

## H&M GROUP STATEMENT ON XINJIANG

H&M Group is deeply concerned by reports from civil society organisations and media that include accusations of forced labour and discrimination of ethnoreligious minorities in Xinjiang Uyghur Autonomous Region (XUAR).

We strictly prohibit any type of forced labour in our supply chain, regardless of the country or region. If we discover and verify a case of forced labour at a supplier we work with, we will take immediate action and, as an ultimate consequence, look to terminate the business relationship. All our direct suppliers sign our [Sustainability Commitment](#) that clearly states our expectations with regards to forced labour and discrimination linked to religion or ethnicity, for their own operations as well as their supply chains.

With a diverse and global supply chain involving more than 1,700 manufacturing factories around the world employing 1,6 million people, and many more throughout our supply chain, our work to ensure the respect and compliance with international labour standards is continuous. It is our most basic responsibility and essential for our business success. We are committed to respecting human rights and our approach is guided by the UN Guiding Principle on Business and Human Rights and OECD Guidelines for responsible business conduct.

### DUE DILIGENCE

We systematically conduct due diligence which aims to identify and address any risks in our supply chain - from manufacturing to farm level. Feasible and effective due diligence requires collaboration and engagement in a transparent and honest way on company, industry and government levels. H&M Group is a member of the Ethical Trading Initiative (ETI), an alliance of companies, trade unions and NGOs, that promotes respect for workers' rights around the globe, and we look to the analysis and recommendations as outlined in [ETI's position statement](#). Considering the risk of labour rights abuses, and until conditions for credible due diligence are in place in XUAR, steps are taken aligned with ETI's recommendation to reduce exposure.

### XUAR

We do not work with any garment manufacturing factories located in XUAR, and we do not source products from this region. We transparently disclose names and locations of manufacturing factories, mills and yarn producers in our public supplier list and will continue to do so and further accelerate this transparency.

In addition, we have conducted an inquiry at all the garment manufacturing factories we work with in China aiming to ensure that they are not employing workers from XUAR through what is reported on as labour transfer programmes or employment schemes where forced labour is an increased risk. We are also working with experts and other stakeholders to further strengthen our due diligence and address any situation in a responsible way.

XUAR is China's largest cotton growing area, and up until now, our suppliers have sourced cotton from farms connected to BCI in the region. As it has become increasingly difficult to conduct credible due diligence in the region, BCI has decided to suspend licensing of BCI cotton in XUAR. This means that for our production, the suppliers we work with will not source BCI cotton from XUAR. Furthermore, in

collaboration with the industry and supply chain partners, we will continue our work to strengthen the traceability of cotton.

Contrary to the report by Australian Strategic Policy Institute, we have never had a business relationship with a mill owned by the yarn producer Huafu Fashion Co in Anhui province where workers from XUAR allegedly have been employed, nor with their Aksu unit in XUAR. We do, however, have an indirect business relationship with one mill (in Shangyu, Zhejiang province) belonging to Huafu Fashion Co, which supplies some of our suppliers with a specific yarn. While there are no indications for forced labor in the Shangyu mill, we have decided to, until we get more clarity around allegations of forced labour, phase out our indirect business relationship with Huafu Fashion Co, regardless of unit and province, within the next 12 months.