

H&M Group

GRI Index 2023

DISCLOSURE	NOTES
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GRI 1: Foundation

Statement of use	H&M Group has reported in accordance with the GRI Standards for the period 1 December 2022–30 November 2023.
GRI 1 used	GRI 1: Foundation 2021.
Applicable GRI sector standards	Not currently available.

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GRI 2: General disclosures

2-1	Organizational Profile	ASR: 45, 55, 113-114, 144	Yes	
2-2	Entities included in the organization’s sustainability reporting	ASR: 107, 128-130 SD: 85		
2-3	Reporting period, frequency and contact point	ASR: 45, 144 SD: 2, 90		Publication date: 27 March 2024. If you have questions, need help locating information, or want to find the latest on our sustainability work including strategy, goals, standards and policies, please contact kelly.langpap@hm.com .
2-4	Restatements of Information	ASR: 81, 83 SD: 19-21, 25, 51, 57		
2-5	External assurance	ASR: 56, 133-137 SD: 88-89	Yes	Deloitte has provided limited assurance of specific information in our Sustainability Disclosure this year, and has also assured our Annual and Sustainability Report.

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2-6	Activities, value chain, and other business relationships	ASR: 17-18, 24-30, 35, 80 SD: 7, 78-84, 87		No significant changes to the previous reporting period.
2-7	Employees	ASR: 47, 113-114 SD: 56-59		Partially omitted (information incomplete) — breakdown of permanent, temporary, non-guaranteed hours, full-time and part-time employees by gender and region not reported.
2-8	Workers who are not employees	ASR: 38, 84-86 SD: 60-71		Partially omitted (information incomplete) — data on contractors not reported.
2-9	Governance structure and composition	ASR: 52-74		
2-10	Nomination and selection of the highest governance body	ASR: 52-57, 61-65		
2-11	Chair of the highest governing body	ASR: 54-62		
2-12	Role of the highest governing body in overseeing the management of impacts	ASR: 56-62, 66-71		
2-13	Delegation of responsibility for managing impacts	ASR: 53-54, 65-66, 70-71		
2-14	Role of the highest governance body in sustainability reporting	ASR: 53, 56-62, 65		Our Sustainability Disclosure and Annual and Sustainability Report are reviewed by all the relevant members of the executive management team and CEO — reviewers are provided with the full draft to read and comment on before signing off the reports.
2-15	Conflicts of interest	ASR: 50, 63-64, 87		
2-16	Communication of critical concerns	ASR: 53-54, 56-63, 66, 70-71		Partially omitted (confidentiality constraints) — number of critical concerns that were communicated to the highest governance body during the reporting period not reported.

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2-17	Collective knowledge of the highest governance body	ASR: 56-62		The board is updated on sustainability impacts, risks and opportunities on a quarterly basis.
2-18	Evaluation of the performance of the highest governance body	ASR: 56-62		The evaluation of the board is described without specific reference to environment and people.
2-19	Remuneration policies	ASR: 48-50, 52-56, 61-62, 112-113		
2-20	Process to determine remuneration	ASR: 47-50, 52-56, 61-62, 112-113		
2-21	Annual total compensation ratio	ASR: 112-113		Partially omitted (confidentiality constraints) — amounts reported in absolute figures rather than ratio, and excludes median annual total compensation for all employees.
2-22	Statement on sustainable development strategy	ASR: 6-8 SD: 4		
2-23	Policy commitments	ASR: 38, 51-52, 63, 66, 68-72, 74, 82, 84, 86-89, 107-109, 120, 125 SD: 10, 36, 47, 54, 56, 75, 80		See also our full list of <u>standards, codes and policies</u> . Each policy describes the level at which each policy commitment was approved within the organisation. All policies are approved by senior level management.
2-24	Embedding policy commitments	ASR: 19, 38, 52, 54, 63-64, 66, 70-72, 86-88, 107 SD: 36, 47, 54, 56, 58-59, 78, 87		
2-25	Processes to remediate negative impacts	ASR: 66, 86-87 SD: 56-66, 78-79, 84		
2-26	Mechanisms for seeking advice and raising concerns	ASR: 66, 86-87 SD: 54-56, 58-61, 64-66, 76		

