

Responsible Business Conduct Due Diligence Policy

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Introduction

Our policies clarify the expected behaviour and output of our actions as a company and related expected behaviour from us as colleagues and external companies providing services to the H&M Group. They explain our strategic perspective for a certain topic, guide decision making and provide insight in why our standpoint is important. We follow up that our policies are being followed, any non-compliance may result in labour/employee law actions. This policy can be unilaterally withdrawn, adjusted or amended by H&M at any time without prior notice.

Policy Statement

This policy defines how H&M Group conducts business in a responsible way with respect to the areas of governance, human rights, and environment. Implementing this policy will help us avoid and address adverse impact related to human rights and to the environment.

Policy Details

Commitments expected from the colleagues or business partners

As a business we are required to have a risk based due diligence approach and to identify, prevent, mitigate and account for how we address actual and potential impacts in our value chain, including own operations and business relationships (direct and indirect¹, including supply chains).

Our efforts are focused on our adverse environmental impacts² and our salient human rights issues³. These are the risks of the most severe negative impacts on people and the environment across our value chain. We regularly assess⁴

¹ As per section 2 in Act on Corporate Due Diligence Obligation in Supply Chains of July 16 2021

² Climate, water, land, biodiversity, chemicals, resource use and circularity, waste, materials and animal welfare as per our Environmental Policy.

³ Our salient human rights are posted on our website: <https://hmgroup.com/sustainability/fair-and-equal/human-rights.html>

⁴ The assessment is based on internal sources and generic country and sector specific risks.

our risks together with internal and external stakeholders to ensure their relevance and to define prioritised efforts and engagement.

In accordance with our Responsible Business Conduct Due Diligence Procedure (“RBC DD Procedure”), we perform a yearly cycle of risk management process covering potential and actual adverse impacts related to human rights and the environment in our own operations⁵.

Through our Sustainability Commitment, we have set the requirements on our business partners related to supply chain due diligence. It is valid for all our business partners, with whom we have contractual relations, and includes requirements in relation to supply chain due diligence and human rights. At a minimum, business partners shall also require their respective suppliers (which are typically regarded as the next tier) to acknowledge and implement the requirements stated under the Sustainability Commitment and shall establish practices for monitoring compliance in an appropriate manner. All our business partners must commit to this and there are no exceptions.

As per our Sustainability Commitment, business partners are expected to have an appropriate system in place to manage grievances related to human rights, labour rights and environmental impacts and, where relevant, to engage in appropriate remediation of any harms to people or the environment that they have caused, contributed to or to which they are directly linked, in close dialogue with those affected. In addition to the above, everyone working at a business partner’s entity, including subsidiaries, subcontractors or any other relevant stakeholders, is welcome to raise concerns, anonymously if preferred, on our Speak Up platform (“**Speak Up Platform**”).

Responsible Business Conduct Due Diligence (“RBC DD”) is regulated by law, international conventions, and voluntary frameworks.

Some key legal frameworks and international guidance on how to perform Responsible Business Conduct are set out in:

- OECD Guidelines for multinational enterprises
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector
- UN Guiding Principles on Business and Human Rights
- Local legislation e.g., German Supply Chain Act, Norwegian Transparency Act
- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS)

To ensure compliance with applicable laws, regulations and this policy, grievances need to be reported and actioned on, with related actions being documented. Refer to Case Handling Procedure for more information on how this is being documented.

Connected policies

- H&M Group Corporate Governance Policy
- Social Policies
- Human Rights Policy
- Environmental Policy
- Code of Ethics
- Sustainability Commitment

⁵ “Own operations” is specified further in the Responsible Business Conduct Due Diligence Procedure.

Connected procedures

- Responsible Business Conduct Due Diligence Procedure
- H&M Group Risk Management Procedure
- Case Handling Procedure
- Remediation Procedure
- Minimum Requirements
- Supplier List

Policy Exclusions and Exceptions

H&M Group must comply with local laws and regulations in the countries where we operate. If this policy differs from these, we aim for whatever gives the greatest protection for people to the extent possible. If a need for exception arises from above reason, the policy owner should be contacted for further actions.

Compliance and Controls

There are a number of control mechanisms in place to measure compliance with this policy, such as through audits, self-assessments and other internal controls. There is also a process in place where H&M Group Management regularly follow up the progress of commitments, goals and ambitions covered in this policy.

Speak up!

If you would like to raise a concern or you are aware of a suspected breach of H&M Group policies, you should report it immediately to the H&M Group *Speak Up!* channel which is also available at <https://speakup.hmggroup.com/>.