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Comments on Labour Behind the Label's report 'Do We Buy It?'

The report raises important issues that H&M is addressing through different project, programs and partnerships. H&M has one of the highest sustainability standards in the textile industry for its suppliers and have for many years put great efforts in the manufacturing countries to improve working conditions and strengthen workers' rights. We are humble about the challenge of long-term change for all the people who make H&M's products. Meanwhile, we are confident that our presence in Cambodia and other producing countries has a positive effect. By being present in the production countries, reach agreements together with manufacturers and evaluate our own part, we can slowly but surely contribute to lasting improvements.

We take a positive view on wage increases and we want suppliers to pay their employees a fair living wage. As mentioned in the report, we have developed a Fair Living Wage strategy that involves not only buyers but also suppliers, factory employees and governments. It has been drawn up in consultation with global trade unions, suppliers and non-profit organizations. Our approach is that wages should be negotiated between the parties on the labour market. Our initial goal is that all our strategic suppliers should have pay structures allowing fair living wages in place by 2018. Implementation and scaling up is progressing with 68 factories during 2015 and additional 80 factories during 2016.

According to the ILO and global unions, there is no universal benchmark on how to calculate a living wage. Instead, they stress the importance of promoting freedom of association and collective bargaining as necessary for workers and employers to negotiate wages and conditions of work. We share this view and that is why we focus on improved industrial relations rather than setting a certain wage living wage level.

However, as we are well aware that the opportunities for employees to negotiate are limited in many countries, we are involved in projects and programs aiming for a strengthening of employees' rights and their ability to negotiate through trade unions or other elected employee representatives. We are running industrial relations and social dialogue projects in place in Bangladesh, Cambodia, China, India and Ethiopia. In 2016 we will also start the same projects in Myanmar.

In Cambodia, we contribute to industrial relations with training in for example negotiation and conflict management together with ILO, the Swedish trade union IF Metall and SIDA. The customised training programmes consist of workplace cooperation, labour law and dispute resolution, effective communication and negotiation skill with the aim to build trust and stronger relations between workers and management. During 2015, amongst others 1,213 union representatives and 1,030 factory managers have completed the industrial relation training and all participating factories and their trade union representatives have signed a Memorandum of Understanding on improving industrial relations as well as an agreement to eliminate unfair labour practices.

Collaboration is crucial to achieve real change and that is also why H&M is collaborating with different parties in the textile industry. We work together with our suppliers but also with local and global trade unions and governments. Together with other brands and the global trade union IndustriALL, we work on a strategy to improve wages in the garment industry. H&M has also signed a General Framework Agreement with IndustriALL aiming for a well-functioning dialogue between the employer and the employee at the supplier factories that work with H&M. The GFA is highly relevant for Cambodia given the numerous and active trade unions there, and our investment and involvement in improving industrial relations in the country. The GFA supports H&M's already existing work to promote freedom of

association, collective bargaining and peaceful conflict solution in all the countries where we have suppliers.

Besides from collaboration, we also believe transparency is a key catalyst of positive change. Therefore, we have published our supplier list and we constantly keep track of where our products are being produced. In this way we can focus our sustainability program and continuously improve the working conditions for the 1.6 million workers who are employed by our suppliers. We also publish our sustainability result in our yearly published Sustainability Report.

Our goal is for all employees in the textile industry to earn a fair living wage, however; development takes time. We want to further accelerate our work, but we must be patient since it is a complex issue that affects not only the suppliers we work with, but also other actors. Raising wages in the textile industry is a shared responsibility involving a number of stakeholders with which we have continuous dialogue with.

For further information about our Fair Living Wage roadmap, please visit:

[Fair Living Wage Roadmap on the H&M webpage](#)

[Fair Living Wage roadmap, Half-year update](#)

For further information about our sustainability program, please visit <http://www.hm.com/sustainability>