



# 100% FAIR & EQUAL



H&M.

- OVERVIEW
- VISION & STRATEGY
- 100% LEADING THE CHANGE
- 100% CIRCULAR & RENEWABLE
- 100% FAIR & EQUAL
- STANDARDS & POLICIES
- HOW WE REPORT

# Key facts & figures 2018

H&M Group's global supply chain directly contributes to 1.6 million jobs in our tier 1 and tier 2 factories.



We have signed a new partnership agreement with ILO.



Our Board of Directors is represented by a 60%:40% (female:male) gender split.

**93%** of our business partners rate H&M Group as a fair business partner.

H&M Group hosted a Fair Living Wage Summit in Phnom Penh in December to share the impact, results and main learnings from the last five years' work with the Fair Living Wage Strategy.



655 factories and 930,000 garment workers are covered by one or both of our key programmes for workplace dialogue and Wage Management Systems. This represents 84% of our product volume.



OUR FAIR AND EQUAL AMBITION CONTRIBUTES TO SDG 1, 2, 3, 4, 5, 8, 10, 16, 17.

# 100% Fair & Equal: KPIs and goals

Our goal-setting process is ongoing. We work with internal and external experts and, wherever possible, follow a science-based approach to defining targets and actions. The KPIs and goals in the table below represent key milestones towards our ambition to become 100% Fair & Equal.

| 100% Fair & Equal   |      |           |           |           |                               |
|---|------|-----------|-----------|-----------|-------------------------------|
| KPI   | 2015 | 2016      | 2017      | 2018      | GOAL                          |
| No. of supplier factories implementing improved Wage Management Systems (% of production volume covered)  | 69   | 140 (29%) | 227 (40%) | 500 (67%) | 50% of product volume by 2018 |
| No. of supplier factories that have implemented democratically-elected worker representation (% of production volume covered)   | 132  | 290 (42%) | 458 (52%) | 594 (73%) | 50% of product volume by 2018 |
| % of business partners regarding H&M group as a fair business partner   | 84%  | 83%       | 94%       | 93%       | 90% by 2018                   |
| % of employees agreeing with the statement "I feel comfortable being myself at work", and % of employees agreeing with the statement "I am treated with respect and dignity"* | n/a  | n/a       | n/a       | 83%, 81%  | Year on year improvement      |
| % of remediated issues (defined by the Bangladesh Accord**)   | 61%  | 81%       | 90%       | 98%       | 100%                          |

\*New baseline replacing our previous KPI % of employees agreeing with the statement "People here are treated fairly regardless of age, ethnicity, sex, sexual orientation, disabilities", as we have made a shift to a new engagement survey platform.  
 \*\*From beginning of 2019, orders will only be placed with supplier factories that are 100% compliant with the Accord requirements.

# 100% Fair & Equal explained

We believe that everyone connected to our business deserves fair and equal treatment. At H&M group, being 100% Fair & Equal means living by our values and respecting human rights – within our own company and across our supply chain. By providing fair jobs, promoting diversity and growing our business in an increasingly inclusive way, we can contribute toward fair and equal societies.

Our 100% Fair & Equal ambition has two focus areas:

1. Providing fair jobs for all
  - within H&M group
  - within our supply chain
2. Inclusion and diversity

A fair job is defined as one with fair compensation, a safe and healthy workplace, an environment free from discrimination and one in which every employee is heard. At H&M group, we believe that a fair job should make every individual feel valued, respected and engaged within their workplace. Fair jobs enable people to enjoy life and provide for themselves and their families.

Alongside this, we believe we have a responsibility and an opportunity to drive inclusion and diversity. We want to con-

tribute to a more open society where everyone is welcome, and we recognise we can promote diversity and equality through our actions, products and marketing.

Ultimately, by providing fair jobs, being inclusive and encouraging diversity and equality, we can make a positive impact on the lives of employees within H&M group, workers within our supply chain, our customers and wider society. We also believe our approach is good for business. It makes us an attractive employer and business partner, it contributes to stable markets in which we operate, and it makes our business more resilient, productive and sustainable.



