

H&M Group

Modern Slavery Statement 2022

Modern Slavery Statement 2022

H&M Group

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 Singular Society, a subscription-based business that gives members access to premium products at the price they cost to make. We are a majority shareholder in Sellpy, an online resale platform.

H&M Group brings together approximately 150,000 employees across the world. We have around 4,465 stores in 78 markets, provide online services in 58 markets and our brands can be reached via various digital marketplace and external platforms. The products we sell are manufactured by approximately 500 commercial product suppliers, which operate approximately 1,200 manufacturing factories and final product processing units (collectively called supplier factories) for apparel, footwear, accessories, home interior products, furniture and beauty products. Our tier 1 and 2 production supply chain contribute to the employment of more than 1.28 million people in 34 countries.

Since 2013, we have published our [Supplier List](#). For more information about 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 Californian Transparency in Supply Chains Act, as well as the German Supply Chain Act and the Norwegian Transparency Act. It applies to, and sets out the steps, H&M Group has taken during the financial year 2021-2022 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, as well as the issue of forced labour as per the German Supply Chain Act and the Norwegian Transparency Act.

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 is a serious violation of fundamental human rights. Both adults and children can be victims of forced labour. It can be exacted from them by state authorities, private enterprises or individuals.

Forced labour has been identified as a one of H&M Group’s salient human rights issues and informs the focus of our work. The risks of forced labour² 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.

H&M Group value chain



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

2) Global Estimates of Modern Slavery 2022, report by ILO, IOM and Walk Free.

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 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.

— 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](#). The commitment states that: “Forced, bonded, prison and illegal labour are not accepted”. It includes requirements related to written policies and routines, special consideration for vulnerable categories such as migrant workers, no restriction of movement, employers’ responsibility for payment of recruitment fees and voluntary overtime. Our updated Sustainability

Commitment also requires our suppliers and business partners to ensure grievance mechanisms are in place in their operations and to actively engage in remediation processes.

— 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 complaints and grievance platform, [Speak Up](#), available in most of our markets, as well as through other grievance mechanisms. In 2022, we expanded the scope of Speak Up to enable more external stakeholders to access it.

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 2022 we continued to roll-out general awareness raising about modern slavery risks. 91 new colleagues participated in trainings that raised awareness of human rights as part of their onboarding. The International Organization for Migration ran supplementary sessions for our suppliers and our warehouse operations staff in Germany, Italy, Poland, Portugal and Romania, on the responsible recruitment of refugees from Ukraine (see below). In 2022, we also reviewed and updated our guidelines on child labour risks and remediation and rolled out supporting training to internal teams and key suppliers.

Supporting the responsible recruitment of Ukrainian refugees

Since the war in Ukraine began, we have been deeply concerned for those suffering because of the conflict. The war has exacerbated existing risks to equity and human rights, and its impact on the world has been especially felt in Europe, where refugees have been seeking shelter in several countries.

Those displaced by the war are largely women and children. We expected that many would look for work in our warehouse operations and supply chain, for example because the textile industry is women-dominated and provides jobs that don’t require in-depth language skills. Their situation makes them especially vulnerable to exploitative working conditions,

being in urgent need of jobs and often not speaking the local language.

To promote the hiring of Ukrainian refugees while supporting responsible recruitment, we worked with the [International Organization for Migration \(IOM\)](#) to run supplementary training sessions for our suppliers, warehouse operations and transport staff, as well as local IOM teams and other organisations supporting the refugees. These sessions encouraged the hiring of Ukrainian refugees and informed our suppliers and local organisations about how to secure ethical recruitment and support specific needs.

A total of 29 manufacturing suppliers and 12 warehouse and labour agency suppliers joined the sessions, from Germany, Italy, Poland, Portugal and Romania.

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 methodology to identify heightened risk combines: country risk indicators, from sources such as Maplecroft; sector or process risk; 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 to create accountability.

