

## Corporate Human Rights Benchmark 2018 Company Scoresheet



**Company Name** Hennes & Mauritz  
**Industry** Apparel (Supply Chain only)  
**Overall Score (\*)** 49.8 out of 100

Theme Score	Out of	For Theme
4.1	10	A. Governance and Policies
17.0	25	B. Embedding Respect and Human Rights Due Diligence
3.8	15	C. Remedies and Grievance Mechanisms
10.0	20	D. Performance: Company Human Rights Practices
10.0	20	E. Performance: Responses to Serious Allegations
4.9	10	F. Transparency

(\*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

### Detailed assessment

#### A. Governance and Policies (10% of Total)

##### A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: General HRs commitment: In its Human Rights Policy the Company states: 'H&amp;M is committed to respecting fundamental human rights in our operations, our value chain, and in the communities where we operate. We seek to avoid complicity in human rights abuses and to use our influence to promote the fulfilment of human rights.' [Human Rights Policy, 2012: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: UNGC principles 1 &amp; 2: The Company is signatory to the UN Global Compact [Human Rights Policy, 2012: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: UNGPs: In its Human Rights Policy the Company states: 'H&amp;M's approach to human rights is based on the UN Guiding Principles on Business and Human Rights and the recognition that while states have a duty to protect human rights, companies have a responsibility to respect the same.'. The statement does not show a direct and clear commitment. [Human Rights Policy, 2012: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Not met: OECD: In its Human Rights Policy the Company states: 'H&amp;M's approach to its business operations is informed by the ILO International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, The Children's Rights and Business Principles, the OECD Guidelines for Multinational Enterprises [...]'. The statement does not show a direct and clear commitment. [Human Rights Policy, 2012: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.2	Commitment to respect the human rights of workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: UNGC principles 3-6: The Company is a signatory to the UNGC [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: All four ILO for AP suppliers: In its Sustainability Commitment the Company included specific sections relative to ILO core. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: All four ILO Core: The Company has an agreement signed with the Union Network International where it states that it is part of the Company's Corporate Policy to support and respect the fundamental human rights of freedom of association and collective bargaining, ban on Child and Forced Labour and all types of discrimination in all H&amp;M workplaces. The Company has a Policy on Child Labour, a Global Non Discrimination and Non-Harassment Policy, and Global Labour Relations Policy (addressing Freedom of association and the right to collective bargaining). On its Sustainability Commitment it addresses the Forced Labour issue. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a> &amp; Policy on Child Labour: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Respect H&amp;S of workers: In 'the H&amp;M way' document the Company states: 'Health and safety at work. We want to maintain pleasant and sustainable working environments throughout our operations. This includes ensuring that you as an employee have a safe workplace. H&amp;M takes preventative measures to ensure the long-term safety and good health of our employees. We encourage our employees to report accidents or unsafe working conditions to their manager.' [The H&amp;M Way: <a href="http://about.hm.com">about.hm.com</a>]</li> <li>• Met: H&amp;S applies to AP suppliers: In its Sustainability Commitment the Company indicates: 'Workplace safety and the health &amp; safety of employees must be a priority at all times and a safe and hygienic working environment shall be provided.' In addition the Code states minimum requirements. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: working hours for employees: In its Code of Business Conduct, which apply to its workers, there is no reference to respect the ILO conventions on labour standards on working hours, but only some guidelines with respect 'recording your time accurately'. [Code of Ethics - employees: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Working hours for AP suppliers: In its Sustainability Commitment the Company indicates: 'Working hours in a week, as well as overtime hours, shall comply with national law, ILO Conventions or collective agreement, whichever affords the greater protection for workers, and be defined in contracts. In any event, employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every 7 day period. The total hours in any 7 day period shall not exceed 60 hours. Overtime' [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
A.1.3.AP	Commitment to respect human rights particularly relevant to the industry (AP)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Women's Rights: In its Human Rights Policy the Company indicates: ' we also look to children's and women's rights as outlined in the United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of Discrimination against Women.' [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Children's Rights: See above [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Expecting suppliers to respect these rights: In its Sustainability Commitment for Business Partners the Company indicates: 'Our approach is based on upholding ILO Conventions 138 and 182, ILO Recommendations 146 and 190, United Nations Convention on the Rights of the Child, The Children's Rights and Business Principles'. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: CEDAW/Women's Empowerment Principles: See above [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Child Rights Convention/Business principles: See above [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Respecting the right to water: In its Human Rights Policy the Company states: 'We also focus on women's rights and the right to water, as these are areas of specific importance to our industry.' In addition, on its 'Position Statement on the Human Right to Water and Sanitation' document the Company indicates: 'We are committed to ensuring that water is used responsibly throughout the company's value chain. H&amp;M does this to minimize risks in our operations, to protect the environment and to secure the availability of water for people.'</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			[Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a> & H&M Position Paper – Human Right to Water and Sanitation: <a href="http://sustainability.hm.com">sustainability.hm.com</a> ] <ul style="list-style-type: none"> <li>Met: Expecting suppliers to respect these rights: In its Sustainability Commitment for Business Partners the Company indicates: 'The enterprise conducts all operations in full compliance with all applicable laws and regulations on water conservation and water quality, including maintaining valid permits. Facilities with internal wet processing shall measure water withdrawals and wastewater discharge by flow meters and facilities with full internal treatment<sup>2</sup> of wastewater must adhere to legal requirements or the BSR Wastewater Standard<sup>3</sup>, whichever is stricter.' [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
A.1.4	Commitment to engage with stakeholders	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Commits to stakeholder engagement</li> <li>Met: Regular stakeholder engagement: There is evidence that the Company regularly engages with potentially and actually affected stakeholders. In its website section 'Engaging Stakeholders' the Company indicates: 'Throughout the year, we have regular dialogues with different stakeholders such as customers, colleagues, communities, suppliers, industry peers, non-governmental organisations (NGOs), inter-governmental organisations (IGOs), policymakers and investors. We do this on a day-to-day basis, through regular roundtables on a global and local level, focusing on stakeholder reviews, strategy consultations, dedicated surveys and participation in several multi-stakeholder initiatives.' In this document the Company explains how it engages with its different stakeholders and some examples of initiatives of collaborations such as: Accord on Fire and Building Safety in Bangladesh (The Accord), ACT (Action, Collaboration, Transformation), Better Cotton Initiative (BCI), Better Work, among others. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a> &amp; Engaging with Stakeholders: <a href="http://about.hm.com">about.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Commits to engage stakeholders in design</li> <li>Met: Regular stakeholder design engagement: In its Sustainability Report 2017 the Company describes several experiences where it has used dialogue with stakeholders to monitor and revise its human rights approach and to identify its salient human rights issues: 'Consultations regarding the method and input to the identified salient human rights issues were held (both internally and externally) with almost 100 people. Internally, consultations were held through workshops and dialogues on all levels of the company and across functions. Externally, consultations were held with experts, organisations, academia and local stakeholders.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
A.1.5	Commitment to remedy	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Commits to remedy: In its Sustainability Report 2015 the Company states: 'We recognise our responsibility to provide for remedy when adverse human rights impacts is connected to our activities'. In its Human Rights Policy the Company states: 'H&amp;M is committed to respecting fundamental human rights in our operations, our value chain, and in the communities where we operate. We seek to avoid complicity in human rights abuses and to use our influence to promote the fulfilment of human rights. [...] We aim to identify, assess, and manage the human rights impacts of our business activities based on the operational context, our leverage and business relationships.' [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Not obstructing access to other remedies</li> <li>Not met: Collaborating with other remedy initiatives</li> <li>Not met: Work with AP suppliers to remedy impacts: The Company indicates that it works with suppliers and business partners to ensure human rights are respected in the supply chain. It indicates that actions are 'guided and carried out through dialogue and collaboration with relevant stakeholders with support from our audit and remediation programme and our community investment policy'. However, no evidence found of a commitment to collaborate with business relationships to remedy adverse impacts through the business relationship's own mechanisms or through collaborating with them on the development of third party non-judicial remedies. [Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
A.1.6	Commitment to respect the rights of human	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Zero tolerance attacks on HRs Defenders (HRDs)</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Expects AP suppliers to reflect company HRD commitments</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	rights defenders		

