Sustainability Due Diligence Policy

Applies to:	H&M Group Functions and Business Partners
Corresponding Procedures:	Listed in the policy
Contact:	Sustainability Head of Steering and Controlling
Approved date:	Sept 2026
Owner:	H&M Group Sustainability
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Introduction

Our policies are an important part of how we do business. They explain our strategic direction and purpose, ensuring we act lawfully, responsibly, and in line with our values. This policy supports strong governance, protects our reputation, and ensures trust with each other, our business partners, and customers.

Compliance with this policy is monitored. Non-compliance may lead to appropriate measures, including action under labour or employment laws where applicable. H&M may revise, update, or withdraw this policy at its discretion without prior notice by H&M at any time.

Policy Statement

This policy defines how H&M Group conducts business in a fair manner with respect to the areas of governance, human rights, and environment. Implementing this policy will help us avoid and address actual and potential adverse impacts related to human rights and to the environment. This policy covers sustainability impacts related to activities in our value chain: upstream, in own operations and downstream.

Policy Details

Sustainability Due Diligence is regulated by law, international conventions, and voluntary frameworks. Some key legal frameworks and international guidance on Sustainability Due Diligence 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.

Commitments expected from colleagues in Group Functions

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. We regularly identify and assess our impacts using internal sources as well as generic country and sector specific information. Together with internal and external stakeholders, with extra focus on affected or potentially affected stakeholders, we ensure the relevance of these impacts and define prioritised efforts and engagement in accordance with our internal Sustainability Due Diligence Process. Our efforts are focused on our adverse potential and actual environmental impacts and our salient human rights issues, these are the most severe negative impacts on people and the environment across our value chain.

Prioritisation is based on the severity and likelihood of adverse impacts and is further described in the Sustainability Due Diligence Process.

Insights from our sustainability due diligence activities inform our risk assessments, double materiality assessment process, identification of material impacts, risks and opportunities (IROs), and external sustainability reporting.

Commitments expected from Business Partners

Through our Sustainability Standard, we have set the requirements for 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, the next tier, to acknowledge and implement the requirements stated under the Sustainability Standard 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 Standard, business partners are expected to have an appropriate system in place to manage grievances related to human rights, labour rights and environmental impacts. Where relevant, they are also expected 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. Where H&M Group identifies that it has caused or contributed to an adverse impact, we seek to provide for or cooperate in legitimate remediation processes in accordance with applicable procedures. 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! channel.

Roles and Responsibilities

- Sustainability Steering and Controlling Team is accountable and responsible for setting and implementing the Sustainability Due Diligence Policy and connected procedures.
- The Impact Team; Climate & Nature, Social Impact, and Resource Use & Circularity, are responsible for managing the impacts of their expertise.
- All functions as per the Sustainability Due Diligence Process must implement the due diligence process.
- All business partners must commit to our Sustainability Standard.

This policy has been approved by our Policy Approval Forum consisting of senior stakeholders from various functions of our company, as Corporate Governance, overseen by the sustainability department, and accountability rests with the chief sustainability officer.

Significant sustainability impacts, emerging risks and material due diligence findings are periodically escalated to and reviewed by relevant governance forums in accordance with the Sustainability Due Diligence Process.

Connected H&M Group policies and steering documents

- H&M Group Corporate Governance Policy
- Social Policies
- Human Rights Policy
- Environmental Policy
- Code of Ethics
- Sustainability Commitment
- Sustainability Due Diligence Process
- Stakeholder Engagement Process
- Case Handling Procedure

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 above reason, the policy contact person should be contacted for further actions.

The primary intended audience of our policies are internal stakeholders, for external readers consider the following:

This policy sets out H&M Group's principles, commitments and approach to this topic. It should be read together with H&M Group's Annual and Sustainability Report, which provides information on relevant double materiality assessment outcomes, due diligence processes, actions, targets and performance.

Our approach is guided by risk-based due diligence and applicable legal requirements. As part of our ongoing due diligence processes, priorities, actions and focus areas may evolve in response to identified impacts, risks, opportunities, stakeholder input and changes in the operating environment.

Any goals, ambitions, targets or commitments described in this policy are intended to provide strategic direction and support continuous improvement. They should not be understood as guarantees of specific outcomes, results or timelines.

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. Annual follow up, and more frequent follow up where necessary, is performed by the Sustainability Steering and Controlling Team as per the Sustainability Due Diligence Process. We regularly monitor and evaluate the effectiveness of actions taken to prevent,

mitigate, bring to an end and remediate adverse human rights and environmental impacts and use these learnings to continuously improve our due diligence efforts.

The Sustainability Due Diligence Policy is made available to stakeholders internally and externally. Our performance and impacts on human rights and environment are communicated and reported transparently through various channels, including our Annual and Sustainability Report.

Feedback

Open and constructive dialogue is appreciated as it helps to reinforce the policy's efficiency and effectiveness. If you have any feedback, suggestions for improvements, or queries in relation to this policy, please contact the policy contact person. This policy will be reviewed regularly to bring it in line with any changes that the business model may undergo, or that may occur in the context where er operate, always ensuring the effective implementation thereof.

Speak up!

If you would like to raise a concern or you suspect a breach of H&M Group policies, you should report it immediately to your closest manager or to the H&M Group Speak Up! channel which is also available at https://speakup.hmgroup.com/.

1 Our most severe environmental impacts and salient human rights are published in our Annual and Sustainability report available at H&M Group website.