We carry out in-depth risk assessments and audits with all direct production suppliers, and we are currently evolving a risk-based approach to assess risk and policy compliance and drive progress with other business partners. 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](#). Indicators of forced labour¹ 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.

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. 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. In 2022, we strengthened our risk analysis methodology by reviewing data linking heightened forced labour risks with supplier profile, presence of vulnerable groups, and supplier performance and compliance data.

— **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. We undertake consolidated yearly risk reporting for construction, facility management and warehouse operations to support internal reporting and oversight. In 2022, we added transport (truck and last-mile operations) to the annual risk assessment. We also updated our survey for all our transport providers to include social and human rights profiles, alongside due diligence and risk questions. The first consolidated results from the updated survey are expected in spring 2023.

— **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 new materials and on a regular basis for our major materials. In 2022, we engaged with external standards holders to inform their evolving standards, with a focus on both environmental and social aspects (see below).

— **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.

Engaging with standards holders on responsible material sourcing

Through our long-term materials vision, we aim to move towards a resilient and circular materials sector that stays within planetary boundaries, enhances livelihoods and thrives on innovations. Our vision is built on three pillars: recycled, regenerative and responsible — read more in our [Sustainability Disclosure 2022](#).

To achieve our vision, collaborating through industry platforms and standards holders is key. Through collaboration we can support improvements in practices for raw material sourcing — especially as material producers are found several steps up-stream in our production supply chain and we rarely have direct contractual relationship with them. In 2022, we engaged with key material standards holders to further integrate the environmental and social aspects of risk mitigation into their requirements, and to support more impact-oriented and locally adjusted approaches.

As one example, [Textile Exchange](#) is our main collaborative industry platform to drive progress for several of our key materials, including animal derived fibres, organic cotton, recycled materials, synthetics and increasingly man-made cellulosic fibres. Textile Exchange’s recent [standards update](#) — due for release at the end of 2023 — aims to develop a more unified and comprehensive set of standards. We participated in working groups and informed projects on the human rights impacts of various materials and ways of working to drive positive change. The updated standards will cover prioritised human rights, including forced labour. They will also move towards coverage at the raw material / feedstock level (tier 4 in the supply chain) for all materials and increase the focus on outcomes, as well as the existing focus on practices, over the coming years.

1) ILO Indicators of Forced Labour.

— Due diligence on potential business partners.

In line with 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 entering a business relationship. All business partners need to comply with our [Code of Ethics](#), and requirements relating to environment and human rights standards. For our major supply chains these requirements are spelled out in our [Sustainability Commitment](#).

— 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 2022](#)). 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 100% of our tier 2 dyeing and printing factories. 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 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. 100% of our NCG suppliers 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 (see [page 6](#)). 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

Accelerating our work on traceability

Improving traceability of materials is key to enabling greater visibility of risks across our supply chain and gives us more control over our impacts. Automated data systems are needed to replace our current approach to traceability, which allows for technical and human error. We have been working with various organisations to develop and scale shared solutions to this industrywide challenge.

This year we launched several pilots with [TextileGenesis™](#), using blockchain technology to track textiles throughout the supply chain. We rolled out the project for all man-made cellulosic fibres and recycled polyester, and trained hundreds of suppliers in several countries. In 2022, we initiated the process for tracing more than 200 million H&M Group pieces on the TextileGenesis platform,

and approximately 44 million pieces have so far been fully traced.¹ We continued trialling [eTrackit](#) with [Textile Exchange](#) and [TextileGenesis](#), which uses e-tokens to trace a product’s volumes of certified materials online.

In 2023, our ambition is to continue to accelerate and progress traceability in our full supply chain. This is crucial for us in order to reach our overall goals and ensure compliance. We will continue to work towards tracing all fibre types by scaling existing initiatives and exploring new ones, and we already have pilots and scale-up plans in place for most material types. Read more about our approach to traceability in our [Sustainability Disclosure](#).

