

WAGE NEGOTIATIONS IN BANGLADESH

We want wages in the textile industry to increase and are fully committed to our long-term vision that all textile workers – in Bangladesh and elsewhere – should earn a fair living wage. This is the reason why we created our Fair Living Wage strategy five years ago where we work to set the foundation and mechanisms needed for fair living wages.

We agree with the UN-body ILO and the global trade union IndustriALL that wages in a country such as Bangladesh should be negotiated and set by the parties on the labour market. It is also important that there is a legal framework in the country which enables this process.

That is why our work focuses on contributing to such a development; where wages are set in negotiations between the parties on the labour market. It is also about strengthening the textile workers' position and helping them and their employers (the textile factories) to have a good workplace dialogue. One important step towards this goal is to ensure all textile workers are represented by democratically elected representatives who can speak and negotiate on their behalf. This is now in place at all first-tier factories we are sourcing from in Bangladesh. Through our agreement with IndustriALL and IF Metall we work to support employers and worker representatives within our supply chain to engage in constructive dialogue and negotiations, and to create an enabling environment for freedom of association and collective bargaining. We support industry-wide collective bargaining agreements which would mean that workers in the garment and textile industry within a country can negotiate their wages under the same conditions, regardless of the factory they work in, or the brands they produce for.

<http://about.hm.com/en/media/news/general-news-2018/industrial--the-voice-for-textile-workers.html>

<http://about.hm.com/en/media/news/general-news-2018/new-wage-management-system-improve-work-environment.html>

<http://about.hm.com/en/media/news/general-news-2018/together-towards-increased-wages.html>

Supporting the negotiation process in Bangladesh

We are committed to using our leverage as one of the biggest buyers in Bangladesh to further strengthen workers' rights as well as awareness of the same. This is the first and most important building stone for improving working conditions, including wages. We also continuously engage in dialogue with relevant stakeholders in Bangladesh concerning discussions in the Minimum Wage Board. Our standpoint remains that as the first step towards fair living wages, national minimum wages in countries that have such a mechanism should be revised annually. What we are working towards is wages negotiated and agreed upon by the parties in the labour market, where our partnership with IndustriALL and other leading brands in ACT is a crucial platform for change. We support the garment workers in Bangladesh in the current wage negotiation to increase their wages.

The progression of the minimum wage is a fundamental piece of the puzzle, but it is not enough. For this reason, while we will be observing with full attention the national process that the Government of Bangladesh is driving in this direction, we will during 2018 also focus on extending our wage management system to a larger number of supplier factories in Bangladesh. In doing so we aim at ensuring that wages are paid correctly, that policies and processes for the internal development of human resources are in place, that progressive

and coherent pay systems are used, to reward workers according to their skills, education, performance and experience and, finally, that proper mechanisms of workers' involvement in factory decisions can generate a process of discussion on the content of wages and payment structures.

Long-term commitment and purchasing practices

For H&M group it's important to build long-term business relationships with our suppliers and to understand first-hand the reality in which they operate. This is why we are present in the production countries where our products are made. In Bangladesh, which is one of our most important production countries, we have been present since 1986 and we have over 600 employees at the production office in Dhaka and engage actively with various stakeholders to support a sustainable development of the industry.

We also agree that it is important that the brands buying goods from garment and textile suppliers make sure their respective purchasing practices support a living wage. We ensure we maintain good purchasing practices for instance by being a stable business partner, through planning our work to avoid unnecessary peaks and lows and by applying a price method that transparently reflects the true cost of labour.

We always have a long-term view of our business, also when it comes to our presence in our production countries. H&M was the first brand supporting the launch of the Accord in 2013 and we are now committed to supporting the process of setting up a Transitional Accord, which would secure that the important progress achieved so far will further expand.