

Hennes & Mauritz AB

TICKER

OM:HM B

MARKET CAPITALIZATION

US\$29 billion

HEADQUARTERS

Sweden

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Yes](#)
COMMITMENTS
[Yes](#)
OVERALL RANKING

7 out of 43

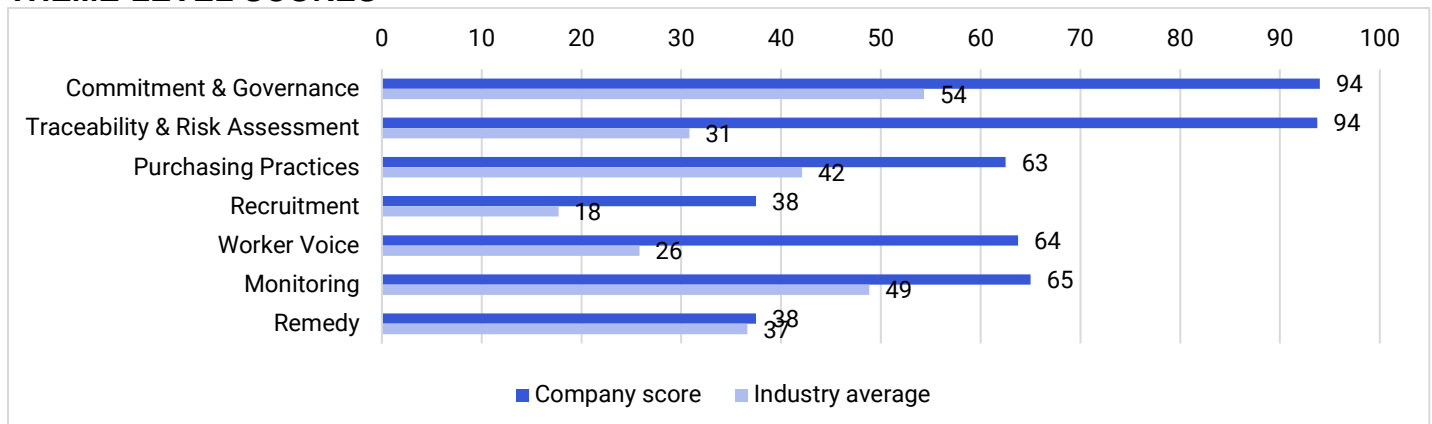
(2016: 3 out of 20)

OVERALL SCORE

65 out of 100

SUMMARY

Hennes & Mauritz AB (H&M), a Sweden-based apparel company with stores in 70 markets and e-commerce in over half of these markets, ranks seventh out of 43 companies. It discloses more information on its forced labor policies and practices than its peers across all themes. Since 2016, the company has taken some additional steps to address forced labor risks in its supply chains. Since 2016, H&M has engaged with additional local stakeholders, such as the Turkish government and NGOs, with the aim to improve refugees' access to work permits. The company also joined the Mekong Club, an industry initiative focused on addressing modern slavery. Further, it conducted training on forced labor for its teams in Cambodia and Vietnam. Notably, H&M commits to training its first- and second-tier suppliers in Vietnam on forced labor going forward. The company has particularly robust disclosure on the themes of Commitment & Governance and Traceability & Risk Assessment. Additional steps H&M could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of Purchasing Practices, Recruitment, and Remedy.

THEME-LEVEL SCORES


LEADING PRACTICES

Traceability: H&M publishes a supplier list, which includes the names and addresses of its first-tier suppliers as well as of some of its second-tier suppliers.

Worker Voice: To implement the Global Framework Agreement with the global trade union IndustriALL, H&M discloses that it has set up National Monitoring Committees in its production countries. These committees are composed of local IndustriALL trade union representatives and H&M representatives. The company also works with unions to collect and address grievances. In addition to requiring suppliers to have grievance mechanisms in place, local trade unions distribute the company's contact details to its suppliers' workers. It notes that any grievances received are followed up by local teams in the country, often in consultation with IndustriALL.

Audit Disclosure: H&M discloses detailed findings on supplier audits, broken down by region and audit questions. The latter include overtime hours, whether workers can freely terminate their employment, worker contracts, and questions relating to freedom of association. For example, H&M discloses that equal employment terms for foreign and migrant workers (compared to local workers) have been achieved for 100% of its suppliers in Southeast Asia, 98% of its suppliers in EMEA, and 99% of its suppliers in the Far East.

NOTABLE FINDINGS

Stakeholder Engagement: H&M discloses that, in cooperation with the International Organization for Migration and Corporate Responsibility for Eliminating Slavery and Trafficking, it conducted forced labor training for its local sustainability and quality teams in Cambodia and Vietnam. It further discloses that, in 2017, it engaged with the Turkish government, UN organizations, NGOs, and other associations to improve refugees' access to work permits. Additionally, the company discloses that it continued its collaboration with the Center for Child Rights and Corporate Social Responsibility to prevent child labor and protect young workers in supplier factories in Myanmar. The company also discloses engaging with the Ethical Trade Initiative's Tamil Nadu multi-stakeholder program, which addresses the risk of exploitative labor practices in Tamil Nadu. The program delivers training to mill workers and managers on their rights and responsibilities, an outreach program that raises awareness within communities in which recruitment takes place, and legislative reform efforts. It has engaged with this initiative for the past five years. H&M further notes that it has joined the Mekong Club, an industry initiative addressing forced labor.

Risk Assessment: H&M discloses that it conducts an annual human rights due diligence process in production markets. It assesses human rights risks and impacts based on the materials used in the company's products, the type of manufacturing that takes place, supplier performance data from the company's Sustainable Impact Partnership Programme, issues raised by stakeholders, and an assessment of the broader context of the country.

Purchasing Practices: H&M states that it keeps track of where each order is manufactured as well as any associated fabric or yarn mills. The company discloses that "unauthorized subcontracting to units not audited and approved by H&M group is strictly forbidden." Further, H&M further discloses that it is a member of ACT (Action, Collaboration, Transformation)—which is based on a Memorandum of Understanding between the company and IndustriALL—and the Better Work program. Both initiatives require the company to adopt responsible purchasing practices. As part of ACT, the company also commits to ensuring that its purchasing practices facilitate the payment of living wages. Additionally, H&M discloses that it is working to raise its suppliers' environmental and social performance through its Sustainable Impact Partnership Programme. The program covers forced labor and awards a sustainability score to each factory. It includes "rewarding high-achieving and ambitious partners with more orders, training opportunities, and long-term contracts."

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company requires its suppliers to sign its sustainability commitment before placing any orders. To strengthen its procedures and to enforce its expectations with its suppliers, the company may consider integrating its supply chain standards addressing forced labor and human trafficking into contracts with its suppliers. Further, while the company assesses risks of forced labor at potential suppliers, it is encouraged to disclose outcomes of this process.

Recruitment: The company may consider developing and disclosing a policy that requires direct employment in its supply chains and that requires employment recruitment agencies and, where relevant, employment agencies in its supply chains to uphold workers' fundamental rights and freedoms. Further, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored and to provide details of how it supports ethical recruitment in its supply chains (for example by using ethical recruitment agencies or supporting the development of ethical recruitment schemes).

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of human trafficking and forced labor and disclosing details on this process, such as timeframes and engagement with affected stakeholders, responsible parties, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[No.](#)