



**EQUALITY AND EMPOWERMENT:
CREATING THE FUTURE WE WANT TO SEE**

COS

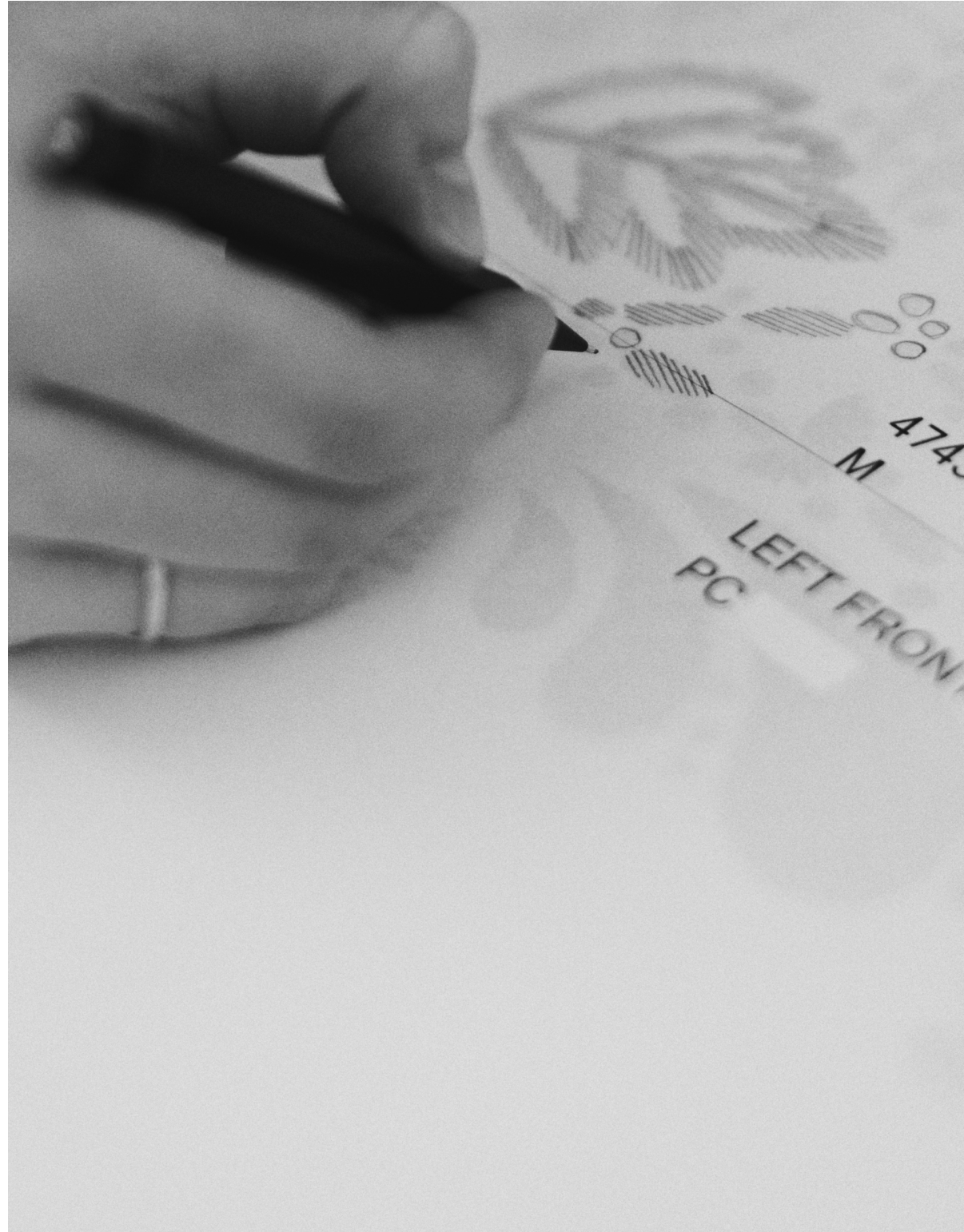


“At COS, we know that having proper employment is one of the most important means for women’s empowerment and independence – so we have a responsibility to create a working environment that is fair, safe, and representative. We are constantly working closely with our suppliers to improve their sustainability performance through training and capacity building and are proud of the significant progress made, as detailed in this report.

