

Fair jobs in our production supply chain

Detailed wage & worker data for 2021¹

In 2021, we monitored the wages paid to workers by our suppliers' factories. In this section, we present this data for the first nine months of the calendar year. Our commitment is to contribute to the full enforcement of statutory minimum wages and the wage levels agreed through collective bargaining, while at the same time supporting an increase of wages over time.

Because national responses to Covid-19 continued to impact wage trends differently, we continue to present data country by country. We also present available data about the number of workers employed in suppliers' factories for the first nine months of the year, to show the ongoing impact of job disruptions caused by Covid-19.

We share data for nine months rather than the full year as we collect the data directly from suppliers and the most recent data is in the process of being verified at the time of reporting.



1) Worker data covers workers at manufacturing (tier 1) factories for all commercial product types that have shared complete worker datapoints with H&M Group for the equivalent months in 2021 and 2020.

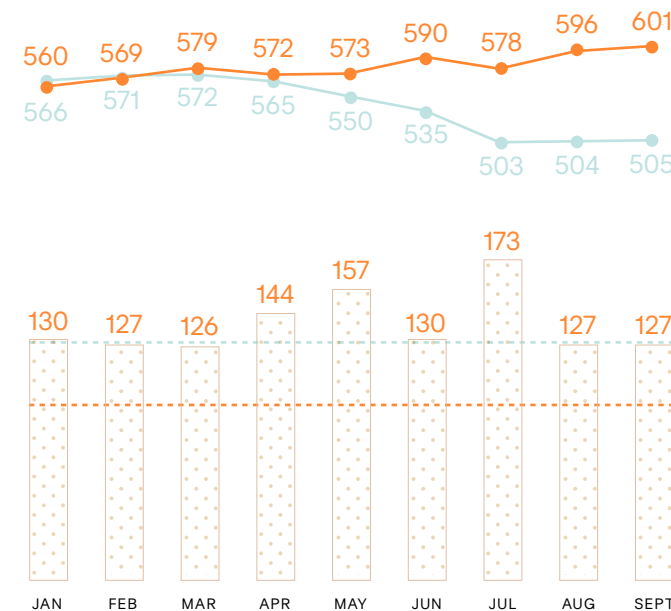
Bangladesh

The number of workers and gross average wages increased compared to 2020. The increase in worker numbers was largely due to an increase in orders following the 2020 decline in the wake of the Covid-19 pandemic.

The uptick in orders also supported the increase in gross average wages paid during the first nine months of the year, compared to 2020. There was

a brief period of factory closure in July as part of Government measures in response to Covid-19, but this did not have a significant impact on worker wages.

The next national minimum wage revision in Bangladesh is due in 2023. In 2021, the national standard 5% annual wage increment was implemented for workers who had been working for a supplier company for more than a year.



Average number of workers (thousands) AT SUPPLIER FACTORIES IN BANGLADESH FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020

— 2021
— 2020

Gross average wages (USD) AT SUPPLIER FACTORIES IN BANGLADESH FOR THE FIRST NINE MONTHS OF 2021

--- Average gross wage (2020)
--- Minimum wage (2021)

Fair jobs in our production supply chain

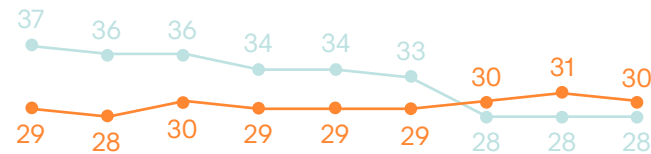
Cambodia

In response to Covid-19, the Government imposed a city lockdown from mid-April to May 2021, impacting more than 40% of the H&M Group supply chain in Cambodia. Legally, employers were not required to pay workers during this period, although the Government encouraged factories to negotiate with workers and pay workers per their agreed amount. Despite these challenges, gross average wage was consistently above the minimum wage.

the previous year during the first nine months of 2021. This was also enabled by the high vaccination rate in Cambodia, which allowed stability of operation.

The Government continued to implement a directive in which workers suspended due to supply chain issue received USD 30 per month from the employer and an additional USD 40 per month from the Government. The latter amount is not included in the data below, as transfers were made directly to workers and cannot be verified.