## A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: CEO or Board approves policy: The Human Rights Policy is not signed by any Board member or the CEO [Human Rights Policy, 2012: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>Not met: Board level responsibility for HRs</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Speeches/letters by Board members or CEO</li> </ul>
A.2.2	Board discussions	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Board/Committee review of salient HRs: In its Corporate Governance Report 2017 the Company indicates: 'The group's integrated sustainability work is very important and is discussed regularly by the board. Every six months, the head of sustainability provides an update on the group's sustainability work with reference to key indicators and targets, such as compliance with the Code of Conduct, sustainable materials, climate impact, anti-corruption, etc.' There is no direct reference to Human Rights issues, but it is assumed that Human Rights issues are part of Sustainability. [Corporate governance report 2017: <a href="https://www.hm.com/about">about.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Examples or trends re HR discussion</li> <li>Not met: Both examples and process</li> </ul>
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Incentives for at least one board member</li> <li>Not met: At least one key AP HR risk, beyond employee H&amp;S</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Performance criteria made public</li> </ul>

## B. Embedding Respect and Human Rights Due Diligence (25% of Total)

### B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Senior responsibility for HR (inc ILO): In its Sustainability Report 2017 the Company indicates: 'Reporting directly to our CEO, our Head of Sustainability is responsible for the implementation of our sustainability vision and strategy together with the Executive Management Team. Twice a year, our CEO, CFO and Head of Sustainability review the progress made and report performance (against key sustainability indicators) to our Board of Directors.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Met: Day-to-day responsibility: In its Sustainability Report 2017 the Company indicates: 'Our global sustainability department consists of more than 30 experts responsible for setting strategies, targets, goals, policies and follow-up procedures to ensure that our sustainability work is carried out systematically.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>Met: Day-to-day responsibility in supply chain: In its Sustainability Report 2017 the Company indicates: 'In our 20 production markets, we employ more than 150 people working specifically in sustainability. These colleagues work directly with our business partners to assess their performance against our Sustainability Commitment (which replaced our Code of Conduct in 2016 – read more on page 82) and support them in making improvements through capacity building programmes and activities.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul>
B.1.2	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Not met: Senior manager incentives for human rights: In its 'Remuneration 2017' website section the Company indicates: 'There shall be a clear link between the level of variable remuneration paid and the H&amp;M group's financial and sustainable development. From time to time, therefore, senior executives are entitled to</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>variable remuneration that depends on the fulfilment of targets – which include group-wide financial targets such as pre-set targets for profits and sales, sustainability targets, and individual targets within that person's area of responsibility.' However, it has not indicated whether these targets include any of the human right issues disclosed by the Company as salient. [Remuneration 2017: <a href="http://about.hm.com">about.hm.com</a>]</p> <ul style="list-style-type: none"> <li>• Not met: At least one key AP HR risk, beyond employee H&amp;S</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public</li> </ul>
B.1.3	Integration with enterprise risk management	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: HR part of enterprise risk system: In its website section 'Risk Management' the Company indicates that it 'carries out regular risk analysis for both operational and financial risks.[...] It is of the utmost importance that the H&amp;M group lives according to the high aims set out in its policies and guidelines on business ethics and has good knowledge, insight and procedures in respect of the production of its products. Should the H&amp;M group fail in this regard, there is a risk that the group's reputation and brands could be damaged.' Furthermore its Human Rights Policy the Company states: 'we use tools for human rights risk and impacts assessments to identify actual and potential human rights issues. Actions to manage and address human rights risks and impacts are guided and carried out through dialogue and collaboration with relevant stakeholders, with support from our audit and remediation programme and our Community Investment Policy.' [Risk Management - Operational Risk: <a href="http://about.hm.com">about.hm.com</a> &amp; Human Rights Policy, 2012: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Audit Ctte or independent risk assessment</li> </ul>
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Communicates its policy to all workers in own operations: In its Sustainability Report 2017 the Company indicates: '[...], all training covers a basic introduction to human rights, outline our responsibilities as per the UNGPs, explains how we work with human rights due diligence and how we address situations that may have a human rights impact. We prioritise training for key positions and roles, such as sustainability managers in our production markets, country managers in our sales markets, and relevant business functions such as sustainability, HR and legal.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Communication of policy commitments to stakeholder</li> <li>• Not met: How policy commitments are made accessible to audience</li> </ul>
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Steps to communicate policy commitments to BRs: The Company requests its business partners to sign and commit to comply with its Sustainability Commitment for H&amp;M business partners policy in order to enter into business. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Including to AP suppliers: Its Sustainability Commitment also applies for its suppliers. And according to this document 'H&amp;M also expects Business partners to apply the requirements and approach outlined in this Commitment in their supply chains'. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: How HR commitments made binding/contractual: In its Sustainability Report 2017 the Company states: 'In order to be an H&amp;M group business partner, all new (and existing) business partners must sign and comply with our policies. Two of our most crucial policies are our Code of Ethics and our Sustainability Commitment.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Including on AP suppliers: Although the Company expects that its suppliers apply the requirements and approach outline in its Sustainability Commitment, it is not clear if this includes binding or contractual commitments. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
B.1.5	Training on Human Rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Trains all workers on HR policy commitments: In its Sustainability Report 2017 the Company indicates: '[...], all training covers a basic introduction to human rights, outline our responsibilities as per the UNGPs, explains how we work with human rights due diligence and how we address situations that may have a human rights impact. We prioritise training for key positions and roles, such as</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>sustainability managers in our production markets, country managers in our sales markets, and relevant business functions such as sustainability, HR and legal.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</p> <ul style="list-style-type: none"> <li>• Not met: Trains relevant managers including procurement: Although the Company states that it prioritises 'training for key positions and roles, such as sustainability managers in our production markets, country managers in our sales markets, and relevant business functions such as sustainability, HR and legal.', it is not clear if all procurement managers receive specific HR training related with their roles. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.1.6	Monitoring and corrective actions	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Monitoring implementation of HR policy commitments: The Company describes how it monitors the implementation of its HR commitment in its Sustainability Report 2017: 'Ongoing human rights due diligence is key to ensuring that we meet our responsibility to respect human rights throughout the value chain. [...] Our human rights due diligence processes act to identify risks and impacts and adequately address them.' 'SIPP is our Sustainable Impact Partnership Programme. It is with SIPP that we assess the level of compliance with the Sustainability Commitment (SC) and it is how we measure our business partners' performance and drive constant improvements.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Monitoring AP suppliers: See above [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Describes corrective action process: In its Sustainability Report 2017 the Company indicates: 'If H&amp;M group receives input that a problem or incident linked to a supplier has occurred, our sustainability team will log the case and investigate. If a case of minimum requirement non-compliance by a supplier is confirmed, a Letter of Concern is sent to the supplier. Depending on the number and kind of violation, different consequences will be applied by H&amp;M group. In such cases, a corrective action plan must be submitted and approved by H&amp;M group before any further business is conducted. The underlying idea is to apply a long-term strategy where we evaluate if the business partner involved is the right type of partner for H&amp;M group. If not, we exclude them from our business partner list permanently.' This document also indicates: 'In 2017, we investigated and closed 41 incidents of potential non-compliance with the Code of Ethics (2016: 39, 2015: 33, 2014: 30). These investigations led to terminations or written warnings to employees or business partners in 27 cases.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Example of corrective action</li> <li>• Not met: Discloses % of supply chain monitored: 'In 2017, we performed 1,736 minimum requirements assessments across tier 1 and tier 2 business partners. In 2017, we conducted 1,589 onsite validations to measure the sustainability performance of our business partners across tier 1 and 2. In 2017, we conducted 1,860 desktop validations to measure the sustainability performance of our business partners across tier 1 and 2. However, there is no information about the percentage of the supply chain that this figures represent.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
B.1.7	Engaging business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: HR affects selection of suppliers: In its Sustainability Report 2017 the Company states: 'Before starting any working relationship with a business partner, we conduct a 'minimum requirement assessment', which we carry out on site. All business partners must pass the assessment to begin working with H&amp;M group.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: HR affects on-going supplier relationships: In its Sustainability Report 2017 the Company indicates: 'SIPP is our Sustainable Impact Partnership Programme. It is with SIPP that we assess the level of compliance with the Sustainability Commitment (SC) and it is how we measure our business partners' performance and drive constant improvements. [...] SIPP is only applied on our commercial business suppliers (those providing goods that we sell).' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirement under score 1 met</li> <li>• Met: Working with suppliers to improve performance: H&amp;M approach to improve its suppliers performance is based on 'Capacity Building'. In its Sustainability Report</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			2017 the Company describe this approach: 'Business partners are then asked to set their own goals and take actions to strengthen their capacity to better manage sustainability matters themselves. H&M group capacity building programmes serve as platforms through which we can support our business partners in different focus areas.' In addition the Company sets a reward scheme to encourage improvements: 'To encourage our suppliers to improve their sustainability performance, we reward those who set ambitious goals and maintain good performance. Rewards include long-term business commitments and growth opportunities.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a> ]
B.1.8	Approach to engagement with potentially affected stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Stakeholder process or systems: The Company has identified many stakeholders that can potentially be affected by its operations including customers, communities, colleagues, suppliers and their employees, policy-makers and NGOs. In its Sustainability Report 2017 the Company present a resume of its 'Engaging with our Stakeholders' work where all its Stakeholders are listed and the actions taken to engage with each one of them on key issues such as labour rights and supply chain working conditions, particularly wages for supply chain workers. [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: Frequency and triggers for engagement: In its website section 'Engaging Stakeholders' the Company states: 'Throughout the year, we have regular dialogues with different stakeholders such as customers, colleagues, communities, suppliers, industry peers, non-governmental organisations (NGOs), inter-governmental organisations (IGOs), policymakers and investors. We do this on a day-to-day basis, through regular roundtables on a global and local level, focusing on stakeholder reviews, strategy consultations, dedicated surveys and participation in several multi-stakeholder initiatives.' [Engaging with Stakeholders: <a href="https://www.hm.com/about">about.hm.com</a>]</li> <li>• Met: workers in the SP engaged: See above [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: communities in the SC engaged: See above [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Analysis of stakeholder views and company's actions on them</li> </ul>