Embroidery work at one of our supplier factories.

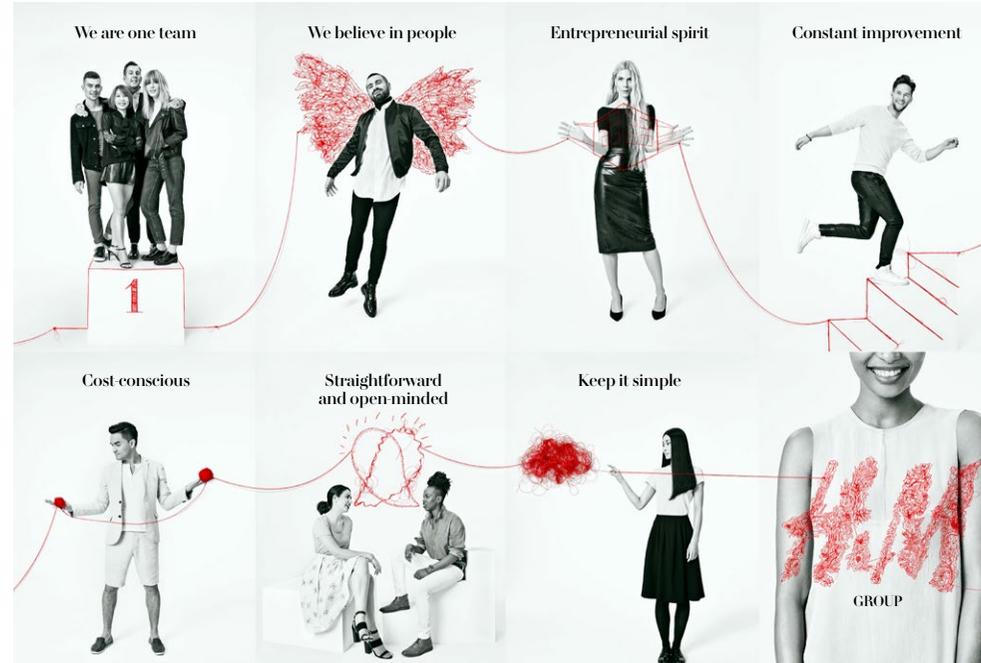
# Fair jobs for all: within H&M Group

As one of the world's biggest fashion and design groups, we strive to be a fair and equal employer to 177,000 colleagues.

We work hard to create a transparent, trustworthy, fair and equal workplace with great opportunities for everyone. Our values are the red thread that runs through the fabric of our company. They come to life in our everyday work and create a unique culture that attracts the people we need for our continued business success.

Creating fair jobs within H&M group is about:

- Providing a solid foundation of fair and attractive working conditions. These include fair labour standards, high health and safety standards, fair and competitive compensation, a comprehensive grievance procedure and a cooperative workplace dialogue.
- Promoting a values-driven way of working. Our values are the starting point for how we do business and how we interact with the world around us.



They give us a competitive advantage and ensure a sustainable way of working. We expect all employees to contribute to our company culture by being ambassadors for our values.

- Making sure we have the right people in the right positions. We secure this through our internal and external

recruitment processes and by providing quality introductory trainings. Offering all our employees the opportunity to grow and develop within their role or move on to new roles and responsibilities in different parts of our company. Our leaders are role models who lead the way, and we provide them with clear expectations and ongoing support.

## PROGRESS

- We recognised all winners of the Erling Persson Award in early 2018. This award gives all H&M group employees the opportunity to nominate colleagues who contribute to our company culture by living our values and creating great results.
- We focused on supporting and empowering our leaders to navigate change in a global, fast-paced business. We provided workshops and tools, including the Lead the Way podcast where inspirational internal leaders and external influence experts share their insights.
- Because the engagement of our employees is critical for our business success, we launched the People Engagement Pulses (PEP) in October. This is a new survey platform where our employees can voice their opinions and give feedback that helps us improve. Overall PEP score for employee engagement was 75 out of 100.

