

H&M Group

Salient human rights issues 2023

Salient human rights issues report

This report is made on behalf of H & M Hennes & Mauritz AB and all companies in the H&M Group (“H&M Group”). H & M Hennes & Mauritz AB provides this joint overview of human rights risks and impacts for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions.

H&M Group’s commitment to human rights

H&M Group is committed to operating with respect for human rights. This means that we avoid infringing on the human rights of others and address adverse human rights impacts with which we are involved.

To achieve our commitment, we have established a human rights due diligence process to continuously identify, prevent, mitigate, track, and account for actual and potential adverse impacts on human rights in our own operations, supply chains, and other business relationships.

Our commitment to respect human rights is reflected in our [Human Rights Policy](#).

Process for identifying our salient human rights issues

Identifying the human rights risks associated with business activities is the first critical step in preventing and mitigating harm to people. We have identified and assessed actual and potential adverse human rights impacts arising from our global operations and value chain as part of our ongoing Human Rights Due Diligence process.

What are salient human rights issues?

The UN Guiding Principles on Business and Human Rights and the [OECD Due Diligence Guidance for Responsible Business Conduct](#) refer to the severity and likelihood of adverse human rights impacts on people that a company can cause, contribute to, or to which they are linked. In other words, it is an outward-facing approach focused on “risk to people” connected to a company’s operations and value chain, as well as the products or services they sell.

A company’s salient human rights risks are those human rights at risk of the most severe and/or likely actual or potential adverse impacts on people across the value chain. It is recognised that companies may need to prioritise their due diligence efforts, which they should do based on their identified salient issues.

This does not intend to disregard other issues that may occur, but it helps a company focus on the most important issues first.

The identification process is based on qualitative and quantitative information such as independent reports and information gathered from internal procedures and documentation. We have carried out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual and/or potential adverse human rights impacts.

To help us focus on the most important issues first, we have undertaken a salience assessment to prioritise these human rights impacts. We have engaged internal and external stakeholders to identify our salient human rights issues and we perform an annual review to assess their continued significance.

External dynamics and internal business development change a company’s risk exposure over time. For H&M Group, internal shifts include a move towards a more digital and circular business model. With a more digital business model, we continue to give increased attention to the right to privacy through our efforts around data privacy, management and storage of personal data, data security and ethical use of artificial intelligence (AI).

From an external perspective, the trend of political instability could lead to challenges to uphold human rights, calling for special consideration in due diligence. During the year, the war in Ukraine affected our operations in Ukraine. We continue to closely monitor the developments in the country and engage with local stakeholders regarding how best to support the country and local communities as they look to rebuild.

Due to various overlaying factors, the growth of the global economy has slowed and inflation has increased in many markets where we have business activities. This has effects on economic performance as well as on real wage development.

Ongoing and yearly risk analyses and assessments across various functions and markets provide a more granular view of risks and impacts across various parts of our value chain and serve as a basis for the annual bottom-up review. Ongoing and yearly risk analyses and assessments include:

- **Risk assessment in production markets.** All the major production markets have established heat maps of human rights-related issues based on severity and likelihood, to indicate where extra attention is needed. This informs our country strategies and goal-setting process.
- **Risk assessment by business functions.** Business functions assess their sustainability risks, including risks to human rights, on a regular basis to inform the existence and adequacy of prevention and mitigation plans.
- **Risk assessment of materials.** Risk analysis is done for new materials and on a regular basis for our highest volume materials. As raw material production often takes place several steps upstream in our supply chain, our main strategies to prevent and mitigate risk are through engagement in certification schemes, as well as through standards or various industry collaborations.

H&M Group’s salient issues remain the same in 2023, although we are working towards an increasingly granular view through applied risk analysis across geographies and different parts of our value chain.

Our salient human rights issues

Our salient human rights issues are presented below, with a detailed description of each issue following on pages 4-6.

ACCESS TO
WATER

CHILD
LABOUR

DISCRIMINATION &
EQUAL TREATMENT

FREEDOM OF
ASSOCIATION
& COLLECTIVE
BARGAINING

FORCED
LABOUR

HEALTH, SAFETY
& WELLBEING

LAND RIGHTS
& LIVELIHOODS

SOCIAL SECURITY
& PROTECTION

WAGES &
COMPENSATION

WORKING
HOURS

H&M Group salient human rights issues

In addition to our strategies, we also have specific policies and procedures to address salient human rights issues.