## B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Identifying risks in own operations: In its Sustainability Report 2017: 'We look at our key long-term sustainability needs and we conduct in-depth assessments to enable identification of both opportunities and risks. This type of identification involves regular in-depth checks of our own operations and our business partners' operations. We continuously work to ensure human rights are an integral part of all relevant processes. Our human rights due diligence processes act to identify risks and impacts and adequately address them.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: Identifying risks in AP suppliers: See above [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Ongoing global risk identification: H&amp;M group conducted a thorough process of identifying its salient human rights issues in 2015.[...] Consultations regarding the method and input to the identified salient human rights issues were held (both internally and externally) with almost 100 people.[...] To ensure our list of salient human rights issues remains relevant, we will review these issues annually, and the full process, including input from external stakeholders, will be conducted approximately every three years, or more frequently if necessary.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: In consultation with stakeholders: See above [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: In consultation with HR experts: Externally, consultations were held with experts, organisations, academia and local stakeholders.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: Triggered by new circumstances: In its Sustainability Report 2017 the Company states: 'The most recent review took place at the end of 2017 and resulted in slightly adjusted definitions on, for example, social security, highlighting that we refer to social security linked to employment.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Salient risk assessment (and context): Its Sustainability Report 2017 includes a section about 'Our salient human rights issues'. There the Company indicates: 'We started out by defining who we impact through our business activities throughout our value chain, especially recognising those who potentially are more vulnerable and hence are more at risk, such as migrant workers, women and children. The result of this mapping was a list of both potential and actual human rights impacts. From this list, we identified those which were salient by applying two criteria: the severity of the potential impact and the likelihood that this impact will occur.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Public disclosure of salient risks: Update on salient issues 2017 - Table in its Sustainability Report 2017 [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> </ul>
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Action Plans to mitigate risks</li> <li>• Met: Example of Actions decided: In its Sustainability Report 2017 section 'Our salient human rights issues' the Company indicates: 'Identification, prevention and remediation of our salient human rights issues are found throughout the report.' In effect, there are different examples of actions taken by the Company in order to face its salient human rights issues. One of this examples correspond to its actions within 'The Bangladesh Accord', according to its Sustainability Report 2017: ' In 2017, the national government of Bangladesh extended the Accord's permission to operate beyond May 2018. In June 2017, H&amp;M group signed the, newly named "Transition Accord." The Accord will continue its current operations and remediation programme until local regulatory bodies have the full capacity to take over. The Transition Accord will remain in operation until May 2021. By November 2017, 90% of original issues had been remediated and 82% of original and new issues were remediated'. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Including in AP supply chain: Among other examples, the Company discloses information about 'The Bangladesh Accord' which 'was set up five years ago to help improve fire and building safety in the textile industry in Bangladesh.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: System to check if Actions are effective</li> <li>• Met: Lessons learnt from checking effectiveness: The Company presents different examples of actions made to respond lessons learnt while tracking the effectiveness of its actions related to salient human rights issues, such as the following addressing Fair Living Wage: 'During 2017, we developed wage management system guidelines based on the learnings made so far and in close consultation with a variety of stakeholders. This will guide the work with our business partners going forward and has also been shared with industry partners. In agreement with a broad range of our stakeholders, we see industry-wide collective bargaining as the best way to define and further drive minimum wages across the industry. ACT is instrumental in the work towards this and its collective effort has resulted in substantial progress in several key markets.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> </ul>
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Comms plan re identifying risks: The Company has communicated in its sustainability report how it has a system to identify human rights risks and impacts including own operations and supply chain (see b.2.1) [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Comms plan re assessing risks: The Company has communicated in its sustainability report how it has a system to assess which are its human rights issues, including a disclosure of these (see b.2.2) [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Comms plan re action plans for risks</li> <li>• Not met: Comms plan re reviewing action plans</li> <li>• Not met: Including AP suppliers</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>• Not met: Responding to affected stakeholders concerns</li> <li>• Not met: Ensuring affected stakeholders can access communications</li> </ul>