But we acknowledge that there is still work to be done to create even further impact. Our 2030 ambitions will push us towards creating the future we want to see.”

MANDA WENGER DROTT, HEAD OF PRODUCTION at COS reflects on progress made in 2022 to create a gender equal supply chain.

INTRODUCTION



COS stands for equality and empowerment.

With almost 64% of the workers* in the factories in our supply chain being women, we have a responsibility to ensure that they are safe, healthy, and empowered in their everyday workplace.

We are working on four strategic pillars to reach our ambition to achieve gender equality in our supply chain: health and safety, career and development, equal pay, and representation. These focuses are aligned with H&M Group's gender equality strategy which was developed together with Plan International in 2020.

Here is the progress we have made so far, as well as the actions we still need to take to create the equal future we want to see.

OUR PROGRESS

2022 Key Highlights



WOMEN ARE SAFE

Over 6,000 workers participated in anti-gender-based violence programs, in 9 COS supplier units globally.

A safer transport initiative for women in a Türkiye supplier meant over 500 female workers had access to a more secure transport and a safer commute to and from work.

Training was conducted, in collaboration with trade union federation IndustriAll, to ensure COS production supply chain staff know how to detect, prevent, and take action against gender-based violence.

WOMEN CAN INFLUENCE

400 workers have been trained in social dialogue to better understand how to raise their voice in forums.

Our strategic supplier Unlu in Türkiye has implemented a barcode system for workers to give feedback and report grievances.

WOMEN HAVE EQUAL PAY

An additional 11 COS supplier factories in 4 markets were enrolled in the H&M Group wage management system.

100% of COS supplier units in Bangladesh and Türkiye pay out wages directly, giving women workers greater control of their finances.

Global pay gap research was conducted on the H&M Group supply chain to help us further develop our gender equality strategies. Group worked with wages expert Professor Raymond Robertson to update and improve our supplier wage survey and further understand the skill and compensation levels of all workers.

WOMEN CAN ADVANCE

Nine COS supplier factories worked on succession planning to proactively identify and upskill talent – impacting 2,600 workers.

One of our key suppliers in Türkiye, Pameks, worked with the Ministry of Education to develop and run a supervisory skills training programme. 512 hours of training took place in 2022.

WOMEN ARE SAFE

+3%

Access to external aid is improved by 3% versus last year, with 91% of all COS supplier factories providing access to external aid.

WOMEN HAVE EQUAL PAY

-8.4%

The gender pay gap in the COS supply chain is -8.4% – the same versus the previous year (-8.4%).

WOMEN CAN INFLUENCE

+4%

The gender gap in our worker representation forums has now reached zero – an improvement of 4% versus the previous year.

WOMEN CAN ADVANCE

+5%

The gender gap in supervisor roles is -10% – an improvement of +5% versus the previous year.



LEARNINGS AND FUTURE FOCUS

Actions For 2023 and Beyond



WOMEN ARE SAFE

Continue our work of building up awareness capital on gender-based violence by developing a gender-based violence guideline to support suppliers on how to detect, prevent and handle gender-based violence in their factories. The guideline will be rolled out to all H&M Group suppliers in late 2023.

Create better measurements of functional grievance systems to help track improvement.

Advocate for improvements within the industry audit tool SLCP, to cover data on safe commuting and safe spaces at work.

WOMEN CAN INFLUENCE

Conduct workers surveys to evaluate the impact of social dialogue training and ensure worker satisfaction with the training.

Improve the functionality of the worker committees to ensure they have sufficient competence and the required capacity to receive and handle suggestions and grievances.

Scale up worker voice surveys to cover more COS units by 2023.