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2-27	Compliance with laws and regulations	ASR: 52-54, 70-72, 86-88 SD: 81-84		<p>Our supplier factories are measured against the Higg Facility Environmental Module (FEM). We disclose the aggregated score for participating suppliers.</p> <p>Our supplier factories are also measured against the Higg Facility Social & Labor Module (FSLM). We use the Social & Labor Convergence Program's (SLCP's) industry scoring tool for FSLM. We are working with SLCP to pilot the tool in smaller and lower-tier facilities, by creating a shorter survey for facilities who do not have the expertise and resources to fulfil the exhaustive SLCP questionnaire.</p>
2-28	Membership associations	SD: 11-12, 17-18, 22, 24-25, 27-30, 34, 40-41, 60-61, 65, 72, 77, 83-86		See our full list of collaborations .
2-29	Approach to stakeholder engagement	SD: 76-77	Yes	See also our Stakeholder Engagement Overview .
2-30	Collective bargaining agreements	SD: 56, 58		Based on degree of risk and impact, we also report the percentage of our tier 1 suppliers with collective bargaining agreements in place.

GRI 3: Material topics

3-1	Process to determine material topics	ASR: 5, 43, 66-70 SD: 8-9, 76, 85	Yes	See also How We Report and our Material Issues .
3-2	List of material topics	ASR: 67-69 SD: 85	Yes	See also our Material Issues and Salient Human Rights Issues .
3-3	Management of material topics	See note.		See all relevant disclosures below, by topic.

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Topic standards

201: Economic performance

3-3	Management approach	ASR: 16-18, 45-47, 65-66		
201-1	Direct economic value generated and distributed	ASR: 101-104, 106-120		
201-2	Financial implications and other risks and opportunities due to climate change	ASR: 73, 75-78		
201-3	Defined benefit plan obligations and other retirement plans	ASR: 113, 121		
201-4	Financial assistance received from government	ASR: 107		
Own indicator	Sales growth and profitability on an annual basis (in local currencies)	ASR: 12-13, 46, 95, 111		

202: Market presence

3-3	Management approach	SD: 56-66		All employees within H&M Group will be guaranteed at least the statutory minimum wage through a fixed base salary or fixed base wage per hour — see our Global Compensation and Benefits Policy . We report detailed wage data for tier 1 suppliers in key markets rather than for our own operations.
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SD: 67-71		See 3-3 above.
202-2	Proportion of senior management hired from the local community	See note.		Omitted (information incomplete).

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203: Indirect economic impact

3-3	Management approach	SD: 10		
203-1	Infrastructure investments and services supported	SD: 10, 18, 22, 36-41, 43, 47-49, 53		
203-2	Significant indirect economic impacts	SD: 60-71		

205: Anti-corruption

3-3	Management approach	ASR: 65-66, 70-74, 86-88		
205-1	Operations assessed for risks related to corruption	ASR: 86-88		
205-2	Communication and training about anti-corruption policies and procedures	ASR: 86-88		Partially omitted (information incomplete) — total figure provided. All new employees are trained on our Code of Ethics, and all suppliers must sign the Code before they can be accepted by H&M Group.
205-3	Confirmed incidents of corruption and actions taken	ASR: 87	Yes, limited to total reported incidents of potential non-compliance with the Code of Ethics (including reported corruption cases) — employees and business partners.	We report total reported incidents of potential non-compliance with our Code of Ethics, which includes reported corruption cases.

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207: Tax

3-3	Management approach	ASR: 56, 64-65, 72, 115-116		See also our Tax Policy .
207-1	Approach to tax	ASR: 56, 64-65, 72, 115-116		See also our Tax Policy .
207-2	Tax governance, control, and risk management	ASR: 52-54, 56, 61, 64-65, 72, 95, 115-116		See also our Tax Policy .
207-3	Stakeholder engagement and management of concerns related to tax	ASR: 70-72		See also our Tax Policy .
207-4	Country-by-country reporting	ASR: 109-111, 115-116		Partially omitted (confidentiality constraints) — country breakdown not reported. See also our Tax Policy .

301: Materials

3-3	Management approach	SD: 32-33, 36-41		We have measurable goals for different material types, including recycled materials, cotton, wood-based materials and man-made cellulosic fibres, wool, leather, cashmere, down, and mohair. Our Circular Packaging Strategy outlines measurable goals for packaging materials.
301-1	Materials used by weight or volume	SD: 38, 51	Yes, including all cotton and synthetics data, our top three recycled materials (cotton, polyester, polyamide), Responsible Wool Standard (RWS) compliant wool, Good Cashmere Standard (GCS) compliant cashmere, and Responsible Mohair Standard (RMS) compliant mohair.	For comparability reasons, we report our sourcing of more sustainable and/or recycled materials in percentage and not by weight or volume. We are working to report our materials sourcing by volume in future.