### C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The Company has 'a whistleblowing procedure in place so that potential breaches can be reported by H&amp;M group employees confidentially, anonymously and without any risk of reprisal.' according with its Sustainability Report 2017. In its Global Grievance Policy the Company states: 'Each workplace within the H&amp;M Group has a local grievance procedure that is based on local legislation and this global policy. Every employee should be informed about this procedure and know how to report a grievance.' [Sustainability Report 2017, 2017: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Number grievances filed, addressed or resolved</li> <li>• Not met: Channel is available in all appropriate languages</li> <li>• Met: Expect AP supplier to have equivalent grievance systems: In its Sustainability Commitment for Business Partners the Company states: 'There is a grievance mechanism in place enabling employees to put forward complaints without risk of retaliation' [Sustainability Commitment, 2016: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Met: Opens own system to AP supplier workers: 'If a grievance cannot be settled through the local procedure, any employee can turn to the global point-of-contact for further support: <a href="mailto:globalgrievance@hm.com">globalgrievance@hm.com</a>.' [Global Grievance Policy: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Grievance mechanism for community: Grievance mechanisms disclosed by the Company are addressed exclusively to employees as it is stated on its website section 'Whistle blowing' and on its Global Grievance Policy. [Whistle blowing: <a href="https://www.hm.com/about">about.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Describes accessibility and local languages</li> <li>• Not met: Expects AP supplier to have community grievance systems</li> <li>• Not met: AP supplier communities use global system</li> </ul>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Engages users to create or assess system</li> <li>• Not met: Description of how they do this</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Engages with users on system performance</li> <li>• Not met: Provides user engagement example on performance</li> <li>• Not met: AP suppliers consult users in creation or assessment</li> </ul>
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Response timescales</li> <li>• Not met: How complainants will be informed</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Escalation to senior/independent level</li> </ul>
C.5	Commitment to non-retaliation over complaints or concerns made	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Public statement prohibiting retaliation: In its Global Grievance Policy the Company states: 'Retaliation against an employee who, in good faith, reports a grievance or participates in the investigation of a grievance, will not be tolerated.' However, this commitment does not cover other stakeholders including those that represent them. [Global Grievance Policy: <a href="https://www.hm.com/sustainability">sustainability.hm.com</a>]</li> <li>• Not met: Practical measures to prevent retaliation</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Not met: Has not retaliated in practice</li> <li>• Not met: Expects AG suppliers to prohibit retaliation</li> </ul>
C.6	Company involvement with State-	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Won't impede state based mechanisms</li> <li>• Not met: Complainants not asked to waive rights</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	based judicial and non-judicial grievance mechanisms		Score 2 <ul style="list-style-type: none"> <li>• Not met: Will work with state based or non judicial mechanisms</li> <li>• Not met: Example of issue resolved (if applicable)</li> </ul>
C.7	Remedying adverse impacts and incorporating lessons learned	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Describes how remedy has been provided: The Company provides an example its Sustainability Report 2015: Freedom of association is a clear requirement in our Sustainability Commitment. In 2011, we made a major shift in the way we assess compliance with this requirement in our audit programme. Instead of asking if a worker's right to freedom of association is respected, we now measure if trade unions are actually in place. Factories with trade union representation or a collective bargaining agreement are nor rewarded with higher ICoC scores. Where unionisation is restricted by law or where systems are insufficient, we work to empower workers with awareness about their rights at work and to help our suppliers establish functioning and democratically-elected workplace representation. The aim is that these will develop into mature collective bargaining systems. Beyond the factory level, we work with governments and other partners such as unions to promote the required legal frameworks and develops the concept of solution-oriented negotiations amongst both employers and worker representatives.' [Modern Slavery Statement - Financial Year 2016/2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a> &amp; Sustainability Report 2015]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Met: Changes introduced to stop repetition: The Company describes in its 'Modern Slavery Statement - Financial Year 2016/2017' its approach to prevent similar adverse impact in the future. For example, the Company has set a 'full traceability of our Conscious collection materials'; has 'been involved in the Amsterdam Coalition, an initiative between major global brands and retailers which is supported by the OECD and which aims to contribute to the prevention and mitigation of harmful impacts on workers in spinning mills in South India, particularly in Tamil Nadu'. [Modern Slavery Statement - Financial Year 2016/2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Evaluation of the channel/mechanism</li> </ul>

