

Bangalore/Stockholm/Hong Kong
February 5, 2016

Comments on our work to improve wages and working conditions in India

The problems described in the report are unfortunately not uncommon in the Indian garment industry as a whole. Many of the issues described such as involuntary overtime, harsh language and discrimination of trade union representatives are examples of systemic problems in the industry which we are addressing in our own sustainability program as well as in collaboration with trade unions, other companies and stakeholders.

Monitoring our suppliers is an important part of our work and has been for more than 15 years, and we have seen improvement in many areas, which for instance is demonstrated by the continuous increase of our ICoC compliance score (H&M Sustainability Report 2014 p.31). But we believe that bringing about sustainable change on complex issues, such as wages or freedom of association, require more than just monitoring and work to create sustainable progress with the active participation of our suppliers' factories and their employees. To tackle issues at an industry – or country – level, we also believe in engaging with industry bodies and governments, as well as trade unions, NGOs and other brands. With our engagement in ACT and the collaboration with IndustriALL Global Union we jointly work to address industry wide issues such as Fair Living Wages, Freedom of Association, Collective Bargaining and highlighting the importance of job creation and industry development.

This is a vital part of our approach and our daily work. With the support of our global team, our regional sustainability and supply chain teams in India therefore focus particularly on three major areas:

Capacity building & supplier ownership

Lasting improvements require our suppliers to understand their sustainability issues better and to see the benefits of good social and environmental performance. In the long run, we want our suppliers to take charge of their own sustainability. Besides auditing their progress, we focus on supporting our suppliers by building up management knowledge and capabilities and helping them to assess their own performance so that they can detect opportunities to improve their business as well as their sustainability performance, including working conditions.

Raising workers' awareness of their rights and Social Dialogue

Our suppliers' employees also need to be equipped with knowledge about their rights and how to claim their rights. Ultimately, we want them to be able to influence their situation through dialogue with their employers and through our work for well-functioning industrial relations in collaboration with our partners our aim is to enable them to do this. Achieving well-functioning industrial relations remains a challenge today as many sourcing countries, including India, lack adequate systems for industrial

relations and, even if they do exist, workers' committees and/or trade unions do not always have the capabilities or the enabling environment function effectively.

To tackle these challenges, we have in recent years run projects like "Right & Responsibilities Information Films" to raise workers' awareness of their rights. This project was designed to train workers through multiple films based on Overtime, Health and Safety, Abuse and Grievance, Good Working Environment and Workers Representation. The project was initiated in 2013 in Bangalore and later scaled up to Tirupur. Currently almost all workers working at our supplier factories in Bangalore and Tirupur are trained on Rights and Responsibilities films.

In 2015 we have initiated a "Social Dialogue Project" with the goal to establish democratically elected worker committees at our supplier factories. Our first goal is to have democratically elected worker representation, trade unions or worker committees, at all strategic factories by 2018. Currently 10 factories in Bangalore are part of this project in the initial phase and more than 7500 workers will get trained on the importance and effectiveness of Social Dialogue and Communication systems in the workplace.

Fair Living Wage

Wages in our supply chain are a key focus of our sustainability work. We want all workers in our supplier factories to earn a fair living wage. A fair living wage should always meet the basic needs of the workers and their families as well as provide some discretionary income and it should be negotiated between the parties on the labour market, ideally through collective bargaining. A key part of our Fair Living Wage Roadmap, is to work with our strategic suppliers to implement the Fair Wage Method, which should ensure that well managed pay structures are in place addressing skill recognitions, incentive programs, additional bonuses and legal benefits which are well communicated and understood by the workers. Our goal for 2018 is that all our strategic suppliers should have improved pay structures for fair living wages in place.

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 Industrial Relations strategy, please read more here:

[H&M Sustainability Report 2014, page 49-51](#)

[Global Framework Agreement between IndustriALL Global Union, IF Metall and H&M](#)

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