1) TextileGenesis™ creates article-level traceability from fibre to product using digital tokens (Fibercoins), ensuring there is no “double-counting” of materials. The mechanism enables reliable, real-time data and ensures verification of the origin of materials.

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 2022](#).

Responsible recruitment of migrant workers

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.

Following awareness raising training for teams and suppliers about recruitment fees and forced labour in 2021, we started to develop country specific roadmaps towards our 2025 goal of no recruitment fees. The roadmaps were all based on a global template developed in collaboration with IOM. We started with a review of the recruitment fee data from audits and the legal framework connected to recruitment fees, connecting with relevant external stakeholders such as IOM, to understand the baseline situation for specific countries. Based on this analysis, each country has developed steps to inform suppliers, scope the work, and move towards our zero-recruitment fee goal together with our suppliers.

We are aware that some recruitment fees will be more difficult to identify and might even have

occurred before the worker started at their current workplace, which is why we are also developing a risk identification tool, which will allow us to pinpoint where there might be higher risk of recruitment fees or forced labour to inform us where to investigate further.

Preventive actions across supply chains where we have identified heightened risk

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 2021-2022.

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2022
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 Turkmenistan and Syria. — In 2020 we reached our goal of 100% cotton to be sourced in a more sustainable¹ 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). — Engaged with standard holders and certification organisations schemes to further embed human rights due diligence and support for livelihoods into their material standards and way of working (see page 6).

1) For a definition of more sustainable, please see our [Sustainability Disclosure 2022](#).

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2022
<p>Material Production (Fabric & yarn production and processing)</p>	<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>	<p>— All our direct suppliers sign our Sustainability Commitment, which spells out an expectation of due diligence towards upstream suppliers.</p> <p>— We carry out ongoing and expanded mapping of second-tier suppliers (processing units, fabric and yarn suppliers-to-our-suppliers). See our Supplier List.</p> <p>— 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.</p>	<p>— Continued effort and acceleration to map and trace materials throughout the full supply chain (see page 7).</p>
<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>	<p>— 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.</p> <p>— 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.</p> <p>— 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.</p> <p>— Our monitoring programme — the Sustainable Impact Partnership Programme (SIPP) — currently covers 100% of tier 1 and tier 2 suppliers.</p> <p>— Our responsible purchasing commitment is a core pillar of our engagement in the Action Collaboration Transformation (ACT) initiative.</p> <p>— We are members of the Mekong Club to increase awareness and build employee capacity.</p> <p>— 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.</p> <p>— 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 (cumulatively) by 2025.</p>	<p>— Developed country strategies for prioritised markets towards our goal of no recruitment fees — see page 8.</p> <p>— Surpassed our goal of doubling the number of factories involved in our refugee initiative in Turkey as part of the TENT initiative.</p> <p>— Strengthened our risk identification by reviewing data linking heightened forced labour risks with supplier profile, presence of vulnerable groups, and supplier performance and compliance data.</p> <p>— Worked with the IOM to run supplementary training sessions for suppliers in Germany, Italy, Poland, Portugal and Romania, on the responsible recruitment of refugees from Ukraine.</p>

VALUE CHAIN STEP	RISKS & IMPACTS	ONGOING EFFORTS	UPDATE 2022
<p>Warehousing & transport & logistics supply chains</p>	<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 H&M Group, prior to entering a business relationship, includes questions to screen for risk of 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 to 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"> — Assessed risk levels to prioritise audits of our own and outsourced warehouse operations, undertaking 34 on-site audits. — Continued to collaborate with peers through the EU Responsible Trucking Platform, to improve the working conditions of truck or lorry drivers and other road transport labourers. — Added transport (truck and last-mile operations) to the annual risk assessment. Updated transport providers survey to include social and human rights profiles, alongside due diligence and risk questions. — Worked with the IOM to run supplementary training sessions for suppliers and our warehouse operations staff in Germany, Italy, Poland, Portugal and Romania, on the responsible recruitment of refugees from Ukraine.
<p>Sales, non-commercial goods & service supply chains</p>	<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 socioeconomic 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 H&M Group, prior to entering a business relationship, includes questions to screen for risk of 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 coverage of SIPP to 100% of non-commercial goods (NCG) partners.