#### D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.1.b	Living wage (in the supply chain)	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Met: Living wage in supplier code or contracts: Its Sustainability Commitment for Business Partners includes a section about 'Fair living wage' where it states: 'a fair living wage should always be enough to meet the basic needs of employees and their families, and provide some discretionary income.' [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: Improving living wage practices of suppliers: The Company is developing a 'Fair living Wage' strategy in order to achieve a fair living wage across the textile industry. In the sustainability report it explains how it is involved with suppliers and trade unions. A part of this strategy is the implementation of 'the Fair Wage Method' addressed to improve living wage practices of suppliers. In addition the Company has been 'a founding member of Action Collaboration Transformation (ACT). ACT is a collaboration between international brands, retailers and trade unions to address the issue of a living wage through industry-wide collective bargaining.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> <li>• Met: Provide analysis of trends in progress made: In its Sustainability Report 2017 the Company discloses figures of the number of supplier factories using the Fair Wage Method between 2014 - 2017, going from 3 in 2014 to 227 in 2017 which represents 40% of product volume covered. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
D.2.2	Aligning purchasing decisions with human rights	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>• Not met: Avoids business model pressure on HRs: Although the Company indicates that it uses responsible purchasing practices, the only reference to such practices is that the Company seeks to 'by being long-term,</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>stable business partners, which helps factory owners to pay a fair living wage'. CHRB could not find further information of other kind of practices. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</p> <ul style="list-style-type: none"> <li>• Met: Positive incentives to respect human rights: In its Sustainability Report 2017 the Company indicates: 'To encourage our suppliers to improve their sustainability performance, we reward those who set ambitious goals and maintain good performance. Rewards include long-term business commitments and growth opportunities.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> </ul>
D.2.3	Mapping and disclosing the supply chain	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Identifies suppliers back to product source (farm, ranch etc): The Company has a 'Suppliers List' web page where it discloses information about suppliers and their location. Furthermore, in its Sustainability Report 2017 the Company states: 'Our supplier list includes the details of tier 1 factories for 98.5% of our products and tier 2 factories for 60% of our products.' [Supplier list: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Discloses significant parts of supply chain and why: See above [Supplier list: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
D.2.4.b	Child labour: Age verification and corrective actions (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Child Labour rules in codes or contracts: The Company has a Policy on Child Labour where it states that 'Child labour is not accepted', it is also included in its Sustainability Commitment for Business Partners: 'Necessary measures shall be taken to prevent that no one under the legal age of employment is recruited. The employer shall develop, or participate in, and contribute to policies and programs which provide transitional arrangements for any child found to be performing work in the workplace to enable her or him to attend and remain in quality education until no longer a child. The best interest of the child should always be applied in consultation with the child's parents and/or guardian and the child it concerns in a way conducive to the child's age and healthy development.' [Policy on Child Labour: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: How working with suppliers on child labour: In its Sustainability Report 2017 the Company indicates: 'We make it an absolute, minimum requirement for all factories producing for H&amp;M group to be free from child labour and this compliance is continuously monitored. If we find any person below the minimum age working in any of our business partners factories, then our Child Labour Policy guides us (and our business partners) to act in the best interests of the child. This can include ensuring that the individual enrolls in school, providing compensation to the family for lost income and partnering with civil society organisations.' It also provides information of some actions made during 2017 which are examples of how it works with suppliers on Child Labour issues. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Debt and fees rules in codes or contracts: The Sustainability Commitment for Business Partners includes a section addressed to 'Forced, bonded, prison and illegal labour' where the Company states: 'Forced, bonded, prison or illegal labour is not accepted. If contracted labour is hired, the employer is responsible for payment of employment eligibility fees of contract and/or foreign workers, including recruitment fees. Employees shall not be required to lodge "deposits" or identity papers with their employer and shall be free to leave their employment after reasonable notice. The employee's freedom of movement is not restricted. No part of wages is withheld.' [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on debt &amp; fees</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Free movement rules in codes or contracts: The Sustainability Commitment for Business Partners includes a section addressed to 'Forced, bonded, prison and illegal labour' where the Company states: 'Employees shall not be required to lodge "deposits" or identity papers with their employer and shall be free to leave their employment after reasonable notice. The employee's freedom of movement is not restricted. No part of wages is withheld.' [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.6.b	Freedom of association and collective bargaining (in the supply chain)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: FoA &amp; CB rules in codes or contracts: In its Sustainability Commitment for Business Partners the Company indicates: 'All workers, without exception or distinction, have the right to join or form a trade union of their own choosing and to bargain collectively. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under national law, the employer encourages and does not hinder the development of parallel means for independent and free association and bargaining.' However, the Company does not explicitly mention prohibition of intimidation, harassment, retaliation and violence against union members/representatives. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Met: How working with suppliers on FoA and CB: 'In its Sustainability Report 2017: 'through our Workplace Dialogue Programmes, we work directly with workers and management to raise awareness of their rights and obligations, including the importance of freedom of association and collective bargaining. We also help facilitate the democratic election of worker representatives.' In addition the Company has been 'a founding member of Action Collaboration Transformation (ACT). ACT is a collaboration between international brands, retailers and trade unions to address the issue of a living wage through industry-wide collective bargaining.' [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Sets out clear Health and Safety requirements: In its Sustainability Commitment for Business Partners the Company sets out Health and Safety requirements. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Injury rate disclosures</li> <li>• Not met: Lost days or near miss disclosures</li> <li>• Not met: Fatalities disclosures</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: How working with suppliers on H&amp;S: In its Sustainability Report 2017 there is a reference to a new Global Health &amp; Safety Policy (2017) which 'will help establish a strong health and safety culture across our operations', but CHRB could not find this Policy. [Sustainability Report 2017, 2017: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>
D.2.8.b	Women's rights (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Women's rights in codes or contracts</li> <li>• Not met: How working with suppliers on women's rights</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Both requirement under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.9.b	Working hours (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Not met: Working hours in codes or contracts: Although the Company states the following: 'Working hours in a week, as well as overtime hours, shall comply with national law, ILO Conventions or collective agreement, whichever affords the greater protection for workers, and be defined in contracts. In any event, employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every 7 day period. The total hours in any 7 day period shall not exceed 60 hours. Overtime shall be voluntary, not exceed 12 hours per week and shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.', it does not explicitly mention respect for minimum breaks. [Sustainability Commitment, 2016: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> <li>Not met: How working with suppliers on working hours</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>

