

Stockholm  
October 5, 2015

### **Comment on the use of fixed-duration contracts in the Cambodian garment industry**

H&M recognizes that the frequent use of short-term employment, known as fixed duration contracts, in the Cambodian garment industry is a breach of workers' rights. Furthermore, it will indirectly have a negative effect on other fundamental rights such as Freedom of Association.

H&M firmly believes that employees in the garment industry should have the right to legal employment contracts. We always require that the suppliers we work with follow national legislation and implement awards from the Arbitration Council Foundation. Today, a majority of the employees at the supplier factories in Cambodia are employed on fixed duration contracts due to many years of misinterpretation of the labour legislation. Such a frequent use of fixed duration contracts is not acceptable for H&M.

To achieve a change towards un-fixed duration contracts, that are valid for an unlimited time, H&M has implemented stricter requirements towards the suppliers that we work with. Since 2015, the suppliers must guarantee that workers that have been employed for two years should have an un-fixed duration contract.

- Our stricter requirement is supported by the Arbitration Council Foundation, AFC.
- Suppliers that employ workers over two years on fixed duration contracts will be seen as being in violation of our code of conduct requirements.
- All suppliers with this violation will be required to create a remediation plan for how to transfer workers from fixed to un-fixed duration contracts.
- Our factory auditors will then follow up on the implementation of these plans.

The illegal use of short-term employment is an industry-wide problem and therefore, we also work closely with other stakeholders in the industry such as suppliers, employers associations, trade unions, civil society and other buyers as well as engage with the Cambodian government. Our work to strengthen social dialogue and industrial relations is also an important component to ensure respect for workers' rights in Cambodia. By engaging in these ways we will contribute to pushing this important work forward.

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