



H&M GROUP REACHES CLOSE TO A MILLION WORKERS WITH ITS FAIR LIVING WAGE STRATEGY

Wages are one of the greatest challenges for the textile industry. To address this crucial topic on both factory and industry level, H&M group launched a strategy five years ago, the first of its kind, with the vision that a fair living wage should be paid by all its suppliers. We are proud to have reached and exceeded our very first milestone on this journey. The work we do at factory level – to create the foundation and processes for fair living wages – has grown from covering three factories in 2013 to now reaching 655 factories employing more than 930,000 garment workers.

A human right

Every garment worker should earn a wage that is enough to live on. It should be sufficient to meet the basic needs of the worker himself/herself and his/her family. This should be earned during legal normal working hour limits. This is our vision and a fundamental human right. As an industry, we have a shared responsibility to ensure that the jobs created in emerging markets lead to better lives for the people and communities involved.

– I'm so proud of the dedicated work hundreds of colleagues around the world have done these past five years. We're doing something that nobody has ever done before. The results of our work in creating the foundation for fair living wages are exceeding our expectations, reaching close to a million garment workers. Now, the work continues – together with the rest of the industry, says Anna Gedda, Head of Sustainability H&M group.

The conclusions behind our strategy

To support this development, H&M group launched something which had never been tried before in the textile industry; a Fair Living Wage strategy. The strategy was presented in Berlin at the [Conference on Living Wages in International Supply Chains](#) on 25 November 2013. We committed to support the creation of the necessary processes and mechanisms for fair living wages. Our strategy was based on two conclusions that continue to guide our work:

- 1) workers should earn a wage that is enough to live on
- 2) our responsibility as a buyer¹ is to influence the process of fair living wages, not to impose specific wage levels. Wages should be set through fair negotiations between the parties in the labour market: governments, employers and worker representatives.

The first milestone

In 2013, H&M group also presented [two bold, time-bound goals](#) for the work being done at factory level. By the end of 2018, we set out to:

- Implement improved wage management systems for all strategic suppliers.
- Empower garment workers by ensuring that democratically elected worker representatives are in place to cover 100% of the factories we work with in Bangladesh.

These goals go hand in hand and are highly dependent on each other.

¹ As a buyer, our responsibility is to influence the process towards fair living wages through support for fair and frequent wage reviews and negotiations, collaborations with partners and stakeholders on factory, industry and government levels and by being a responsible and stable business partner.

The first results on factory level

We are proud to have reached and exceeded the goals. In five years, we have covered 655 factories² and more than 930,000 garment workers in ten different countries with the work we do at factory level. More specifically:

- 500 factories (representing 67% of our product volume) in ten countries are implementing improved wage management systems. This covers 635,000 garment workers.
- 594 factories (representing 73% of our product volume) in ten countries are implementing democratically elected worker representation. This covers 840,000 garment workers.
- 100% of the tier 1 factories we work with in Bangladesh had democratically elected worker representation by December 2017.
- **In total this means: 655 factories (representing 84% of our product volume) are either improving their wage management system or implementing democratically elected worker representation, or both. This covers 930,000 garment workers.**

A shared responsibility on industry level

From the very beginning, we knew that the shared challenges connected to wages would require collaboration. The industry must come together to find solutions beneficial to all garment workers and factories. That is what we do with other brands and IndustriALL Global Union within the groundbreaking collaboration platform ACT. To achieve progress, we work to support industry-wide collective bargaining agreements, supported by responsible purchasing practices. This is an important part of our strategy done at industry level.

Next steps

– Our local teams in ten different production countries that work closely with industry stakeholders and more than 600 factories, have given us a unique possibility to try out new ways of working as well as draw conclusions on how to make our work even more efficient, says Anna Gedda.

The [Ethical Trading Initiative](#) (ETI) will conduct an independent evaluation which will be published and presented in December 2018. We will bring these experiences and share our learnings in order to outline the next steps in conjunction with relevant stakeholders to achieve lasting and sustainable change towards fair living wages.

Why improved wage management systems?

One foundation for fair living wages is that textile factories should have transparent wage management systems to ensure that a garment worker earns a wage according to his or her individual skills, experience and performance. These systems should also ensure that 1) workers have relevant knowledge about their wage; what the wage is based on, national minimum wages, legal regulations and overtime compensation rules, and 2) workers are involved in decisions on wage-related issues.

Why democratically elected worker representatives?

A good workplace dialogue between employer and garment worker is another foundation for fair living wages. One step in this direction is to ensure that garment workers are represented by democratically elected representatives who speak on their behalf. The worker representatives bridge the gap between the employees (the garment workers) and the employer (textile factories). By empowering garment workers, we create a win-win situation that benefits both workers and factory managers.

H&M group Communications:

Telephone: +46 8 796 53 00

E-mail: groupmediarelations@hm.com

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories, H&M Home and ARKET as well as Afound. The H&M group has 47 online markets and more than 4,800 stores in 70 markets including franchise markets. In 2017, sales including VAT were SEK 232 billion. The number of employees amounts to more than 171,000. For further information, visit about.hm.com.

² Factories that are improving their wage management system or implementing democratically elected worker representation, or both (August 31, 2018).