## E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> <li>Area: Excessive hours in the supply chain</li> <li>Headline: Forced overtime in Cambodia</li> <li>Sources: Human Rights Watch, 01/03/2015 BBC, 12/03/2015 Company press release, 11/03/2015 - <a href="http://about.hm.com">about.hm.com</a></li> <li>Allegation: Hennes &amp; Mauritz has been implicated in labour abuses after a factory, said to be a direct supplier to the Company, was accused of subcontracting the workers to other smaller factories to work overtime.</li> </ul> <p>In 2015 Human Rights Watch (HRW) published a report entitled 'Work Faster or Get Out': Labour Rights Abuses in Cambodia's Garment Industry. It was based on seven weeks of interviews in Cambodia conducted between November 2013 February 2015. A total of 270 garment workers from 71 factories were interviewed in Phnom Penh, Kandal, Kampong Speu, Kampong Cham and Prey Veng provinces. The report referred to factory 1, a direct supplier to the Company which subcontracts to many smaller factories. HRW alleged that team leaders in factory 1 told workers they should work on Sundays, their day off, at an unauthorised subcontractor to help meet production targets and supplement their incomes. HRW alleged that in their Sunday and public holiday work at the unauthorised subcontractor, workers produced garments for the Company, but without overtime pay. The report also claimed that workers at factory 1 were not permitted to refuse excessive overtime, including on Sundays and public holidays, when they had rush orders, and were not paid overtime wage rates.</p>
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Public response available</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Response goes into detail: The Company has responded in detail to the allegations through a written response to HRW. It also met with the NGO in Bangkok in September 2014. HRW reported that the Company had acknowledged that it 'could take more responsibility for remediation in unauthorised subcontractor factories, including seeking to register the subcontractor with Better Factories Cambodia (BFC) and providing technical expertise for remediation.'</li> </ul> <p>Note: The Company is deemed to have responded specifically and in detail to the allegations. As the Company has been unable to provide a response on the specific case, because the factory has not been identified by HRW, a response to the specific issues raised is sufficient.</p>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Company policies address the general issues raised</li> <li>Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Policies address the specific rights in question: The Company has a full policy on working hours for suppliers.</li> </ul> <p>The Company updated its Code of Conduct for suppliers and business partners in February 2016 and replaced it with its Sustainability Commitment. Signing the Sustainability Commitment is mandatory for any supplier or business partner</p>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			before entering a business relationship with the Company. With regards to working hours, the Commitment states: 'employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every seven day period. The total hours in any seven day period shall not exceed 60 hours. Overtime shall be voluntary, not exceed 12 hours per week and shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.'
E(1).3	The Company has taken appropriate action	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Engages with affected stakeholders: The Company indicated that: 'We have asked for information about the factories mentioned in the report to be able to follow-up, but Human Rights Watch has not been willing to share that information. Our staff in place in Phnom Penh has met with HRW last week and we have an ongoing dialogue.' Therefore, as the Company could not enter into dialogue with affected stakeholders, CHRB has waived that requirement.</li> <li>• Met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Met: Has improved systems and engaged affected stakeholders</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Met: Has improved systems and engaged affected stakeholders: The Company said it conducts a full audit every two years in factories that produce for the brand, at which time it purchases relevant BFC factory monitoring reports and feeds the findings into its audits.</li> </ul> <p>It also stated: 'We have asked for information about the factories mentioned in the report to be able to follow-up, but Human Rights Watch has not been willing to share that information. Our staff in place in Phnom Penh has met with HRW last week and we have an ongoing dialogue.' The Company reports that in May 2013, it held a workshop on undeclared production units for all of its Cambodian suppliers. At that time, it gave suppliers a two-week grace period to reveal any undeclared production units they had used the previous year.</p> <p>The Company stated to the press that supplier companies subcontracting work to smaller factories would lose their contracts: 'H&amp;M has distributed a translated copy of its suppliers' list to local unions and labour rights groups to encourage whistle-blowing on declared units.'</p> <p>The Company has also joined relevant initiatives aimed at dealing with labour standards issues in its sector – Better Work Programme and Fair Labor Association.</p>
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> <li>• Area: Health &amp; safety in the supply chain</li> <li>• Headline: At least seven workers died and more than 50 were injured in a fire at the Aswad Composite Mills factory in Bangladesh</li> <li>• Sources: Clean Clothes Campaign, 26/05/2014 - <a href="http://cleanclothes.org">cleanclothes.org</a> <a href="http://cleanclothes.org">cleanclothes.org</a> The Financial Express, 14/10/2013 - <a href="http://today.thefinancialexpress.com.bd">today.thefinancialexpress.com.bd</a> Sunday Age, 05/01/2014; Bangladesh Accord website, 29/07/2014; The Guardian, 09/10/2013 <a href="http://theguardian.com">theguardian.com</a> The Times, 09/10/2013, Company press release, 09/10/2013 - <a href="http://about.hm.com">about.hm.com</a></li> <li>• Allegation: On 8 October 2013, at least seven workers died and more than 50 were injured in a fire at the Aswad Composite Mills factory in Gazipur, near Dhaka in Bangladesh. The factory manufactured fabric for several brands, including the Company. The factory was a second tier supplier to the Company. Following the accident, it was reported that the Aswad factory had been issued with a formal notification by the Bangladeshi government that the building was unsafe for work a week prior to the fire. The government's inspection report raised nine violations with the factory, stating that the building was 'dangerous to human life and security' and that the 'fire extinguishers and other fire safety equipment were not maintained in an appropriate manner.' In addition, there were an inadequate number of exhaust fans and fire extinguishers, as well as poor measures to cool down the heat originating from the machines, and obstacles to movement due to clogged passages. The Bangladeshi government said it would be filing criminal charges against the factory's owners. The families of those killed have been paid BDT 700,000 (GBP 6,750) in compensation, from both Palmal and the Bangladesh Garment Manufacturers and Exporters Association. The NGO Clean Clothes Campaign has criticised the amount of compensation offered by Palmal, saying it was insufficient to support the families of the deceased and injured workers.</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(2).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: The Company has responded publicly to the allegations. Indeed, in a statement to the press, the Company confirmed that it sourced clothing produced by Palmal's garment factories supplied by the company's fabric mill, but that it had no direct relationship with the mill. The Company responded to the accident on its website, stating: 'Aswad Knit Composite factory makes fabric and yarn for many different factories that produce garments, including Aswad Composite Mills Ltd, which is an approved garment supplier factory for H&amp;M. Fabric producers are second tier suppliers to H&amp;M and hence we have no direct business relation with them. Although H&amp;M garments were not produced in the factory, we as an active and big stakeholder in Bangladesh want to support a constructive and speedy remediation process. Our team in Dhaka is closely involved in the ongoing process and engages with the local stakeholders to stress the importance of a clear revalidations plan that secures the workers affected. The fire and building safety issues are a priority for H&amp;M in Bangladesh. We are working through a broad coalition under the Accord on Fire and Building Safety in Bangladesh to improve the (country's) textile industry in order to make it safer.' <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul> </li></ul>
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company has a supply chain labour standards policy that covers health and safety. The Company updated its Code of Conduct for suppliers and business partners in February 2016 and replaced it with its Sustainability Commitment. Signing the Sustainability Commitment is mandatory for any supplier or business partner before entering a business relationship with the Company. With regards to health and safety, the Commitment states: 'Workplace safety and the health and safety of employees must be a priority at all times and a safe and hygienic working environment shall be provided.' </li></ul>
E(2).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Met: Has reviewed management systems to prevent recurrence: The Company has signed a legally binding multi-stakeholder initiative aimed at improving worker safety in the country of concern - the Company has signed the Accord on Fire and Building Safety in Bangladesh. The Company reports that 'all of our supplier factories have been approved for operation by the Accord. However, as for most factories covered by the Accord, our supplier factories also require further improvements, such as the replacement of sliding doors with new fire exit doors. Such needs for improvement are described in Corrective Action Plans (CAPs) issued by the Accord.' <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Met: Has improved systems and engaged affected stakeholders</li> </ul> </li></ul>
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> <li>• Area: Child labour in the supply chain</li> <li>• Headline: H&amp;M is under fire for contracting with factories that allegedly violated child-labour laws.</li> <li>• Sources: H&amp;M factories in Myanmar employed 14-year-old workers -The Guardian - 21/08/2016 - <a href="http://theguardian.com">theguardian.com</a> <a href="http://humanrightsinbusiness.eu">humanrightsinbusiness.eu</a> H&amp;M's Factories In Myanmar Employ Workers As Young As 14 - Refinery 29 - 21/08/2016 H&amp;M reportedly used garment factories that worked teens for 12-hour shifts - Quartz - 22/08/2016 6</li> <li>• Allegation: In 2016 a book ('Modeslavar' or 'Fashion Slaves') written by two Swedish writers described how two factories in Myanmar had workers as young as 14 working for more than 12 hours a day making clothes. The two authors met with 15-year-old girls who said they were made to work 12-hour days for the lowest minimum wage in the world (about \$3 a day). Their hours are in breach of Myanmar's laws, as well as the rules set by the International Labour Organization, which sets the minimum age at 14 in countries "where the economy and educational facilities are insufficiently developed."</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(3).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: The company has acknowledged the issue and stated: "It is of utmost importance to us that our products are made under good working conditions and with consideration to safety, health and the environment. We have therefore taken action regarding two suppliers in Myanmar which have had problems with ID-cards and overtime. Any overtime must be in accordance with legislation as well as our own demands, this is particularly important when it comes to the age group 14-18. If a supplier doesn't live up to our standards or national legislation we in accordance with our routines demand that the supplier immediately establishes an action plan, which has been done also in this case. One of the measures concerning the two suppliers in question is improved recruitment routines, which has resulted in improved handling of ID-cards".</li> </ul> <p>However, it said in a statement: " When 14 to 18-year-olds are working it is therefore not a case of child labour, according to international labour laws. ILO instead stresses the importance of not excluding this age group from work in Myanmar. H&amp;M does of course not tolerate child labour in any form."</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(3).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company is a signatory to the UNGC and is 'committed to the guidelines developed' by it. The Company has made public an agreement signed between H&amp;M and the Union Network International where it states that it is part of the Company's corporate policy to ban child labour and all types of discrimination in all H&amp;M's workplaces. This commitment extends to its suppliers and their subcontractors.</li> </ul> <p>The Company states the following steps in relation to suppliers: 'Ordinary working hours must not exceed the legal limit and shall never exceed 48 hour per week. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week. In addition, the Company looks 'to children's and women's rights as outlined in the United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of Discrimination against Women.'</p> <p>In addition, the Company states in its Business Partners' Sustainability commitment the following: 'Our approach is based on upholding ILO Conventions 138 and 182, ILO Recommendations 146 and 190, United Nations Convention on the Rights of the Child, The Children's Rights and Business Principles'</p>
E(3).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Met: Has reviewed management systems to prevent recurrence: H&amp;M said: "It is of utmost importance to us that our products are made under good working conditions and with consideration to safety, health and the environment. We have therefore taken action regarding two suppliers in Myanmar which have had problems with ID-cards and overtime. Any overtime must be in accordance with legislation as well as our own demands, this is particularly important when it comes to the age group 14-18. If a supplier doesn't live up to our standards or national legislation we in accordance with our routines demand that the supplier immediately establishes an action plan, which has been done also in this case. One of the measures concerning the two suppliers in question is improved recruitment routines, which has resulted in improved handling of ID-cards."</li> </ul> <p>However, it also said in a statement: "When 14-to-18-year-olds are working it is therefore not a case of child labour, according to international labour laws. ILO instead stresses the importance of not excluding this age group from work in Myanmar. H&amp;M does of course not tolerate child labour in any form."</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Met: Has improved systems and engaged affected stakeholders</li> </ul>
