

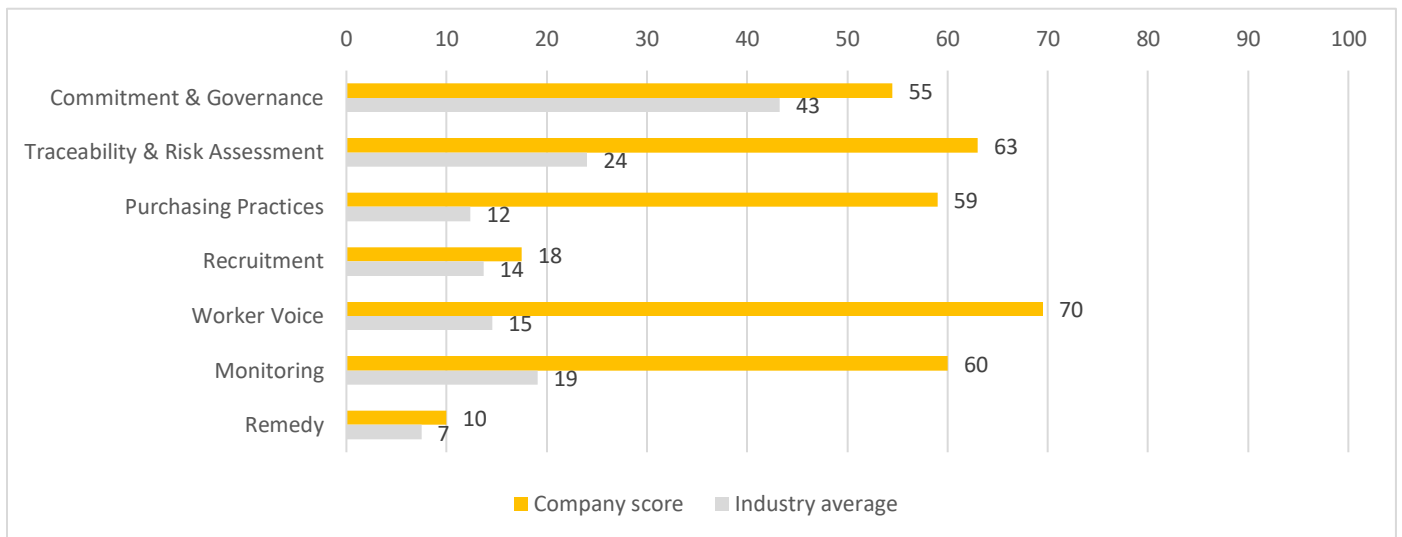
# Hennes & Mauritz AB (H&M)

**TICKER**  
OME:HM.B

**MARKET CAPITALISATION**  
US\$27.83 billion

**HEADQUARTERS**  
Sweden

**DISCLOSURES**
UK Modern Slavery Act: [Yes](#)
California Transparency in Supply Chains Act: [Yes](#)
Australia Modern Slavery Act: [Yes](#)
**OVERALL RANKING**
**4 out of 65**
[2021 Rank:](#) 9 out of 37

**OVERALL SCORE**
**49 out of 100**
**THEME-LEVEL SCORES**

**KEY DATA POINTS**
**FIRST-TIER SUPPLIER LIST**

Yes

**RISK ASSESSMENT**

Yes

**DATA ON PURCHASING PRACTICES**

Yes

**ENGAGED WITH KNOWTHECHAIN<sup>2</sup>**

Yes

**NO-FEE POLICY**

Yes (Employer Pays Principle)

**REMEDY FOR SUPPLY CHAIN WORKERS**
 No

**HIGH-RISK RAW MATERIALS<sup>1</sup>**
 Bamboo, cashmere, cotton, viscose, and others

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## SUMMARY

Hennes & Mauritz AB (H&M), the second-largest apparel retailer in the world,<sup>3</sup> ranks joint 4<sup>th</sup> out of 65 companies. Compared to 2021, the company improved its rank by 5 places. This is because the company signed onto two legally binding labour rights agreements ([Pakistan Accord](#) and the [Dindigul Agreement](#)), joined the [Employment Injury Scheme](#) in Bangladesh, and began disclosing new data related to the percentage of migrant workforce in its supply chains and on its purchasing practices. Notably, H&M is the highest scoring company on the themes of Worker Voice and Purchasing Practices.