ISSUE	DEFINITION	OWN OPERATIONS AND/OR PART OF VALUE CHAIN AND DESCRIPTION OF THE ISSUE, INCLUDING VULNERABLE RIGHTSHOLDERS	MEASURES TAKEN TO ADDRESS SALIENT HUMAN RIGHTS ISSUES
<p>Access to water ICESCR Articles 11 and 12</p>	<p>Safe, accessible and affordable water and sanitation for workers in our supply chain and neighbouring communities. Industries can be a contributor to water pollution and water scarcity, which is why safeguarding wastewater treatment and reducing water use are essential to ensure access to clean water and sanitation in neighbouring communities.</p>	<p>In our manufacturing supply chains and upstream material supply chains, including those connected to farming.</p> <p>Vulnerable groups include female workers and children in neighbouring communities.</p>	<ul style="list-style-type: none"> — Water strategy (see also page 24 of our 2023 Sustainability Disclosure) — Chemicals strategy (see also page 30 of our 2023 Sustainability Disclosure)
<p>Child labour ILO Conventions 138 and 182 United Nations Convention on the Rights of the Child</p>	<p>Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development — i.e., is mentally, physically, socially or morally harmful to children; interferes with their schooling by depriving them of the opportunity to attend school; obliges them to leave school prematurely; or requires them to attempt to combine school attendance with excessively long and heavy work.</p>	<p>Primarily within our production supply chain, with higher risk in our upstream material supply chains, for example linked to farming and informal sectors. Children of working parents are also indirectly affected by the working conditions of parents.</p> <p>Vulnerability is directly linked to poverty and the strength of local institutions and access to education, and as such is market specific.</p>	<ul style="list-style-type: none"> — Child rights and child labour in our production supply (see also page 54 of our 2023 Sustainability Disclosure) — Our wage strategy also supports this impact area in relation to income and working conditions of parents (see also pages 56 and 59 of our 2023 Sustainability Disclosure) — Materials approach, including our materials vision (see also page 36 of our 2023 Sustainability Disclosure)
<p>Discrimination & equal treatment ILO Conventions 100, 111 and 159 ICCPR Article 2 ICESCR Article 2</p>	<p>Discrimination or unequal treatment on the grounds of gender, sexual orientation, race, colour, age, pregnancy, marital or social status, religion, political opinion, nationality, ethnic origin, disease or disability. This includes equal remuneration for equal work and other aspects of equal treatment at work.</p>	<p>Own operations and various supply chains, notably in our manufacturing supply chains, linked to a large share of female workers.</p> <p>Unconscious bias or discrimination can also be an issue in marketing and communications, and in the use and application of data and AI.</p> <p>Vulnerable groups include women, migrant workers, the LGBTQIA+ community and minority groups, and varies by country.</p>	<ul style="list-style-type: none"> — Inclusion and diversity approach within our own operations (see also pages 54 and 56-58 of our 2023 Sustainability Disclosure) — Gender equality approach in our production supply chain (see also pages 60, 62 and 65 of our 2023 Sustainability Disclosure)