E(4).0	Serious allegation No 4		<ul style="list-style-type: none"> <li>• Area: Excessive overtime in supply chain</li> <li>• Headline: Workers at suppliers for H&amp;M, Zara and Gap were allegedly abused.</li> <li>• Sources: Zara, H&amp;M, Gap Suppliers Abuse Chinese Workers: Report - The News Lens - 21/07/2016; Reality Behind Brands' CSR Hypocrisy: An Investigative Report</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>on China Suppliers of ZARA, H&amp;M, and GAP - SACOM Website - 19/07/2016- <a href="http://sacom.hk">sacom.hk</a> China: SACOM report finds workers at suppliers for Zara, H&amp;M &amp; Gap allegedly abused, calls on companies to improve working hours, wages &amp; right to organise - Business &amp; Human Rights Resources Center - 18/07/2016: <a href="http://business-humanrights.org">business-humanrights.org</a></p> <ul style="list-style-type: none"> <li>Allegation: A report published in 2016 by Students and Scholars Against Corporate Misbehavior (SACOM) alleged that workers at suppliers for Gap, H&amp;M and Zara were forced to work excessive hours to meet unreasonably tight delivery schedules. SACOM conducted undercover investigations inside four factories belonging to suppliers of GAP, H&amp;M, and Zara in China. SACOM claimed to have found a considerable disparity between the brands' supplier factory CSR policies and the reality in their Chinese suppliers' factories.</li> </ul> <p>SACOM also claimed that while the brands required their supplier factories to pay wages which can meet workers' basic financial needs, its investigation found wages were meagre. The investigation also uncovered that workers in some factories were exposed to toxic chemicals, cotton dust and other hazardous dusts without protective gear, and that worker representation in collective bargaining situations was poor.</p>
E(4).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Public response available</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Response goes into detail: The Company indicated it "has been addressing these issues for years and has put great effort in the sourcing countries to improve working conditions and strengthen workers' rights. There are still challenges, but we can see that the work we do makes a difference. In China, we have a team of around 40 people dedicated to driving our sustainability programs together with other business functions in the country and our global sustainability organisation. Thanks to our strong local presence we are well aware of the challenges raised in the report, including issues with transparency. We believe in long- term relationships with our business partners and we believe in supporting them to handle challenges common to the industry. Transparency is a fundamental requirement in all our business relationships. Our team frequently visit the factories, also on an unannounced basis, and regularly conduct interviews with the workers.</li> </ul> <p>We agree that improvement in workers' ability to negotiate and collective bargaining is key to drive sustainable improvements in the industry, which is why we have initiated several programs to support functional worker representation in our suppliers' factories (democratically elected workers participating committees or trade unions) in China in order to strengthen workers right to collective bargaining and wage negotiations. H&amp;M is since 2013 running a Social Dialogue project in China supporting our Fair Living Wage Strategy. The goal is that all our strategic suppliers should have democratically elected workers representatives in place.</p> <p>The issue of overtime is one of the most common challenges throughout the textile industry and H&amp;M has raised and addressed the issue for many years. We are taking measures aiming to help factories reduce overtime such as constantly improving our purchasing planning tools to reduce production peaks and thereby help our suppliers to better plan their capacity and reduce over time.</p> <p>The employees in the textile industry must be able to earn a fair living wage. In 2013 we launched our Fair Living Wage Strategy, which is an important contribution to the work towards fairer pay in the textile industry. Our strategy initially focuses on the suppliers we work with, but long-term we want to see change throughout the industry; all employees at textile factories, regardless of who is the buyer, should earn a fair living wage. Transparent wage setting, where the workers should be able to understand how the wages are calculated, is an important aspect of this work. During 2015 the Fair Wage Method was rolled out at strategic suppliers (i.e.. the ones we buy most from) in China. We expect to see the first results during this year which is also when the project will be scaled up further".?</p> <p>The company sent a detailed report to the Business &amp; Human Rights Resource Center where it clarifies it position on the case.</p>
E(4).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Company policies address the general issues raised</li> <li>Met: Policies apply to the type of business relationships involved</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company has a full policy on working hours for suppliers.</li> </ul> <p>The Company updated its Code of Conduct for suppliers and business partners in February 2016 and replaced it with its Sustainability Commitment. Signing the Sustainability Commitment is mandatory for any supplier or business partner before entering a business relationship with the Company. With regards to working hours, the Commitment states: 'employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every seven day period. The total hours in any seven day period shall not exceed 60 hours. Overtime shall be voluntary, not exceed 12 hours per week and shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.'</p>
E(4).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Met: Has reviewed management systems to prevent recurrence: The company has voluntarily taken specific corrective actions. H&amp;M has indicated that: "In China, we have a team of around 40 people dedicated to driving our sustainability programs together with other business functions in the country and our global sustainability organisation. (...) Our team frequently visit the factories, also on an unannounced basis, and regularly conduct interviews with the workers. We agree that improvement in workers' ability to negotiate and collective bargaining is key to drive sustainable improvements in the industry, which is why we have initiated several programs to support functional worker representation in our suppliers' factories (democratically elected workers participating committees or trade unions) in China in order to strengthen workers right to collective bargaining and wage negotiations. H&amp;M is since 2013 running a Social Dialogue project in China supporting our Fair Living Wage Strategy. The goal is that all our strategic suppliers should have democratically elected workers representatives in place". H&amp;M also reports: "We have therefore taken action regarding two suppliers in Myanmar which have had problems with ID-cards and overtime".</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Met: Has improved systems and engaged affected stakeholders</li> </ul>
E(5).0	Serious allegation No 5		<ul style="list-style-type: none"> <li>• Area: Discrimination</li> <li>• Headline: H&amp;M accused of violations of international labor standards and discrimination against pregnant women</li> <li>• Sources: The Women Who Make H&amp;M's Clothes Are Fired For Getting Pregnant' - Broadly Vice, 24/05/2016 - <a href="http://broadly.vice.com">broadly.vice.com</a> Precarious work in the H&amp;M Global Value Supply Chain and Asia Floor Wage report - <a href="http://asia.floorwage.org">asia.floorwage.org</a> A web of terror, insecurity, and a high level of vulnerability: H&amp;M, Gap, and Walmart are accused of widespread worker abuse' - Quartz - 31/05/2016. WATCH: Garment Workers Fired in Cambodia for Being Pregnant' - Huff Post - 12/05/2015</li> <li>• Allegation: In 2016 a report by the Asia Floor Wage Alliance surveying 251 garment workers in Cambodia and India at factories supplying Hennes &amp; Mauritz alleged violations of international labour rights and discrimination against pregnant women. It claimed pregnant women were fired or pushed to quit their job because of their pregnancy. Moreover, their bosses refuse to renew their contracts, prompting them to seek abortions on the black market. According to the report, other violations include sexual harassment, unsafe working conditions and unhealthy work schedules. In addition, many employees have temporary contracts and are threatened with dismissal if they attempted to unionise or raise a grievance. The report was picked up by the online media, including Broadly, a website and digital video channel devoted to women.</li> </ul>
E(5).1	The Company has responded publicly to the allegation	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Public response available: As far as CHRB was able to ascertain, the Company has not responded publicly to the allegation.</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(5).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company is a signatory to the UNGC and is 'committed to the guidelines developed' by it. The Company has made public an agreement signed between H&amp;M and the Union Network International where it states that it is part of the Company's corporate policy to ban child labour and all types of discrimination in all H&amp;M's workplaces. This commitment extends to its suppliers and their subcontractors.</li> </ul>
E(5).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Not met: Has reviewed management systems to prevent recurrence</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>
E(6).0	Serious allegation No 6		<ul style="list-style-type: none"> <li>• Area: H&amp;S</li> <li>• Headline: H&amp;M factory catches fire in Bangladesh</li> <li>• Sources: <a href="http://huffingtonpost.ca">huffingtonpost.ca</a> <a href="http://cleanclothes.org">cleanclothes.org</a> <a href="http://qz.com">qz.com</a></li> <li>• Allegation: The Matrix Sweater Factory in Bangladesh, which supplies apparel for H&amp;M, caught fire on February 2, 2016, injuring four people. If the fire had begun one hour later, the factory would have been filled with more than 6,000 workers, and the risk of death would have been extreme, according to the Clean Clothes Campaign. The factory, on the eighth floor of a building in Gazipur, burned for almost four hours before it could be contained by firefighters. The same factory caught on fire on January 29th, 2016. The same factory was inspected in May of 2014 by a US-based Alliance for Bangladesh Worker Safety. The inspection found that the factory lacked adequate fire doors, sprinklers, fire alarms, and fire hoses, among other deficiencies.</li> </ul> <p>The February fire occurred just days after the Clean Clothes Campaign, the International Labor Rights Forum, the Maquila Solidarity Network and the Worker Rights Consortium released a report raising concerns about the long delays in safety renovations at supplier factories in Bangladesh.</p>
E(6).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: H&amp;M responded to media articles about the fire, saying in a in an emailed statement to journalists that it was following an industry accord on improving safety standards closely, and was in "close dialogue with the suppliers and are following up on the work that remains to be done".</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(6).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: In 'the H&amp;M way' document, which has been prefaced by the CEO, the company states under health and safety at work: 'We want to maintain pleasant and sustainable working environments throughout our operations. This includes ensuring that you as an employee have a safe workplace. H&amp;M takes preventative measures to ensure the long-term safety and good health of our employees. We encourage our employees to report accidents or unsafe working conditions to their manager.'</li> </ul> <p>In addition, the Company also includes a health and safety requirements in the supplier's code of ethics which includes building safety, fire safety, accidents and first aid and working environment.</p>
E(6).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Encourages linked business to engage affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Not met: Has reviewed management systems to prevent recurrence</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(7).0	Serious allegation No 7		<ul style="list-style-type: none"> <li>• Area: Working hours</li> <li>• Headline: SOMO report accuses large clothing brands such as H&amp;M, Gap, VF of having their clothes made in Bangladesh by suppliers where working hours exceed 60 hours a week.</li> <li>• Sources: SOMO Report 'Branded childhood', January 2017 - <a href="http://stopkinderarbeid.nl">stopkinderarbeid.nl</a></li> <li>• Allegation: A 2017 report by the Centre for Research on Multinational Corporations (SOMO) has accused clothing brands such as H&amp;M, Gap and VF of having their clothes made in Bangladesh by suppliers where working hours exceed 60 hours a week. Working weeks exceeding 60 hours were reported at eight factories of companies supplying brands including: C&amp;A, H&amp;M, VF Corporation, Gap and Kmart. Some workers were reportedly being forced to do additional overtime, having to regularly work until midnight and being paid for additional hours separately in cash. Even when overtime payments were included in the wages, not one of the interviewed workers earned a living wage. The average total take-home salary was only a third of what would constitute a living wage.</li> </ul>
E(7).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public response available: The company has responded in general to SOMO's draft report but did not refer to the violations in details</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Response goes into detail</li> </ul>
E(7).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Company policies address the general issues raised</li> <li>• Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Policies address the specific rights in question: The Company is a signatory to the UNGC and is 'committed to the guidelines developed' by it. The Company states the following steps in relation to suppliers: 'Ordinary working hours must not exceed the legal limit and shall never exceed 48 hour per week. Overtime hours must not exceed the numbers allowed by the law of the country. If such limits do not exist, overtime work should not exceed 12 hours per week'.</li> </ul>
E(7).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Engages with affected stakeholders</li> <li>• Not met: Provides remedies to affected stakeholders</li> <li>• Not met: Has reviewed management systems to prevent recurrence</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Remedies are satisfactory to the victims</li> <li>• Not met: Has improved systems and engaged affected stakeholders</li> </ul>

