

RESPONSE BY H&M – MYANMAR FOREIGN INVESTMENT TRACKING PROJECT

13 MARCH 2015

- 1. Does your company have investment or operations in Myanmar or is it seriously considering investing or operating there? If so, please provide information on the nature of those investments, and which geographic areas and communities they will affect.**

H&M does not own any factories, but we source from over 900 suppliers around the world. We placed test orders in 2013, started sourcing from Myanmar in 2014 and opened an office in Yangon in early 2015. Currently, the factories we source from are located in Yangon.

- 2. Do you have policies and procedures in place to prevent your business activities or investment from contributing to human rights abuse and social conflict in Myanmar?**

We have a Human Rights Policy that has its base in the UN Guiding Principles on Business and Human Rights (UNGPR). We work on an everyday basis with the integration of our Human Rights policy and related policies into our operations and throughout our entire supply chain. Towards suppliers the most relevant policies are our Code of Conduct, our Human Rights Policy and our Code of Ethics. Code of Conduct can be found on:

<http://sustainability.hm.com/en/sustainability/commitments/choose-and-reward-responsible-partners/code-of-conduct.html>

Our Code of Conduct is based on applicable ILO Conventions and the United Nations Convention on the Rights of the Child. The fundamental rights expressed in the ILO Declaration on Fundamental Principles and Rights at Work; The elimination of all forms of forced or compulsory labour, effective abolition of child labour, freedom of association and, elimination of discrimination in respect of employment and occupation, form part of our minimum requirements before we start sourcing from a supplier. In addition, the rights set out in the International Bill of Human Rights (for example the right to social security; the right to work; the right to equal pay for equal work; the right to rest and leisure; the right to a standard of living adequate for health and well-being; the right to education; and the right to participate in the cultural life of the community) form the basis of our Code of Conduct. We also have a monitoring program of all our suppliers in Myanmar to follow-up on our Code of Conduct (for more information please see: <http://sustainability.hm.com/en/sustainability/downloads-resources/reports/sustainability-reports.html>).

- 3. Who is responsible for ensuring compliance with policies and procedures referenced in question two?**

The H&M Production Country Manager is responsible for compliance with our company policies and procedures.

- 4. If you do not yet have human rights policies and procedures in place, do you have plans to develop them?**

H&M have these policies and procedures in place.

5. Has your company held any consultation with workers and unions at factories in Myanmar prior to the start of the suppliers' operations or any time after the start of operations? What was the outcome?

Before entering Myanmar we conducted a thorough risk analysis with external stakeholders, both locally and globally. Through the Business for Social Responsibility (BSR) working group, in-country consultations were conducted in 2014 and we met with trade unions, Civil Society Organizations (CSOs), Non-Governmental Organizations (NGOs) and government representatives. The outcome of these consultations includes the creation of the BSR Responsible Sourcing Principles and H&M's Sustainability Strategy for Myanmar. H&M continues to work with BSR Working Group and BSR to mitigate current and future risks in Myanmar, engage the government with one voice, and build the capacity of local suppliers to meet international brand standards.

In addition, we have created a minimum level for our suppliers consisting of defined social and environmental factors, and we have also defined a higher level to be reached within one year.

6. How does your company try to prevent or mitigate conflicts that affect its operations or the surrounding communities (including armed conflict and violence)? Could you list your policies, procedures, concrete activities?

H&M is a member of the Ethical Trading Initiative (ETI), a non-profit organization that brings together brands, NGOs and trade unions to inspire dialogue and best practice sharing among members of the group.

As part of our global program, H&M runs numerous social dialogue and industrial relations projects in our production countries aiming at equipping all concerned parties with the skills to negotiate meaningfully, resolve conflicts effectively and reach collective agreements. We believe that workers' ability to make their voices heard and negotiate their rights is the foundation for good working conditions, healthy workplaces and sustainable development of the labor market. To make this happen we are guided by our four-step model: Creating employee and employer awareness about worker's rights and responsibilities, developing structures for social dialogue between employers and employees, focusing on peaceful conflict resolution, collective bargaining and collective agreements. Our office in Myanmar was set up in the beginning of 2015 and it is in the process of setting a plan for the industrial relations and social dialogue projects in Myanmar.

7. Who should communities or civil society groups contact if they have questions about your investment in Myanmar?

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- 8. Has your company held any consultation with workers and unions at the Myanmar factories prior the start of the supplier's operations or any other time after the start of the operations? If so, what was the outcome of the consultations?**

See answer to question 5.

- 9. We further invite you to respond to questions specific to your industry. Does your company have policies and procedures in place to address each of the following areas? If so, please provide details:**

- a. Freedom of association and collective bargaining**
- b. Living wages**
- c. Workplace health and safety**
- d. Child labour**
- e. Forced labour**
- f. Anti-discrimination (whether based on race, gender, religion, nationality, etc.)**

Our Code of Conduct covers all the above (Code of Conduct can be found on:

<http://sustainability.hm.com/en/sustainability/commitments/choose-and-reward-responsible-partners/code-of-conduct.html>). This is further enforced through our Human Rights policy, our Code of Conduct and our Code of Ethics. H&M implemented in 2013 our Fair Living Wage strategy (for more information see: <http://about.hm.com/en/About/sustainability/commitments/responsible-partners/fair-living-wage.html>). By 2018, our strategic suppliers should have well-functioning payment structures in place as to be able to fulfil our vision of enabling our suppliers to pay their employees a fair living wage. We also perform audits, capacity-building and social dialogue with our suppliers and execute dialogues with governments on the highlighted issues above. We are in close collaboration with workers' unions and create fora where employers and workers' representatives can meet and discuss prioritized issues. We follow our Full Audit Program to monitor our suppliers, and regularly follow-up on grievances. For more information see: <http://sustainability.hm.com/en/sustainability/downloads-resources/reports/sustainability-reports.html>