

RESPONSE TO THE DAEWOO PROTOCOL

In order to be successful, the requirement for banning Uzbek cotton should be agreed at industry level. Hence, we hope that other brands will join H&M in banning Uzbek cotton in their products, which will eventually eliminate the demand for Uzbek cotton in the international market.

In 2011, H&M together with about 60 other brands, NGO's and others signed a pledge facilitated by the Responsible Sourcing Network committing us to not knowingly use Uzbek Cotton. We will now further strengthening our requirements towards our suppliers and most critical fabric mills by require them to sign a commitment. The suppliers that don't sign the commitment will not be allowed to work with H&M. The dead line for signing this commitment is set to February 28th 2013.

We are working continuously to improve traceability of the cotton used for our products. While our systems continue to evolve, we aim for all cotton to come from more sustainable, fully traceable sources by 2020 at the latest. In order to support a more sustainable and environmentally responsible cotton industry we joined Better Cotton Initiative (BCI) and Textile Exchange in 2004. For 2013 we have allocated 850.000 Euro for training of cotton farmers to comply with BCI's principles and criteria in terms of social and environmental sustainability.

At the same time we have worked to influence the relevant policy-makers. In 2011, the European parliament rejected a trade deal that would have made it easier for Uzbekistan to export textiles to Europe. We continue to welcome political efforts that can help to end the use of forced labour and child labour in Uzbekistan.

Cotton Campaign made us aware of that Daewoo through a joint venture were remaining as a small part owner of a supplier to H&M. Our supplier has now bought remaining Daewoo share, and is a 100% owner. This was made the 11th January 2013.