

H&M Group

GRI Index 2021

DISCLOSURE	NOTES
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GRI 1: Foundation

Statement of use	H&M Group has reported in accordance with the GRI Standards for the period 1 December 2020—30 November 2021.
GRI 1 used	GRI 1: Foundation 2021.
Applicable GRI sector standards	Not currently available.

DISCLOSURE	PAGES IN SUSTAINABILITY DISCLOSURE 2021 (SD) OR ANNUAL AND SUSTAINABILITY REPORT 2021 (ASR)	EXTERNAL ASSURANCE	NOTES AND OMISSIONS
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GRI 2: General Disclosures

2-1 Organizational details	ASR: 43, 88, 116	Yes	
2-2 Entities included in the organization’s sustainability reporting	SD: 70		
2-3 Reporting period, frequency and contact point	ASR: 39 SD: 70		If you have questions, need help locating information, or want to find the latest on our sustainability work including strategy, goals, standards and policies, please contact Laura.Cars@hm.com .
2-4 Restatements of information	ASR: 66 SD: 22-23, 28		

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2-5 External assurance	ASR: 44-45, 53, 106-110 SD: 72-73	Yes	Deloitte has provided limited assurance to specific information in our Sustainability Disclosure this year, and has also assured our <u>Annual and Sustainability Report</u> . Prior to this, EY assured specified information in our Sustainability Report since 2011, and also assured our Annual Report.
2-6 Activities, value chain, and other business relationships	ASR: 17-31 SD: 7, 31, 33, 57, 66		
2-7 Employees	ASR: 55-56, 90 SD: 16, 51-52, 55-56		Partially reported this year (total number and breakdown by gender).
2-8 Workers who are not employees	ASR: 31, 68-69 SD: 57-65		
2-9 Governance structure and composition	ASR: 39-50		
2-10 Nomination and selection of the highest governance body	ASR: 40-44		
2-11 Chair of the highest governance body	ASR: 42, 45		
2-12 Role of the highest governance body in overseeing the management of impacts	ASR: 40, 46-47, 49		
2-13 Delegation of responsibility for managing impacts	ASR: 40, 48, 64		
2-14 Role of the highest governance body in sustainability reporting	See note		Reviewed by all the relevant members of the executive management team and CEO.

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2-15 Conflicts of interest	ASR: 44, 61		
2-16 Communication of critical concerns	ASR: 40, 46-47, 49, 56-59		
2-17 Collective knowledge of the highest governance body	ASR: 46-48		
2-18 Evaluation of the performance of the highest governance body	ASR: 47		
2-19 Remuneration policies	ASR: 42, 46-47, 59-61, 89		
2-20 Process to determine remuneration	ASR: 42, 46-47, 59-61, 89		
2-21 Annual total compensation ratio	ASR: 89		Amounts reported in absolute figures rather than ratio.
2-22 Statement on sustainable development strategy	ASR: 2-3 SD: 4-5		
2-23 Policy commitments	ASR: 31, 39, 43, 46, 49-50, 58, 62, 64-65, 67-68, 70, 86-87, 97 SD: 6		See also our full list of standards, codes and policies .
2-24 Embedding policy commitments	ASR: 30, 39, 49, 64, 70		
2-25 Processes to remediate negative impacts	SD: 49, 55-59, 66-67, 69		

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2-26 Mechanisms for seeking advice and raising concerns	SD: 49, 55, 57, 66-67		
2-27 Compliance with laws and regulations	ASR: 39-41, 49, 58, 70, 72-74 SD: 68		Our supplier factories are measured against the Higg Facility Environmental Module (FEM). We disclose the aggregated score for participating suppliers. Our supplier factories are also measured against the Higg Facility Social & Labor Module (FSLM). We're working with Social & Labor Convergence Program to develop an industry scoring tool for FSLM, which we'll use when it's ready.
2-28 Membership associations	SD: 8-9, 11, 18, 21, 24-27, 34-35, 36, 40, 45, 49-50, 52-54, 57-58, 66, 68		See our full list of collaborations .
2-29 Approach to stakeholder engagement	SD: 10-11	Yes	See also our Stakeholder Engagement Overview .
2-30 Collective bargaining agreements	SD: 16, 55, 58-59		

GRI 3: Material Topics

3-1 Process to determine material topics	SD: 49, 70		See also How We Report and our Material Issues .
3-2 List of material topics	SD: 49, 70-71		See also our Material Issues and Salient Human Rights Issues .
3-3 Management of material topics	See note		See all relevant disclosures below, by topic.