# Fair jobs for all: within our supply chain (production)

We are working with our suppliers to achieve our ambition that everyone in our supply chain has access to a fair job. Although the concept of a fair job sounds simple, many of the production markets in which we operate are developing countries and they either lack or face challenges in implementing the legislation that would make fair jobs available to all. This creates an industry-wide challenge.

H&M group directly contributes to 1.6 million jobs\*, and the textile industry has helped many people and countries out of poverty. H&M group has been working for many years to ensure that all jobs within our supply chain are fair jobs. Back in 1998, we started an assessment programme to help monitor working conditions in supply chain factories, which has led to improvements ever since. However, certain issues are complex and require collaboration and systemic industry-level action to ensure lasting change.

In 2013, in close dialogue with a variety of external experts, unions and international organisations, we updated our social sustainability strategy. It now takes a more holistic approach with an increased focus on capacity building,

\* Tier 1 and tier 2.

collaboration and structural change at factory, industry and country level.

Our assessment programme continues to provide a solid foundation for our work and is an integral part of our company risk and human rights due diligence framework (read more on page 92). The programme ensures our requirements are met, drives continuous improvement and informs our core social sustainability strategy. Our strategy covers salient global and local human rights issues, with a focus on the rights we believe will help us meet our ambition to ensure fair jobs for all.



Worker at Seduno Cambo Knitting factory in Cambodia. Photo credit: Tiffany Tsang.



# Enabling well-functioning industrial relations

We believe well-functioning industrial relations are crucial to the creation of fair jobs. We have seen how good working conditions and better wages are more likely to come from good relationships between workers, their representatives and management, and effective interactions and negotiations between social partners at a factory, industry and country level. Good labour relations also support stability and performance in our production markets.

However, many markets lack the necessary systems to make well-functioning industrial relations a reality. That is why, as part of H&M group's strategy to achieve 100% fair jobs in our supply chain, we are working to improve industrial relations across our industry and in all our production markets. This is a highly complex challenge and involves working to:

- make sure workers are heard
- build industry collaborations
- engage with local governments

## MAKING SURE WORKERS ARE HEARD

H&M group has a production office (PO) team in almost every country in which our products are made. Each PO team is responsible for working with our various industrial relations programmes to facilitate stronger relationships between

local factory employees and factory management. For example, they implement our workplace dialogue programmes with workers and management to raise awareness of rights and obligations, including the importance of freedom of association and collective bargaining. PO teams can also provide worker and management training around the democratic election of workers' representatives in the factories.

Worker representatives, trade unions and workers' committees are important components for making sure workers are heard. These can address issues such as working hours, health and safety, grievances, etc. Unions are particularly well suited to negotiate wages in good faith with employers, while worker representatives can use the trust from their peers and respect



from management to bridge the gap that often exists between the two parties. When workers are represented by a trade union or democratically-elected

representatives, it creates an important communication channel and provides a crucial first step towards enabling well-functioning industrial relations.

## Meeting an elected worker-representative

Our supplier, Newage Apparels LTD, elected their first worker participation committee in June 2014. Here, we meet Ms. Shahida Khanom, who joined the factory in 2010 and works as a machine operator. She was elected as Vice Chair of the nine-person committee in 2014 and re-elected to the position in September 2017.



**Name** Shahida Khanom  
**Role** Machine operator

### Why did you want to be re-elected as Vice Chair?

I find my daily communication and dialogue with workers and managers in my factory inspiring, so I decided to stand for re-election in 2017. I am very happy

I was re-elected because I really enjoy contributing to a better dialogue between management and workers.