## F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	2.9 out of 4	Out of a total of 40 indicators assessed under sections A-D of the benchmark, Hennes & Mauritz made data public that met one or more elements of the methodology in 29 cases, leading to a disclosure score of 2.9 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Company reports on GRI: The Company publishes a GRI index for 2017 [GRI Index: <a href="http://sustainability.hm.com">sustainability.hm.com</a>]</li> </ul>
F.3	Key, High Quality Disclosures	0 out of 4	<p>Hennes &amp; Mauritz met 0 of the 8 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator.</p> <p>Specificity and use of concrete examples</p> <ul style="list-style-type: none"> <li>• Not met: Score 2 for A.2.2 : Board discussions</li> <li>• Not met: Score 2 for B.1.6 : Monitoring and corrective actions</li> <li>• Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers</li> <li>• Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s)</li> </ul> <p>Discussing challenges openly</p> <ul style="list-style-type: none"> <li>• Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts</li> <li>• Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned</li> </ul> <p>Demonstrating a forward focus</p>

Indicator Code	Indicator name	Score	Explanation
			<ul style="list-style-type: none"> <li>• Not met: Score 2 for A.2.3 : Incentives and performance management</li> <li>• Not met: Score 2 for B.1.2 : Incentives and performance management</li> </ul>

## Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

The Benchmark is made available on the express understanding that it will be used solely for general information purposes. The material contained in the Benchmark should not be construed as relating to accounting, legal, regulatory, tax, research or investment advice and it is not intended to take into account any specific or general investment objectives. The material contained in the Benchmark does not constitute a recommendation to take any action or to buy or sell or otherwise deal with anything or anyone identified or contemplated in the Benchmark. Before acting on anything contained in this material, you should consider whether it is suitable to your particular circumstances and, if necessary, seek professional advice. The material in the Benchmark has been put together solely according to the CHRB methodology and not any other assessment models in operation within any of the project partners or EIRIS Foundation as provider of the analyst team.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.