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Topic Standards

GRI 201: Economic performance

3-3 Management approach, 201 ASR: 6, 23, 54-56

Own indicator Sales growth and profitability on an annual basis (in local currencies) ASR: 10-11, 54, 76, 88

GRI 205: Anti-corruption

3-3 Management approach, 205 ASR: 57, 64, 70-71

205-1 Operations assessed for risks related to corruption ASR: 70-71

205-2 Communication and training about anti-corruption policies and procedures ASR: 70-71

205-3 Confirmed incidents of corruption and actions taken ASR: 71
SD: 56, 69 We report total reported incidents of potential non-compliance with our Code of Ethics, which includes reported corruption cases.

GRI 207: Tax

3-3 Management approach, 207 ASR: 46-47, 56, 58-59, 72-74, 76, 79-88, 91-92 See also our [Tax Policy](#).

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207-1 Approach to tax	ASR: 46-47, 56, 58-59, 72-74, 76, 79-88, 91-92		See also our Tax Policy .
207-2 Tax governance, control, and risk management	ASR: 44, 46-47, 56, 58-59, 91		See also our Tax Policy .
207-3 Stakeholder engagement and management of concerns related to tax	ASR: 63		See also our Tax Policy .
207-4 Country-by-country reporting	ASR: 87-88		See also our Tax Policy .
GRI 301: Materials			
3-3 Management approach, 301	SD: 29, 31-32		We have measurable goals for different material types, including cotton, wood-based materials and man-made cellulosic fibres, wool, leather, cashmere and recycled materials. Our Circular Packaging Strategy outlines measurable goals for packaging materials.
301-1 Materials used by weight or volume	SD: 15, 31-35	Yes (limited to cotton and top three recycled materials)	As requested by many of our stakeholders and for comparability reasons, we report our sourcing of more sustainable and/or recycled materials in percent and not by weight or volume.
301-2 Recycled input materials used	SD: 15, 34-35, 44-46		As requested by many of our stakeholders and for comparability reasons, we report our sourcing of more sustainable and/or recycled materials in percent and not by weight or volume.
301-3 Reclaimed products and their packaging materials	SD: 15, 38, 41-46		Includes tonnes of garment collected from customers, previously reported as a separate “own indicator”.
Own indicator Animal welfare	See note		See our Animal Welfare Policy .

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GRI 302: Energy			
3-3 Management approach, 302	SD: 18-21		
302-1 Energy consumption within the organization	SD: 15, 23	Yes	
302-3 Energy intensity	SD: 15, 23	Yes	
302-4 Reduction of energy consumption	SD: 23		
GRI 303: Water and effluents			
3-3 Management approach, 303	SD: 27		
303-1 Interactions with water as a shared resource	SD: 27-28		
303-2 Management of water discharge related impacts	SD: 27-28, 49		
303-3 Water withdrawal	SD: 27-28		Our water strategy includes measurable goals. We report reduction in production water usage in l/kg, l/m and l/pc, but currently do not report the total water withdrawal in megalitres.
303-4 Water discharge	SD: 27-28		We report against the priority substances of concern which are defined in the ZDHC wastewater quality requirements. In 2018, we transitioned to the ZDHC wastewater quality requirements, which are based on a broad consultation process and aligned with our work to achieve <u>zero discharge</u> of hazardous chemicals.