Progress and key performance indicators

TARGET OR KPI	2021	2022
Targets and progress		
2025: No recruitment fees in our supply chain by 2025, measured by number of cases of recruitment fees within supplier manufacturing units. ¹	Baselining year	39 (3%) ²
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	Growth team: 10 Production team: 1 Logistics team: 98
Ongoing: Increase number of business partners in high-risk supply chains and regions to receive training on forced labour and migrant workers ³	298 factories and 517 participants	Supplier units trained on forced labour, modern slavery and migrant workers: 51, including: Growth: 10 Production: 29 Logistics (including labour agencies): 12
2025: 2,000 refugees employed, since the start of our initiative in 2019, (cumulative) at our suppliers in Turkey, to contribute to the legal employment and inclusion of refugees ⁴	710 refugees (cumulative)	750 refugees (cumulative) 236 (2022)

1) Refers to cases when workers have paid all, or part of, any fee connected to recruitment and where the worker did not immediately get reimbursed.
 2) Most of the cases are in Turkey and relate to small, and legal, fees for medical documents that workers need to provide to their employer. We are working with our suppliers to re-imburse these fees as part of our remediation process, if this has not already been done.
 3) We focus on suppliers located in regions where we have identified a risk of forced labour or a high number of migrant workers.
 4) We surpassed our goal of doubling the number of factories involved in our refugee initiative in Turkey. We initially planned to scale from 20 to 40 factories and now have 58 participating factories. Several factors make it difficult for supplier to commit to the scheme, for example the aftermath of the pandemic and political tensions. This will impact the total number of refugees reached by this initiative.

TARGET OR KPI	2021	2022
Key performance indicators (KPIs)⁵		
Number of forced labour cases confirmed	0	1
Number of forced labour cases successfully remediated	Not applicable	1
Number of non-conformities ⁶ related to excessive overtime	50	44
Number of non-conformities related to improper contracts	25	112 ⁷
Number non-conformities related to restriction of movement	3	11
Number of non-conformities related to monitory deposit	69	3
Number of non-conformities related to wage practices	-	261 ⁸
Number of grievances coming into our National Monitoring Committees (NMCs) relating to forced labour	Raised: 1	Raised: 0
	Resolved: 1	Resolved: 0
	Open: 0	Open: 0
Number of grievances coming into our corporate Speak Up channel relating to forced labour ⁹	Raised: 0	Raised: 0
	Resolved: 0	Resolved: 0
	Open: 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)	9 out of 37 in the Apparel and Footwear industry (2020/21 benchmark) — there was no new benchmark in 2022

5) Data from tier 1, production manufacturing direct suppliers.
 6) Per requirements in our Sustainability Commitment.
 7) This year we saw a significant increase in the number of non-conformities related to improper contracts, compared to previous years. The increase is primarily due to an increase in findings in Bangladesh, which have been detected thanks to our third-party validator's improved auditing systems. All findings have been investigated and remediated when needed.
 8) This is a new KPI for 2022. It includes a combination of non-conformities related to correct legal payment for normal and overtime hours, received in a timely and regular manner. The total figure represents individual findings rather than the number of production units, as a single production unit may have several findings.
 9) Grievances can relate to any part of our value chain.

Looking ahead

Our focus for 2023 includes:

- Apply the learning from our work in our production supply chain together with IOM to establish action plans to protect and ensure fair recruitment of migrant workers in selected service supply chains using a risk-based approach — delayed from 2022.
- Continue roll-out of internal training, including strengthening reporting and making trainings for business partners more broadly available.
- 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. 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 29th March 2023.

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 1,500 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 modern slavery and 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 2022](#).

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 end modern slavery in global supply chain 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"> — Consultation on individual cases. — 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 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>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>