However, with a score of 49/100, the company continues to have substantial scope for improvement on its prevention and management of forced labour risks.

KnowTheChain identified two public allegations of forced labour in the company's supply chains. In response to one allegation, H&M discloses acceding to the Dindigul Agreement, which included the implementation, at the supplier in question, of union-led training, policy changes, access to an independent grievance mechanism staffed by external assessors appointed by, among others, union representatives, and worker-led monitoring, as well as publicly reporting on the progress of implementation and outcomes. In response to the second allegation, concerning alleged Uyghur forced labour, the company does not disclose the steps it has taken to address the risks of alleged Uyghur forced labour across raw materials and supply chain tiers.

Additional steps H&M could take to address forced labour risks in its supply chains, include strengthening its disclosure and practices on the themes of Commitment & Governance, Recruitment, and Remedy.

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## LEADING PRACTICES

**Traceability & Supply Chain Transparency:** The company discloses supplier lists including first-tier suppliers for 99% of its products including supplier names, addresses, and product type. H&M also discloses the names and addresses of second-tier mills covering 73% of product volume, and data on women and migrant workers in its supply chains.

**Purchasing Practices:** H&M discloses that it brought down the average time in which suppliers get paid to 15 days and trained almost 500 employees in responsible purchasing practices in 2022. While H&M does not yet disclose ringfencing labour costs during pricing negotiations, it states that 99% of its apparel orders are currently processed using a costing calculation with labour costs itemised. While it does not disclose a robust policy on planning and forecasting, it discloses that for its best-performing suppliers, it plans order capacity as long as three to five years ahead.

**Freedom of Association:** Through its Global Framework Agreement with IndustriALL and IF Metall global unions, aimed at improving supply chain freedom of association, H&M has set up national monitoring committees (NMCs), which include union representatives, in six production countries. The NMCs oversee the implementation of the agreement on the ground, and as they may receive reports from workers as issues arise and intervene, play a role as both an ongoing verifiable monitoring tool and an impartial grievance mechanism. The company is also signatory to legally binding agreements including the Dindigul Agreement, International Accord, and Pakistan Accord.

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## OPPORTUNITIES FOR IMPROVEMENT

**Commitment & Governance:** While the company outlines the internal team and department responsible for the implementation of its supply chain policies addressing forced labour, the company is encouraged to provide and disclose oversight of such policies at the board level, including detail on the forced labour risks and/or topics overseen and discussed by the board.

**Recruitment:** The company discloses a policy that includes the Employer Pays Principle and is encouraged to disclose how it ensures the implementation of this through the prevention of fees in its supply chains, such as through: mapping of migration corridors and labour agencies used by suppliers, specialised monitoring for fees, and evidence of supplier payment of fees to labour agencies directly. To ensure all recruitment fees and related costs are covered by its policy, the company is encouraged to update its policy to ensure administrative costs are included. It may also consider steps to ensure that such fees are reimbursed to the workers and/or to provide evidence of payment of recruitment-related fees by suppliers.

**Remedy:** The company may consider disclosing details on the process it follows to ensure that remedy is provided to workers in its supply chains in cases of forced labour, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers, including with respect to specific allegations in its supply chains.

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<sup>1</sup> For further details on high-risk raw materials and sourcing countries, see KnowTheChain's 2023 apparel & footwear benchmark [findings report](#).

<sup>2</sup> Research conducted through June 2023 or through September 2023, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

<sup>3</sup> Statista (May 2023), "[Sales of major apparel manufacturers and retailers worldwide in the fiscal year 2022](#)." Accessed 5 December 2023.