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301-2	Recycled input materials used	SD: 38, 51	Yes, limited to our top three recycled materials (cotton, polyester, polyamide).	
301-3	Reclaimed products and their packaging materials	SD: 46, 48		Includes tonnes of garment collected from customers, previously reported as a separate “own indicator”.
Own indicator	Animal welfare	SD: 38, 40		See also our Animal Welfare Policy .

302: Energy

3-3	Management approach	SD: 16-23		
302-1	Energy consumption within the organization	SD: 19	Yes	Partially omitted (not material) — own generated (sold) electricity is not reported due to the marginal amount.
302-2	Energy consumption outside of the organization	See note.		Omitted (information incomplete).
302-3	Energy intensity	SD: 19, 21	Yes	We report electricity intensity for our stores, which consume the largest share of electricity in our operations. We have an overall absolute emissions reduction goal, rather than reporting emissions intensity.
302-4	Reduction of energy consumption	SD: 21		
302-5	Reductions in energy requirements of products and services	See note.		We do not currently report indirect greenhouse gas emissions from use of sold products. We have in the past been engaging with the SBTi to identify a credible mitigation approach that would enable setting a high integrity target for indirect use-phase emissions. The engagement has not yet resulted in a way forward, but will be renewed once the current revision of the GHG Protocol is finalised (likely in 2025).

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303: Water and Effluents

3-3	Management approach	SD: 24-26		
303-1	Interactions with water as a shared resource	SD: 18, 24-26		We use WWF's <u>Water Risk Filter</u> to assess risks in our operations and supply chain. This identifies the contextual water conditions of our suppliers, including issues such as external governance, WASH (water, sanitation and hygiene), quality, water scarcity, flooding and extreme climate-induced events. Together with WaterAid Sweden we are assessing the current WASH performance in our supply chain in Bangladesh.
303-2	Management of water discharge-related impacts	SD: 24-26		
303-3	Water withdrawal	SD: 25		Our water strategy includes measurable goals. We report reduction in production water usage in percentage, broken down by recycled and freshwater consumption. Our Water Strategy 2030 includes a goal to reduce absolute total freshwater use by 30% from a 2022 baseline.
303-4	Water discharge	See note.		We report against the priority substances of concern which are defined in the ZDHC wastewater quality requirements. In 2018, we transitioned to the ZDHC wastewater quality requirements, which are based on a broad consultation process and aligned with our work to achieve <u>zero discharge of hazardous chemicals</u> .
303-5	Water consumption	SD: 25		See 303-3 above.
Own indicator	Percentage of supplier factories in full compliance with wastewater quality requirements (ZDHC)	SD: 25		In 2018, we transitioned to the ZDHC wastewater quality requirements, which are based on a broad consultation process and aligned with our work to achieve <u>zero discharge of hazardous chemicals</u> . Prior to that, we reported water quality against the BSR Wastewater guideline.

304: Biodiversity

3-3	Management approach	SD: 27-29		
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304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	See note.		Omitted (information incomplete). Our Environmental Site Assessments for potential new distribution centre sites include a review of protected areas or landscapes, ecological sites and potential nesting or roosting areas. In 2023, we analysed our direct operations and upstream supply chain, and we collaborated with WWF on assessing the state of nature through the WWF risk filter suite to identify which of our activities are putting pressure on environments and ecosystems.
304-2	Significant impacts of activities, products and services on biodiversity	SD: 28		See 304-1 above. We disclose additional details on our biodiversity, climate, forests and water impacts, and our progress and mitigation plans, through the CDP.
304-3	Habitats protected or restored	SD: 27-29		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	See note.		<p>H&M Group does not accept materials from vulnerable or endangered species, as defined by CITES (Convention on International Trade in Endangered Species) and the IUCN Red List.</p> <p>In 2020, we assessed the biodiversity impact of our raw material sourcing. The assessment included threatened species. The result has been used as a basis for prioritising future work. We are piloting the SBTN target validation process and land and water methods for setting science-based targets for nature. We analysed our direct operations and upstream supply chain, and we collaborated with WWF on assessing the state of nature through the WWF risk filter suite to identify which of our activities are putting pressure on environments and ecosystems. Together with the Textile Exchange and other fashion brands involved in the pilot, we addressed and further emphasised key industry issues related to the analysis — including data availability, traceability, and identifying pressure factors.</p> <p>We are engaged in a range of regenerative and transformative projects for key materials, some of which will track impact on specific species.</p>

305: Emissions

3-3	Management approach	SD: 16-23		
305-1	Direct (Scope 1) GHG emissions	SD: 19-21, 85	Yes	We chose 2019 as our baseline year, since the impact of the Covid-19 pandemic on our carbon emissions makes 2020 an inappropriate year against which to measure longer-term performance data.