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<p>Freedom of association & collective bargaining ILO Conventions 87, 98, 135 and 154</p>	<p>A person’s right to join, and/or form, trade unions of his or her own choosing and to bargain collectively. An enabling right for other labour rights.</p>	<p>Own operations and various supply chains.</p> <p>Vulnerable groups include union members and representatives, migrant workers, outsourced staff and self-employed workers.</p>	<p>— Industrial relations strategy in our production supply chain in Bangladesh, Cambodia, mainland China, India, Indonesia, Myanmar, Pakistan, Türkiye and Vietnam (see also pages 60-61 and 64-65 of our 2023 Sustainability Disclosure)</p>
<p>Forced labour ILO Conventions 29, 97 and 105 ICCPR Article 8</p>	<p>All work or service that is exacted from any person under the threat of a penalty or for which the person has not offered himself or herself voluntarily. Indicators of forced labour 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.</p>	<p>Own operations and various supply chains, for example in manufacturing, warehouse operations, transportation, construction, and upstream material and fibre supply chains.</p> <p>Vulnerable groups include migrant workers, agency workers, temporary workers and self-employed workers.</p>	<p>— Please reference our Modern Slavery Statement for more information</p>
<p>Health, safety & wellbeing ILO Conventions 155, 183 187 and 190 ICCPR Article 6 ICESCR Article 12</p>	<p>Health, safety and wellbeing of employees, workers and customers across the value chain, such as safe and healthy working conditions, store safety and product safety.</p> <p>This includes protection from gender-based violence (GBV) and any other form of physical, sexual, psychological, or verbal harassment or violence occurring during, linked with, or arising from work.</p>	<p>Own operations, various supply chains and connected to the products we sell.</p> <p>Vulnerable groups include young workers and female and pregnant workers. Special attention is given to products aimed at children.</p>	<p>— Health, safety and wellbeing within our own operations (see page 56 of our 2023 Sustainability Disclosure)</p> <p>— Health, safety and wellbeing in our production supply chain (see pages 60-63 of our 2023 Sustainability Disclosure)</p> <p>— Gender-based violence and sexual harassment (see also page 65 of our 2023 Sustainability Disclosure)</p> <p>— Product safety, with special attention to products aimed at children (see page 73 of our 2023 Sustainability Disclosure)</p>
<p>Land rights & livelihoods ILO Conventions 107 and 169 ICESCR Articles 1 and 15 ICCPR Articles 1 and 27</p>	<p>Access to land, forest and water can be a source of livelihood and sometimes important for the enjoyment of social and cultural rights. Operations and the use of natural resources should not contribute to destruction and/or degradation of the resources and income base for communities, nor should there be any illegal taking of land, forests or water or illegal eviction of groups of people for reasons of development or use of these resources.</p>	<p>In our upstream material supply chains, primarily connected to farming and forestry.</p> <p>Vulnerable groups include women, indigenous groups and minority groups.</p>	<p>— Resource use and circularity approach to reduce resource use (see also pages 32-33 of our 2023 Sustainability Disclosure)</p> <p>— Materials approach, including a target of 100% wood and wood-based material in products and packaging to come from either FSC-certified sources or be made of recycled material (see also page 36 of our 2023 Sustainability Disclosure)</p>

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<p>Social security & protection ILO Conventions 121, 122, 158, 175 and 183</p>	<p>Access to health care, insurance and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of income.</p> <p>A responsibility dependent to a large extent on legal frameworks and institutional capacity of a country. Recognised employment is often a precondition for access to work-related social security benefits and protection.</p>	<p>Own operations and various supply chains. The issue is largely country specific and present in some of our production markets where national frameworks offer less protection.</p> <p>Vulnerable groups include migrant workers, agency workers, temporary workers and self-employed workers, as well as workers and communities in the informal economy.</p>	<ul style="list-style-type: none"> — Aspects of our wage strategy in our production supply chain (see also pages 60 and 62 of our 2023 Sustainability Disclosure) — For own operations we have implemented Minimum Employment Standards (see also page 59 of our 2023 Sustainability Disclosure)
<p>Wages & compensation ILO Conventions 95 and 131</p>	<p>Wages and compensation to be paid in time, on a regular basis and in full, in line with national or industry legal levels or collective bargaining agreements. Wage levels for a regular work week to be sufficient to meet basic needs for the worker and their families and provide some discretionary income.</p>	<p>Primarily within our production supply chain, yet possible within own operations and other supply chains as the issue is largely country specific.</p> <p>Vulnerable groups are found in low skilled and labour-intense industries as well as linked to part-time work and outsourcing.</p>	<ul style="list-style-type: none"> — Wage strategy in our production supply chain. Details of wage data for our largest production markets are available on pages 67-71 of our 2023 Sustainability Disclosure
<p>Working hours ILO Conventions 1, 14, 30 and 106</p>	<p>Working hours and rest time that comply with national law, ILO Conventions or collective bargaining agreements — whichever affords the worker greater protection. Connected to workers’ rights to health and family life.</p>	<p>Own operations and various supply chains, for example in manufacturing, warehouse operations, construction and transportation.</p> <p>Vulnerable groups include migrant workers, agency workers, temporary workers and self-employed workers.</p>	<ul style="list-style-type: none"> — Working hours correlate with wages, thus our Wage strategy also supports this impact area and is considered our main strategy to ensure reasonable working hours. For own operations we have implemented Minimum Employment Standards (see also page 59 of our 2023 Sustainability Disclosure).