WOMEN HAVE EQUAL PAY

Continue to address the gender pay gap through expansion of fair recruitment systems – this will cover discrimination in pay and ways for women to be upskilled to reach higher paid positions.

Development of strategies to upskill women to higher paid positions based on the outcome of the gender pay gap research.

Enrol more factories into the functional wage management systems.

WOMEN CAN ADVANCE

Enrol COS suppliers in the Mother@ work programme in Bangladesh, focusing on accommodating the needs of working mothers.

Expand women supervisor training throughout 2023, reaching more COS supplier factories.

Launch a SharePoint site for H&M Group suppliers to access assets and information on how to develop their female empowerment plans.

SUPPLIER SPOTLIGHT

Ünlü Tekstil

<p>WOMEN ARE SAFE</p> <p>100% of Ünlü production units provide access to external aid</p>	<p>WOMEN HAVE EQUAL PAY</p> <p>-15% gender pay gap</p>
<p>WOMEN CAN INFLUENCE</p> <p>+1% gender gap in worker representation forums</p>	<p>WOMEN CAN ADVANCE</p> <p>-12% gender gap in supervisor roles</p>

Ünlü Tekstil is one of Türkiye’s leading garment manufacturers and one of COS’ biggest suppliers. The company integrates sustainability through three key pillars: people, planet, and profit. Harnessing happiness amongst its people by promoting gender equal initiatives and uplifting women in the workplace is paramount.

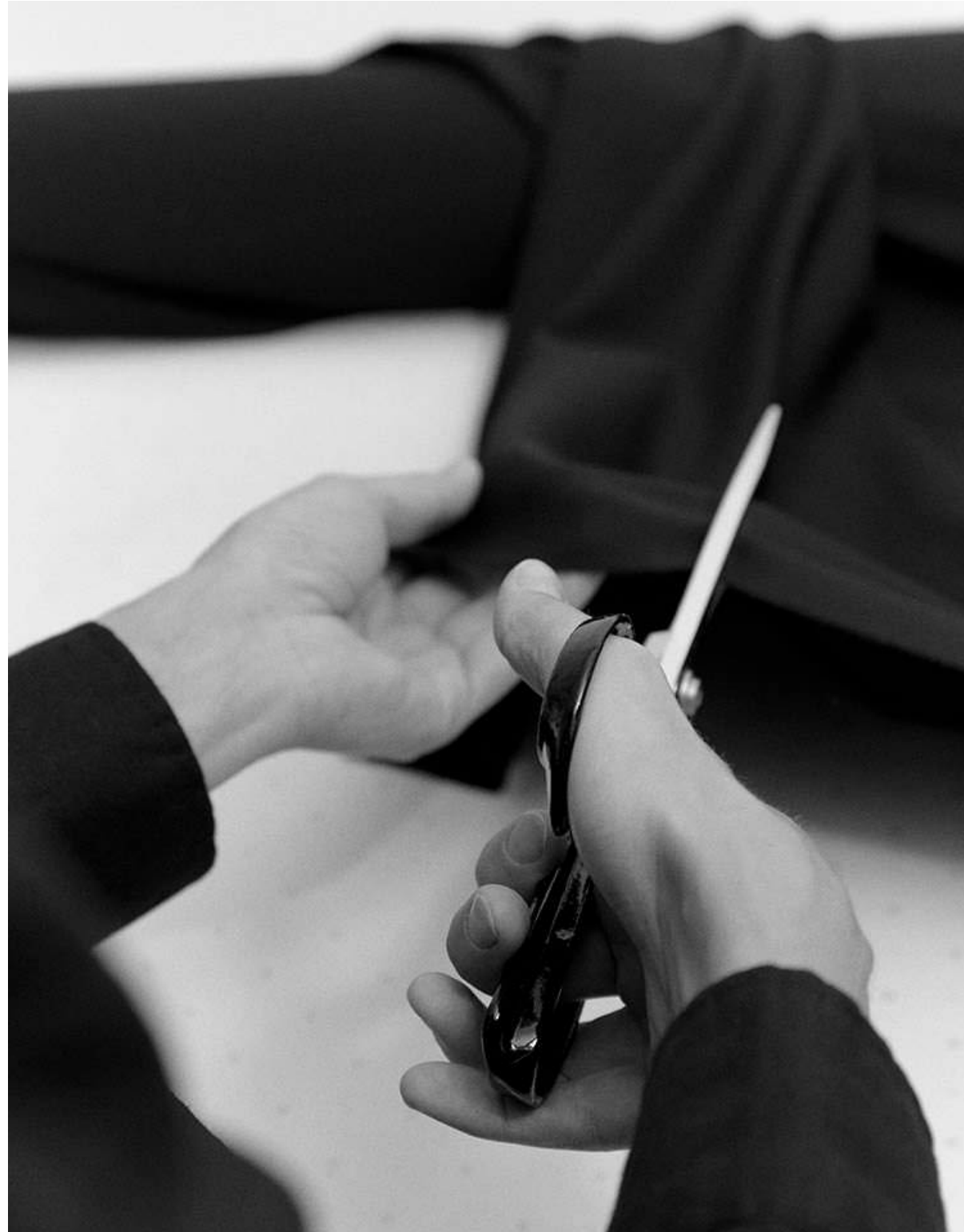
OĞUZ AÇIKGÖZ, GENERAL MANAGER at ÜNLÜ TEKSTİL, spoke about the positive impact of working with COS’ gender equality strategy and initiatives:

“We have created a number of valuable programs in the pursuit of a gender equal supply chain in collaboration with COS, all of which contribute to enabling more female leaders, ensuring equal pay for work of equal value, and achieving equal representation in workers’ forums.

As a general manager of Ünlü, I have seen first-hand the positive benefits of these initiatives. Perhaps most strikingly, an increase in women leaders in production boosted women’s self-confidence and their willingness to compete in male dominated areas, ultimately shifting previously existing biases against women in leadership positions. Having more female role models also inspired other women and girls to set their own career aspirations. Importantly, the programs have dramatically changed the face of our company, adding more diversity to our production management team. We are excited to continue working with COS to achieve gender equality in our factories.”

APPENDIX

Methodology



This report provides progress data for our Tier 1 supply chain (approximately 98 suppliers). All data presented are based on placement up until December 2022 and COS weighted averages of order volume by factory (based on its respective year).

For each key measure we have outlined the rationale for selecting this measurement, and how we have calculated the data presented.

ACCESS TO EXTERNAL AID

This KPI was selected as it secures independent grievance mechanisms which enable workers to raise complaints beyond the factory and resolve conflicts.

Calculated as: % of factories that have access to external aid.

Data is coming from Facility Social Labour Module (FSLM), an industry data collection tool used in the textile industry to audit and collect data on factory performance.

GENDER GAP IN WORKER REPRESENTATION FORUM

This KPI was selected as it enables women workers to have a voice and raise concerns in the committees and forums where the needs of workers are discussed with management.

Calculated as: comparing female worker % of the factory vs women representatives % of the factories' worker representation committee/forum.

GENDER PAY GAP

This KPI compares the average wage of men and women workers and was selected as it provides an indication of issues connected to gender pay gap such as discrimination in pay and women workers' tendency to hold lower paid positions.

Calculated as: deviation in % between male and female average wages on factory level.

GENDER GAP IN SUPERVISOR ROLES

This KPI was selected as it both indicates the ability women have to move upwards in their career at the facility, and also promotes women leadership which has been proven to increase respect towards women among male colleagues.

Calculated as: deviation between % female workers in the factory and % female supervisors in the factory.

CADENCE OF REPORTING

The COS Gender Equality in the Supply Chain Strategy was set in January 2022, focused on creating long-term change. This is the first report outlining progress made and actions for the future, which we will continue to track and share on a regular basis.