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303-5 Water consumption	SD: 27-28		Our water strategy includes measurable goals. We report reduction in production water usage in l/kg, l/m and l/pc, but currently do not report the total water consumption in megalitres.
Own indicator Percentage of supplier factories in full compliance with wastewater quality requirements (ZDHC)	SD: 27-28		In 2018, we transitioned to the ZDHC wastewater quality requirements, which are based on a broad consultation process and aligned with our work to achieve zero discharge of hazardous chemicals. Prior to that, we reported water quality against the BSR Wastewater guideline.
GRI 304: Biodiversity			
3-3 Management approach, 304	SD: 18, 25		
304-2 Significant impacts of activities, products and services on biodiversity	SD: 25-26		
GRI 305: Emissions			
3-3 Management approach, 305	SD: 18-21		To help us achieve net-zero (as defined by the Science Based Targets initiative's Net-Zero Standard), we introduced a new goal to reduce our absolute scope 1, 2 and 3 emissions by 56% by 2030, from a 2019 baseline.
305-1 Direct (Scope 1) GHG emissions	SD: 15, 21-22	Yes	
305-2 Energy indirect (Scope 2) GHG emissions	SD: 15, 21-22	Yes	
305-3 Other indirect (Scope 3) GHG emissions	SD: 15, 21-22	Yes (limited to transport and garment production)	

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305-4 GHG emissions intensity	SD: 15, 23		We report electricity intensity for our stores, and have an overall absolute emissions reduction goal, rather than reporting emissions intensity.
305-5 Reduction of GHG emissions	SD: 15, 21-22		
GRI 306: Waste			
3-3 Management approach, 306	SD: 18, 29-30, 31, 37, 41, 44-45		
306-1 Waste generation and significant waste-related impacts	SD: 37-38, 41-44		
306-2 Management of significant waste related impacts	SD: 18, 29-30, 31, 37, 41, 44-45		
306-4 Waste diverted from disposal	SD: 15, 34-35, 44-46		As requested by many of our stakeholders and for comparability reasons, we report our reuse and recycling of waste in percent and not by weight or volume.
306-5 Waste directed to disposal	SD: 38		
GRI 308: Supplier environmental assessment			
3-3 Management approach, 308	SD: 66-67		
308-1 New suppliers that were screened using environmental criteria	SD: 66, 68		

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308-2 Negative environmental impacts in the supply chain and actions taken	SD: 68-69		
GRI 401: Employment			
3-3 Management approach, 401	SD: 66-67		
401-1 New employee hires and employee turnover	ASR: 90, 104		
GRI 403: Occupational health and safety			
3-3 Management approach, 403	SD: 55, 57, 66-67		
Own indicator Percentage of supplier factories that underwent additional fire and building safety inspections under the Bangladesh Accord	See note		Last year was our final year reporting coverage of supplier factories under the Bangladesh Accord, following transition of the Accord to a national regulatory body. We played a leading role in negotiations towards the new International Accord for Health and Safety in the Textile and Garment Industry. This agreement between brands and trade unions commits us to upholding the health and safety work already undertaken in Bangladesh and to expand similar country-specific programmes across our supply chain.
GRI 404: Training and education			
3-3 Management approach, 404	SD: 48-50, 55		
404-1 Average hours of training per year per employee	SD: 56		

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404-2 Programs for upgrading employee skills and transition assistance programs	SD: 56		
404-3 Percentage of employees receiving regular performance and career development reviews	SD: 56		<p>Our policy is that all employees should receive such reviews annually.</p> <p>We do no formal audit on this, but we give our employees the opportunity to feed back on a number of things that we know have a strong correlation with employee engagement, including performance and career opportunities. Results for relevant questions in 2021 were as follows:</p> <p>“My manager provides me with feedback that helps me improve my performance.” 68% of employees participating answered favourably (4 or 5 on a 5 grade scale) to this statement.</p> <p>“My career goals can be met at H&M Group.” 57% answered favourably. We saw no significant gender differences.</p>
GRI 405: Diversity and equal opportunity			
3-3 Management approach, 405	SD: 48, 51		
405-1 Diversity of governance bodies and employees	SD: 16, 51		
405-2 Ratio of basic salary and remuneration of women to men	See note		<p>We report on this indicator for the UK market, which indicates a gender pay gap of 2.1%, compared to the <u>country average</u> of 15.5% in 2020. Our most recent data is available as a snapshot of April 5, 2020. Read our 2020 UK <u>Gender Pay Gap Report</u>.</p>
GRI 406: Non-discrimination			
3-3 Management approach, 406	SD: 51		

