The Centre for Child Rights and Business</u></p>	<p>The Centre for Child Rights and Business supports companies to deliver improvements within their supply chains that benefit workers, families and children, and deliver positive business outcomes. We are a member of their working group and have engaged in various initiatives over the years.</p>