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305-2	Energy indirect (Scope 2) GHG emissions	SD: 19-21, 85	Yes	See 305-1 above.
305-3	Other indirect (Scope 3) GHG emissions	SD: 19-21, 85	Yes, limited to scope 3 emissions from transportation, raw materials, garment manufacturing and fabric production.	See 305-1 above.
305-4	GHG emissions intensity	SD: 19		We report electricity intensity for our stores, and have an overall absolute emissions reduction goal, rather than reporting emissions intensity.
305-5	Reduction of GHG emissions	SD: 19-20		
305-6	Emissions of ozone-depleting substances (ODS)	See note.		Omitted (not material).
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	See note.		Omitted (not material).

306: Waste

3-3	Management approach	SD: 47-52		
306-1	Waste generation and significant waste-related impacts	SD: 47-49		
306-2	Management of significant waste-related impacts	SD: 44-50		
306-3	Waste generated	SD: 48		For comparability reasons, we report these data by percentage and not by weight or volume. We are working to report our waste data by volume in future.

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306-4	Waste diverted from disposal	SD: 48		See 306-3 above.
306-5	Waste directed to disposal	SD: 48		See 306-3 above.
308: Supplier environmental assessment				
3-3	Management approach	SD: 16-27, 30-33, 40-41, 78-84		
308-1	New suppliers that were screened using environmental criteria	SD: 25-26, 78-84		
308-2	Negative environmental impacts in the supply chain and actions taken	SD: 19-20, 24-25, 81-84		
401: Employment				
3-3	Management approach	SD: 54-59		
401-1	New employee hires and employee turnover	ASR: 113-114		Partially omitted (information incomplete) — total employee figures reported by region and gender.

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403: Occupational health and safety

3-3	Management approach	SD: 56-66, 78-84		
Own indicator	Percentage of tier 1 production supply chain factories with Health and Safety Committees in place	SD: 62	Yes	

404: Training and education

3-3	Management approach	SD: 54-66, 78-84		
404-1	Average hours of training per year per employee	SD: 56		
404-2	Programs for upgrading employee skills and transition assistance programs	SD: 56-57		
404-3	Percentage of employees receiving regular performance and career development reviews	See note.		<p>Our policy is that all employees should receive such reviews annually.</p> <p>We give our employees the opportunity to provide feedback on questions that we know have a strong correlation with employee engagement, including performance and career opportunities, as part of an annual employee survey. Results for relevant questions in 2023 were as follows:</p> <p>“My manager provides me with feedback that helps me improve my performance.” 75% of employees participating answered favourably (4 or 5 on a 5-grade scale) to this statement.</p> <p>“My career goals can be met at H&M Group.” 57% answered favourably.</p>

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405: Diversity and equal opportunity

3-3	Management approach	SD: 7, 54-66, 72, 76		
405-1	Diversity of governance bodies and employees	ASR: 58-61, 85 SD: 57		
405-2	Ratio of basic salary and remuneration of women to men	See note.		We report on this indicator for the UK market. According to base salary results for 2022/23 the pay gap was 9.5% in favour of male colleagues according to the mean measurement and 2.4% according to the median measurement. When it comes to bonus results for 2022, we see a mean average of a 10% gender pay gap in favour of female colleagues. According to the median measurement, we see 0% gender pay gap. Read our 2022 UK Gender Pay Gap Report .

406: Non-discrimination

3-3	Management approach	SD: 56-66, 78-84		
406-1	Incidents of discrimination and corrective actions taken	SD: 61		Reported for our supply chain.

407: Freedom of association and collective bargaining

3-3	Management approach	SD: 56-66, 78-84		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SD: 58-59, 64-65		

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408: Child labor

3-3	Management approach	SD: 54-55, 78-84		See also our Modern Slavery Statement .
408-1	Operations and suppliers at significant risk for incidents of child labor	SD: 78-79, 81-84		See also our Modern Slavery Statement .

409: Forced or compulsory labor

3-3	Management approach	SD: 54-55, 60-66, 78-84		See also our Modern Slavery Statement .
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SD: 81-84		See also our Modern Slavery Statement .