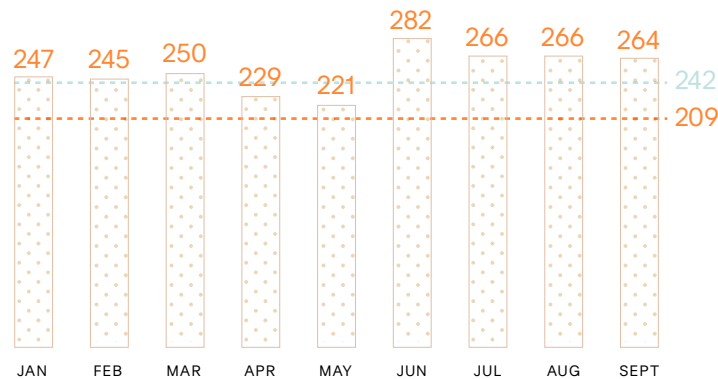
As the industry recovered, the total number of workers grew to surpass the number of workers



Average number of workers (thousands)

AT SUPPLIER FACTORIES IN CAMBODIA FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020

— 2021
— 2020



Gross average wages (USD)

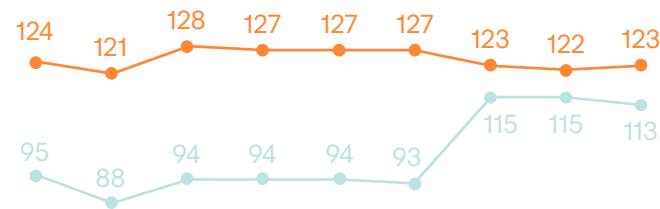
AT SUPPLIER FACTORIES IN CAMBODIA FOR THE FIRST NINE MONTHS OF 2021

--- Average gross wage (2020)
--- Minimum wage (2021)

Mainland China

Compared to 2020, the situation for factories improved due to a lessening impact from Covid-19. Gross average wages increased over the first nine months of the year, consistently above the minimum wage, and higher than in 2020. There was a dip in wage in February as a result of the annual Chinese New Year Holiday.

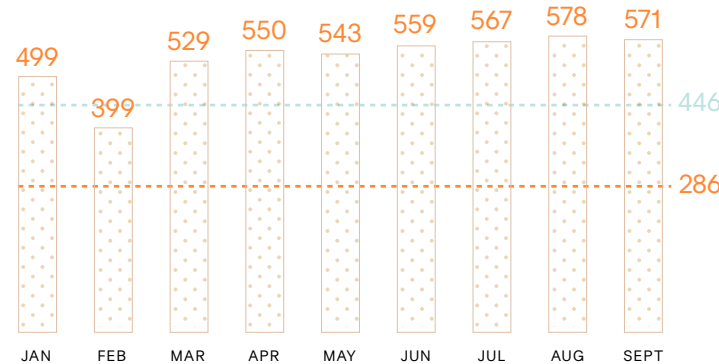
Average worker numbers increased compared to 2020, with a slight decrease in February partially due to the Chinese New Year Holiday (a trend seen every year). Overall, total employment levels followed normal fluctuations in business patterns.



Average number of workers (thousands)

AT SUPPLIER FACTORIES IN MAINLAND CHINA FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020

— 2021
— 2020



Gross average wages (USD)

AT SUPPLIER FACTORIES IN MAINLAND CHINA FOR THE FIRST NINE MONTHS OF 2021

--- Average gross wage (2020)
--- Minimum wage (2021)

Fair jobs in our production supply chain

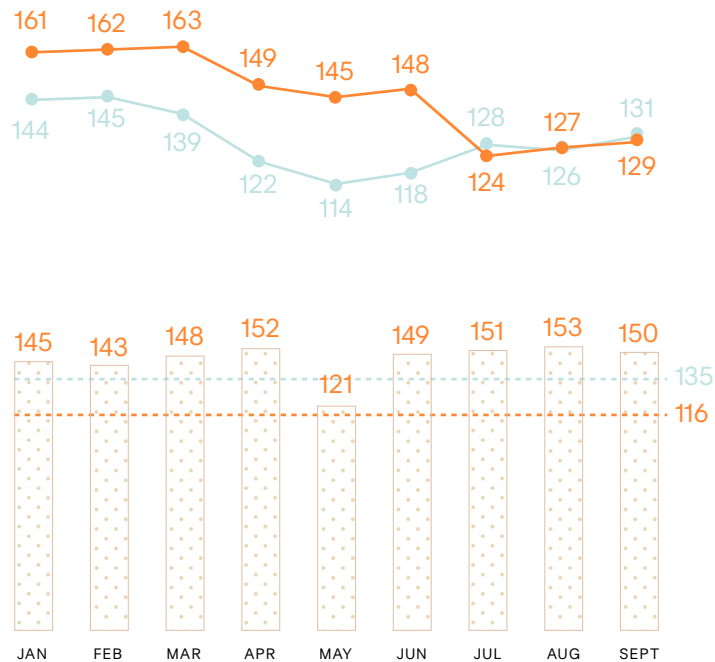
India

In response to Covid-19, the Government introduced full lockdown in some Southern India states in May and June, with impact felt on gross average wages in May in particular. Most factories remained fully operational during the first nine months of the year, and average gross wages overall improved compared to 2020.