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406-1 Incidents of discrimination and corrective actions taken	SD: 69		
GRI 407: Freedom of association and collective bargaining			
3-3 Management approach, 407	SD: 48, 55, 57, 58-59		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SD: 58-59, 69		
GRI 408: Child labor			
3-3 Management approach, 408	SD: 49-50, 66-67		
408-1 Operations and suppliers at significant risk for incidents of child labor	SD: 49-50, 69		
GRI 409: Forced or compulsory labor			
3-3 Management approach, 409	SD: 49, 54, 57, 66-67		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	SD: 49, 54, 57, 69		

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GRI 413: Local communities

<p>3-3 Management approach, 413</p>	<p>SD: 51</p>		<p>We have a Community Development Strategy with clear guidelines, applicable for all markets. We continuously support and provide guidance to the markets and central functions throughout implementation of the strategy. We follow up and report on activities annually. All our retail markets have community investment activities running, based on their local context and priorities. We have put the impact measurement of our community investment activities on hold, while we evaluate how to best measure the social impact of our business and sustainability programme overall. Total community investments are aimed at creating shared value and strengthening communities across our value chain, and passing on donations and contributions by H&M Group customers to various charitable causes.</p>
<p>413-1 Operations with local community engagement, impact assessments, and development programs</p>	<p>SD: 8, 16, 52-53</p>		<p>Total community investments are aimed at creating shared value and strengthening communities across our value chain, and passing on donations and contributions by H&M Group customers to various charitable causes.</p> <p>Strategic investments: Investments in strategic partnerships and donations aimed at creating shared value for us as a company, our customers and local communities.</p> <p>Customers: Contributions by H&M Group customers to charitable causes through, for example, cash register round up or other donations.</p>

GRI 414: Supplier social assessment

<p>3-3 Management approach, 414</p>	<p>SD: 66-67</p>		
<p>414-1 New suppliers that were screened using social criteria</p>	<p>SD: 66, 68</p>		
<p>414-2 Negative social impacts in the supply chain and actions taken</p>	<p>SD: 68-69</p>		

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GRI 415: Public policy			
3-3 Management approach, 415	SD: 11		(Note, not a material topic.)
415-1 Political contributions	See note		H&M Group does not provide direct financial contributions to individual politicians or political parties. (Note, not a material topic.)
GRI 416: Customer health and safety			
3-3 Management approach, 416	See note		All of our products are assessed for health and safety improvements, for example in regard to chemical safety. During the Covid-19 pandemic, we prioritised customer health and safety. Our global crisis team coordinated efforts, collaborating with local teams to work with customers as well as colleagues, suppliers, landlords and communities. We cooperated closely with the relevant authorities in all markets.
416-1 Assessment of the health and safety impacts of product and service categories	See note		100% (see management approach above).
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	See note		We recalled two products initiated by regulatory authorities, and one product via a voluntary recall.

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GRI 417: Marketing and labelling			
3-3 Management approach, 417	SD: 8		<p>All of our products are labelled with the legally required information about material composition. Additionally, we provide voluntary information about the country key origin, care instructions and through the Clevercare label aim to inspire conscious garment care.</p> <p>(Note, not a material topic.)</p>
417-1 Requirements for product and service information and labelling	See note		<p>See management approach above.</p> <p>(Note, not a material topic.)</p>
GRI 418: Customer privacy			
3-3 Management approach, 418	See note		<p>H&M Group is committed to protect our customers' and employees' privacy. We have a dedicated data privacy team in place and have mature systems to ensure compliance with the EU General Data Protection Regulation (GDPR). Read more here.</p> <p>(Note, not a material topic.)</p>
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	See note		<p>We had 16 substantiated complaints concerning breaches of customer privacy during 2021. We recognise the growing importance of data privacy to our customers. Protecting personal data and privacy is of greatest concern to H&M Group and we work with the relevant supervisory authority to resolve complaints.</p> <p>(Note, not a material topic.)</p>