

Responsible Raw Material Sourcing Policy

Applies to:	H&M Group
Scope:	The scope of “raw material” includes raw material cultivation and/or extraction
Effective from:	
Last Reviewed/Updated:	28 March, 2022
Owner:	Global Sustainability department
Contact persons:	Madelene Ericsson Ryman, Cecilia Tiblad Berntsson

Our commitment to Responsible raw material sourcing

H&M Group depend on natural resources for a large part of the raw materials used in our products. However, there is an increased pressure on nature globally compromising the health of ecosystems as well as the availability of natural resources associated with livelihoods and wellbeing of people¹. Unsustainable use of natural resources, agricultural expansion, deforestation, and land conversion are also drivers of biodiversity loss and climate change.

We are therefore committed to make sure that our materials are sourced in a responsible way that respect human rights and minimize negative environmental impacts. We also strive to make sure that the natural raw materials used in our products are produced in a way that both contributes to sustainable development, preserves natural resources, and helps maintain and enhance biodiversity.

Respecting human rights

We have committed to operate with respect to human rights as expressed in the [H&M Group Human Rights Policy](#). Our efforts are focused on our salient issues. These are the human rights at risk of the most severe² negative impact on people across our value chain. We regularly review our salient human rights issues with internal and external stakeholders to ensure their relevance and to define priorities. At raw material level we prioritize our efforts on:

- Forced labour and child labour
- Health and safety of workers and communities
- Access to water, with a focus on reducing pollution or excessive use of water
- Land rights.

This does not mean that we do not act on other human rights, but we focus our efforts on the above issues first. We develop adequate measures³ to prevent, mitigate and remedy issues and integrate these into our raw material sourcing strategy.

Furthermore, many of our efforts to reduce negative impacts on the environment or degradation of ecosystems also reduce adverse effects on human rights and livelihoods.

¹ [IISD BRIEF #16 The Sustainable Use of Natural Resources: The Governance Challenge](#)

² The severity of an issue is based on the risk to people informed by scale, scope and irremediability.

³ The adequacy of measure(s) taken to address an issue vary depending on the severity of impact, operational context and how we are connected to an impact.

Protection of natural ecosystems

We are working to reduce our overall dependence on virgin natural resources and are committed to make sure that the virgin resources we do use are sourced in a responsible way. By promoting more sustainable practices, we also want to contribute to long-term positive impacts on the environment. Our efforts on raw materials will continue towards our goal to only source recycled- or other sustainably sourced materials by 2030, and includes:

- A push for more regenerative farming practices that can help restore soil health and biodiversity, reduce climate impact and creating more resilience towards climate change
- Forestry practices that preserve biodiversity, while protecting ancient and endangered forests
- Water stewardship practices that recognize and adapt to the local nature of water resources.

Our approach

Our approach is based on the [OECD Due Diligence Guidelines for Responsible Business Conduct](#) and the [UN Guiding Principle on Business and Human Rights](#). Responsible sourcing of raw materials at H&M Group includes having a risk-based approach with a due diligence system in place to identify, assess and address prioritized environmental and human rights risks and impacts at raw material production level.

This approach, together with our Sustainability ambition and goals, aims to continuously push our industry forward and support the development of more sustainable practices to both reduce sustainability risks as well as help to enhance livelihoods and protect ecosystems.

Risk process and due diligence

All materials are subject to some level of risk analysis to evaluate the severity and likelihood of an adverse impact. For key materials used in our products, we also use independent research and country risk information to develop complete risk profiles. This allows us to prioritize and focus our efforts accordingly. When the likelihood and severity of an adverse impact is high our due diligence will be more extensive.

Due diligence should also be adapted to the nature of the adverse impact, how we are connected, operational context and involve tailored risk mitigation approaches.

General requirements

To comply with this policy, we need all relevant information about the raw materials used in our products. This is required and will also help us to prioritize in regard to due diligence and risk mitigation procedures. As a minimum, we need to know:

- Country of origin (when possible, region of origin)
- Volume
- Species (for natural materials) and the species verified as not *vulnerable or endangered*⁴
- For some materials, we require additional proof of legality – documentation that can strengthen that the raw material has been legally sourced
- For some materials we also require the material to be sourced through specific certification schemes to mitigate possible sustainability risks.

For more specific material requirements, please see the document *H&M GROUP Raw Material Specific Requirements*.

Responsibilities

⁴ As defined by CITES (Convention on International Trade in Endangered Species), and the IUCN (International Union for Conservation of Nature) Red list of Critically endangered; Endangered; or Vulnerable listed species.

Internal responsibilities for Policy implementation

1. All business functions working directly with the product and supplier, and/or with the relevant materials in Production are responsible for:
 - Collecting all relevant documents required from our suppliers
Conducting due diligence based upon the level of social and environmental risks associated with the specific raw material production, and/or country of origin, as well as volume
 - Creating adequate action plans when risks are being associated any of the above
 - Setting material specific goals and follow-up on progress towards these goals
 - Supplier trainings related to this policy
 - Establishing processes to track and communicate progress of this policy
 - Assessing and investigating any potential policy breaches of this policy.
2. Global Sustainability department is responsible for:
 - Review and update this policy
 - Providing internal support and direction in line with this policy
 - Engaging and consulting with external stakeholders on policy matters.

Suppliers

Signing our [Sustainability Commitment](#) is mandatory for any supplier or business partner before entering a business relationship with H&M Group. This policy is an extension of our Sustainability Commitment and covers the raw material stage in our value chain.

We expect that our suppliers:

- Make sure that our requirements on raw materials is being communicated to any sub-suppliers and sub-contractors related to our production
- Can provide all material specific required information and complete the material specific Product Declaration Form (found on the Supplier Portal) on a product level
- Comply with any certification specific requirements and can provide with all relevant information for the material on time
- Collaborate with us on due diligence as well as sourcing mitigation strategies in line with this policy and across our joint supply chains.

Speak up!

If you would like to raise a concern or you are aware of a suspected breach of H&M Group policies, you should report it immediately to the H&M Group Speak Up! channel which is also available at <https://speakup.hmgroupp.com>