However, in the state of Karnataka, wages did not increase as payments of the Variable Dearness

Allowance (VDA) — one of two components of minimum wage — was deferred by the state Government. The postponement of the VDA has since then been revoked by Karnataka High Court and manufacturers have agreed to pay VDA in arrears since April 2020 to January 2022, and pay at increased rates going forward.

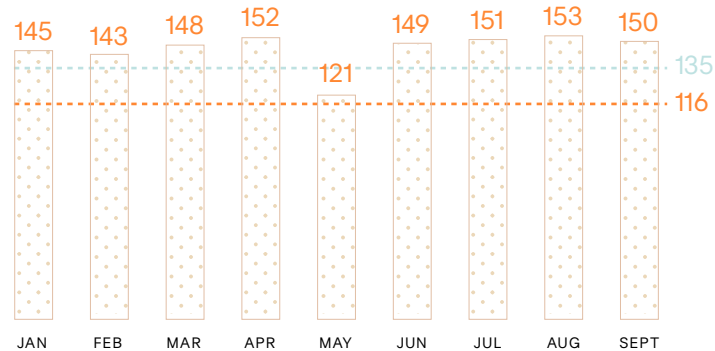
Employment levels rebounded and remained relatively stable this year, following the decline in 2020.



Average number of workers (thousands)

AT SUPPLIER FACTORIES IN INDIA FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020

— 2021
— 2020



Gross average wages (USD)

AT SUPPLIER FACTORIES IN INDIA FOR THE FIRST NINE MONTHS OF 2021

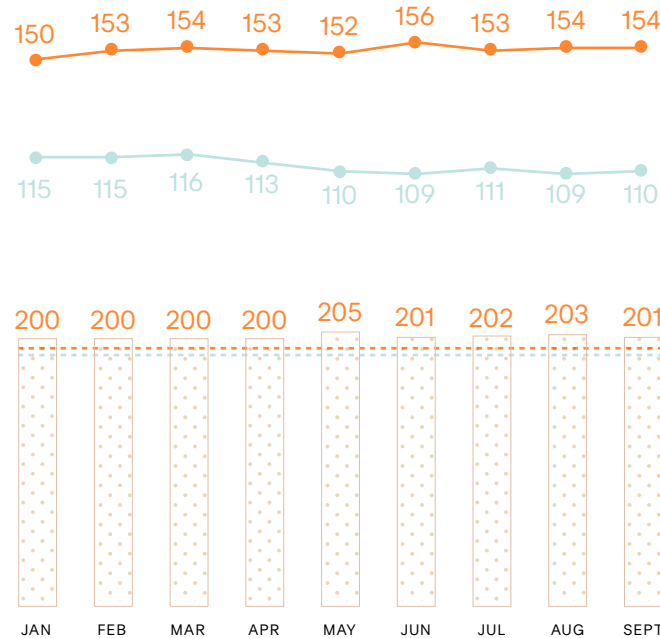
--- Average gross wage (2020)
--- Minimum wage (2021)

Indonesia

Amidst the second wave of Covid-19, the supply chain situation in Indonesia remained relatively stable. At the beginning of the year, 85% of facilities maintained full operation, with 15% in partial operation. The recovery process continued throughout the year, with full operation increasing to 97%. No factories in the H&M Group supply chain were fully closed in 2021.

Gross average wages show a consistent and increased development for the first nine months of 2021. Overall, wages remained in line with local minimum wage regulations, which are formed at the regional level.

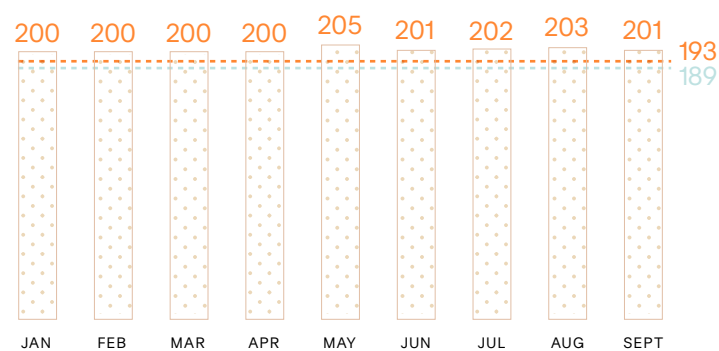
Compared to 2020, the number of employed workers increased significantly and remained consistent for the first nine months of the year.



