

# H&M's roadmap towards a fair living wage in the textile industry

H&M has developed a roadmap based on our vision that a fair living wage covering workers basic needs should be paid by our commercial goods suppliers. It should be enabled through our purchasing practices, and based on a skilled workforce that have their wages negotiated and annually reviewed, involving democratically elected trade unions or worker representatives.

H&M will continuously measure the workers own perception of receiving a wage covering their basic needs, which will be used as a guide in our work. The holistic approach covering H&M as well as factory owners, factory employees and governments takes the wage issue to the next level within the fashion industry, encouraging others to do the same.

## Vision

A Fair Living Wage, covering workers basic needs, should be paid by all our commercial goods suppliers

## Factory owners

H&M will support factory owners to develop pay structures that enables a fair living wage, ensure correct compensation and overtime within legal limits. This will be explored by implementing the Fair Wage Method in our role model factories, from which we will source 100% of the products during five years.

- By 2014, we will implement the Fair Wage Method in three model factories (one in Cambodia and two in Bangladesh) with a first evaluation already next summer, with the aim to be scaled up.

- H&M's strategic suppliers should have pay structures in place to pay a fair living wage by 2018. By then, this will reach around 850 000 textile workers. Our strategic suppliers are currently 750 factory units producing around 60 % of our products.

## H&M

H&M will further improve our purchasing practices to ensure it enables our suppliers to pay their textile workers for the true cost of labor. Starting 2014 we will:

- Develop our price method to ensure the true cost of labor. By doing this we secure that we pay a price which enables our suppliers to pay their textile workers a fair living wage and reduce overtime.

- Improve our purchasing plans to reduce our suppliers' production peaks and enable them to better prepare the right capacity in their factories.

- Update our Code of Conduct to better reflect our roadmap and goals.

## Governments

H&M will encourage governments to engage in a process to identify a living wage level, set a legal minimum wage accordingly and review wages annually thereafter.

- We will continue to interact with governments and public agencies to advocate for annual wage revision and enforce labour legislation protecting the freedom of association. We will encourage others to do the same.

## Factory employees

H&M will support textile workers at our supplier factories to have access to education, skill enhancement and ensuring they are employed at a level matching their skills. They should also be able to bargain collectively through elected representatives.

- Starting now, we will run vocational training, a Center of Excellence, together with SIDA and the ILO to meet this need. We will train 5,000 students by 2016 and secure that they start at a wage level reflecting their skills and that they are aware of their own rights and responsibilities.

- We've started a skill development training and will secure employment for 100 supervisors through our Production Management Program in Cambodia.

- We are implementing an industrial relation project in Cambodia in cooperation with Swedish trade union IF Metall, SIDA and ILO. The aim is to strengthen the structures for industrial relations in the country and increase collective bargaining.

- By 2014, we will expand our existing social dialogue project so that 15% of H&M's suppliers are trained in social dialogue and have freely elected Workers Participants Committees, with the intention to reach 100% by 2018.

