

H&M comment on Clean Clothes Campaign report “Europe’s Sweatshops”, submitted to Business & Human Rights Resource Centre

The H&M group does not own any factories. Our products are made by independent suppliers, based in many countries across the world, including several in Europe. Regardless of a supplier’s geographical location, all our 1st tier suppliers (product manufacturers and the processing factories subcontracted by them) must sign our Sustainability Commitment if they want to start or continue working with us. The Sustainability Commitment is shared by all brands within the H&M group, and among other areas clearly expresses the fundamental expectations, or minimum requirements, our suppliers need to meet to start or continue doing business with the H&M group. These fundamental requirements include payment of legally required minimum wages, or wages agreed upon in a collective bargaining agreement, whichever is higher. For details please see our Sustainability Commitment (wage requirements on page 4):

http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment_en.pdf

The Sustainability Commitment is applicable to, and signed by, all H&M suppliers, in Europe as well as in other parts of the world. For a full list of our suppliers please see our public supplier list:

<http://sustainability.hm.com/en/sustainability/downloads-resources/resources/supplier-list.html>

Our Sustainability Commitment is complemented by the SIPP, our Supplier Impact Partnership Programme. The Sipp supports suppliers in improving their sustainability performance and helps us monitor and measure suppliers’ compliance against our Sustainability Commitment, including the minimum requirements on wages therein. Academics and external stakeholders were widely consulted before launching Sipp.

Through SIPP we ask our suppliers to self-report data on multiple topics. This data is later validated by our developers and capacity plans are set up where needed. Factory performances on management systems on social and environmental areas are measured. All factories submit their annual performance by filling in the Higg facility module, developed by the Sustainable Apparel Coalition, which is one of the largest organisations in the industry, comprising 40% of the retail industry on apparels and footwear.

This focus on systems and sustainability does not necessarily mean that we are visiting our suppliers less frequently, and we still always assure compliance with our minimum requirements, including those on payment on legal wages. However, we focus our resources on visits based on capacity building needs and risk assessments.

If a supplier is found to be violating our minimum requirements we have a system in place that enables us to give the appropriate consequences to the supplier. If a supplier is failing to meet our minimum requirements we place the factory “on-hold”. The factory then submits an action plan, work on their issues and before they are approved we visit them to make sure they are in compliance. Minimum requirement violations will result in business consequences and repeated violations will result in a termination of the business relationship and phase out of the factory.

Again, the SIPP assessment method, just as the expectations outlined in our Sustainability Commitment, which are measured through SIPP, apply equally to all H&M group’s suppliers regardless of where in the world the manufacturing of our products is taking place. This means that a supplier in Bangladesh as well as in Romania, who is found not to be paying legally required wages to the employees, will be subject to above mentioned procedures. For more info on our Sustainability Commitment and the SIPP method please see page 99 onwards in our 2016 Sustainability Report:

http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Report%202016/HM_group_SustainabilityReport_2016_StandardsAndPolicies_en.pdf

H&M

Stockholm, Sweden

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