Average number of workers (thousands)

AT SUPPLIER FACTORIES IN INDONESIA FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020

— 2021
— 2020



Gross average wages (USD)

AT SUPPLIER FACTORIES IN INDONESIA FOR THE FIRST NINE MONTHS OF 2021

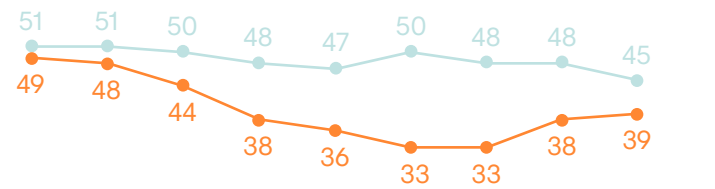
--- Average gross wage (2020)
--- Minimum wage (2021)

Fair jobs in our production supply chain

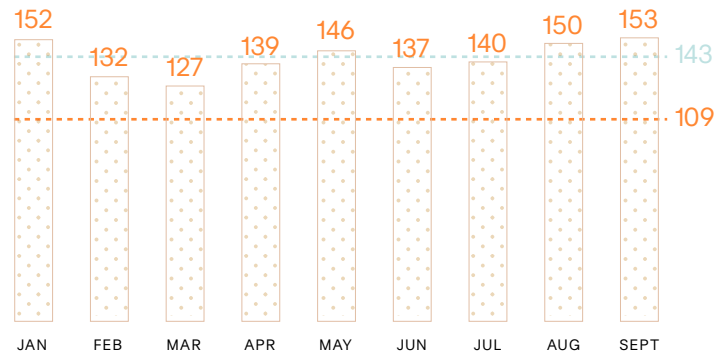
Myanmar

The current situation in Myanmar remains uncertain and has, together with the third wave of Covid-19, impacted factories and workers throughout the year. The worker attendance rate was significantly impacted at the beginning of the year as a direct consequence of the coup on 1 February 2021, with an accompanying negative effect on the gross average wage.

Despite the impact on factory operations, wage levels remained above the minimum wage. Worker attendance recovered to some extent at the end of the year, but still stayed below the 2020 monthly average.



Average number of workers (thousands)
AT SUPPLIER FACTORIES IN MYANMAR FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020



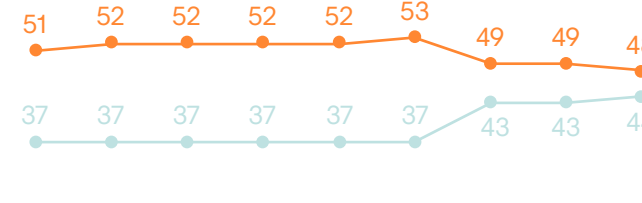
Gross average wages (USD)
AT SUPPLIER FACTORIES IN MYANMAR FOR THE FIRST NINE MONTHS OF 2021

Turkey

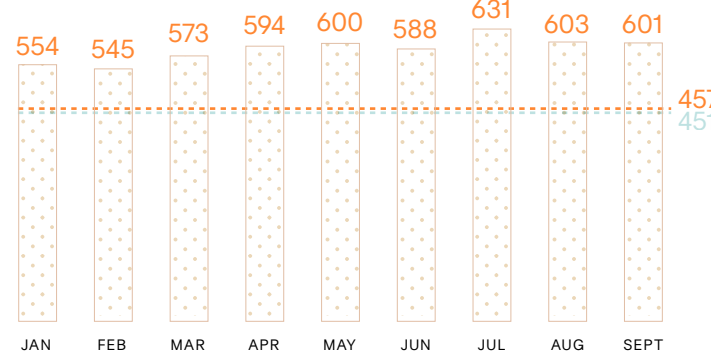
Because of Covid-19, approximately 85% of the factories in the H&M Group supply chain reported not working at full capacity between January and June. Workers in factories affected by Covid-19 benefited from Government subsidies, defined by each worker's specific circumstances. By June, Government subsidies ended, and workers were paid fully by facilities even in cases where the factories were only partially operational. This had a slight negative effect on average wage levels during the first six months of the year.

Overall, average gross wages for the first nine months of the year improved significantly compared to 2020. The year-on-year average wage for the first six months increased by more than 29%.

The total number of workers rose compared to 2020 and remained at a steady level during the first nine months of the year, despite the impact of Covid-19. A moderate decrease was noted from July onward, following the end of the ban on dismissal of workers introduced by the Government during the peak period of Covid-19.



Average number of workers (thousands)
AT SUPPLIER FACTORIES IN TURKEY FOR THE FIRST NINE MONTHS OF 2021, COMPARED TO 2020



Gross average wages (USD)
AT SUPPLIER FACTORIES IN TURKEY FOR THE FIRST NINE MONTHS OF 2021