413: Local communities

3-3	Management approach	SD: 72-73, 76		We have a Community Development Strategy with clear guidelines, applicable for all markets. We continuously support and provide guidance to the markets and central functions throughout implementation of the strategy. We follow up and report on activities annually. All our retail markets have community investment activities running, based on their local context and priorities. Total community investments are aimed at creating shared value and strengthening communities across our value chain, and passing on donations and contributions by H&M Group customers to various charitable causes.
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413-1	Operations with local community engagement, impact assessments, and development programs	SD: 72-73		<p>Total community investments are aimed at creating shared value and strengthening communities across our value chain, and passing on donations and contributions by H&M Group customers to various charitable causes.</p> <p>Strategic investments: Investments in strategic partnerships and donations aimed at creating shared value for us as a company, our customers and local communities.</p> <p>Customers: Contributions by H&M Group customers to charitable causes through, for example, rounding up at the cash register or other donations.</p> <p>Our community engagement programme <u>My Store</u> engages customers and colleagues on local sustainability issues.</p>
413-2	Operations with significant actual and potential negative impacts on local communities	SD: 24-29, 39-40		<p>Not considered material for our operations. These page references instead cover our approach to biodiversity & land use, water, and materials sourcing with respect to impacts on local communities.</p>

414: Supplier social assessment

3-3	Management approach	SD: 60-66, 78-84	
414-1	New suppliers that were screened using social criteria	SD: 81	
414-2	Negative social impacts in the supply chain and actions taken	SD: 81-82, 84	

415: Public policy

3-3	Management approach	SD: 76-77	(Note, not a material topic.)
415-1	Political contributions	See note.	<p>H&M Group does not provide direct financial contributions to individual politicians or political parties.</p> <p>(Note, not a material topic.)</p>

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416: Customer health and safety

3-3	Management approach	SD: 30-31, 73		<p>All of our products are assessed for health and safety improvements, for example in regard to chemical safety.</p> <p>Our Chemical Management Roadmap commits us to safe chemicals in our value chain through strategic collaborations with AFIRM (Apparel and Footwear International Restricted Substance List Management Group), <u>ZDHC</u> (Zero Discharge of Hazardous Chemicals), <u>ChemSec Business Group</u>, and <u>Change Chemistry</u>. Our <u>Chemical Restrictions</u> commit us to phasing out additional potentially harmful substances. To ensure we choose safe chemical substitutions, we use third-party hazard-assessed chemicals where possible. We also require our textile and leather suppliers to implement the ZDHC Wastewater Guidelines and ZDHC Chemical Management System.</p>
416-1	Assessment of the health and safety impacts of product and service categories	See note.		91% of products reach our sales points with complete and documented product risk assessments.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	See note.		One product was recalled by regulatory authorities due to an incident of non-compliance with the EU REACH regulation and we were fined for that incident. We performed a recall according to our routines and are working to further minimise chemical risks in our supply chain. No other products have been recalled by regulatory authorities in 2023.

417: Marketing and labeling

3-3	Management approach	SD: 11-12		<p>All of our products are labelled with the legally required information about material composition. We are working to provide consistent, comparable information to customers by focusing on transparency and traceability and continually improving the comparability and quality of the data, systems and calculations we use. For example, in this year's design collaboration with Rabanne, we labelled our products with <u>Textile Exchange Standard Logos</u>. These certification logos are independently verified by a third party and help us to validate the sustainability claims we share with customers.</p>
417-1	Requirements for product and service information and labeling	See note.		See management approach above.

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417-2	Incidents of non-compliance concerning product and service information and labeling	SD: 11-12		In 2023, H&M Group did not record any incidents of non-compliance concerning product and service information and labelling.
417-3	Incidents of non-compliance concerning marketing communications	SD: 11-12		In 2023, H&M Group did not record any incidents of non-compliance concerning marketing communications.

418: Customer privacy

3-3	Management approach	See note.		<p>Protecting personal data and the privacy of our customers and employees is of the greatest concern for H&M Group. We have a dedicated data privacy team and mature systems to ensure compliance with the EU General Data Protection Regulation (GDPR). Read our Privacy Policy.</p> <p>(Note, not a material topic.)</p>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See note.		<p>We had 5 substantiated complaints concerning breaches of customer privacy during 2023. All cases are being managed appropriately in coordination with the supervising authorities.</p> <p>We recognise the growing importance of data privacy to our customers. Protecting personal data and privacy is of the greatest concern to H&M Group and we work with the relevant supervisory authority to resolve complaints.</p> <p>(Note, not a material topic.)</p>