### What do you think is important in your role?

My role is to gain trust from the workers by always listening carefully to what they have to say so I can deliver their messages to the managers. I always try to explain the overall picture of a challenge in the factory so that workers are not disappointed if they don't see quick fixes.

### What are the best things about being a Vice Chair?

It has been great professional and personal development for me. I have improved my communication skills and strengthened my dialogue with both workers and managers. I am more confident overall. It is also a great feeling to know I am contributing to improving the workplace dialogue in this factory.



The Executive Director at Newage Apparels LTD during info session with trainees.

In Newage Apparels LTD, absenteeism decreased from 4.8% in 2017 to 3.56% in 2018. The Managing Director, Arif Ibrahim, thinks the improved dialogue between managers and workers in the factory is one of the key factors behind this improvement.

“Efficient workplace dialogue is the key to become one force, together we can build a better future!”

ARIF IBRAHIM, MANAGING DIRECTOR,  
NEWAGE APPARELS LTD

## BUILDING INDUSTRY COLLABORATIONS

We believe that industry-wide collaboration is essential to establish the agreements and strategies needed to further improve industrial relations. One of the key relationships we have built is with the trade unions, IndustriALL and IF Metall. We have a Global Framework Agreement (GFA) in place to improve industrial relations in our supply chain. The GFA focuses on the right of freedom of association and collective bargaining.

We have set up National Monitoring Committees (NMC) as a collaborative mechanism under the Global Framework Agreement (GFA) in Bangladesh, Cambodia, Indonesia, Myanmar and Turkey. NMCs are composed of local IndustriALL-affiliated trade union representatives and local H&M group production office representatives. NMCs work with partners to co-develop action plans, establish long and short-term goals for the implementation of the GFA and deliver agreed action points, most of which concern the facilitation of conflict resolution for both employers and employees.

The role of an NMC is:

- To create, monitor and evaluate national strategies to implement the GFA.
- To create collaboration between trade unions, workers' representatives and H&M group suppliers to support well-functioning industrial relations, with a focus on dispute prevention and resolution.

H&M group is also a founding member of Action Collaboration Transformation (ACT), a partnership between international brands, retailers and trade unions that exists to address the issue of a living wage through industry-wide collective bargaining. Read more about our work with ACT on page 75.

## ENGAGING WITH GOVERNMENTS

Enabling legal and institutional frameworks is crucial for well-functioning industrial relations. We engage with governments and policy makers directly and indirectly, conduct advocacy work and have an agreement with ILO to cooperate and collaborate around the implementation of the Decent Work Agenda. Through our partnerships, we are in a good position to engage with governments and other national stakeholders.

As a partner of ILO, we promote ILO conventions and engage in the debate on important public policy issues that affect the well-being and rights of the workforce.



Photo credit: Tiffany Tsang.

### PROGRESS

- Our industrial relations and workplace dialogue programmes reached 594 factories in 2018 (2017: 458, 2016: 290, 2015: 132). Our 2018 programmes included factories in China, Bangladesh, Cambodia, India, Indonesia, Turkey, Ethiopia, Myanmar, Pakistan and Vietnam. In total, we reached 840,000 workers.
- Factories producing 73% of our product volume implemented democratically-elected worker representation.

- In December 2018, we held our annual global meeting for National Monitoring Committees (NMCs) in Phnom Penh, Cambodia. Each NMC reported on its progress during for 2018 and shared experiences from the past year. The meeting was attended by experts from both the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organisation (ILO), who hosted workshops on due diligence in supply chains, procedures for dispute resolution, and the definition of International Labour Standards.

- We have been working with Ethical Trading Initiative (ETI) to raise our concerns about Cambodia's change in trade union law.
- Our Memorandum of Understanding (MOU) with the Swedish development agency Sida shares the common goals of supporting ILO's Decent Work Agenda and developing opportunities that contribute to sustainable development in our supply chain.

### LEARNING

- Our Global Framework Agreement (GFA) with IndustriALL and IF Metall is an agreement between the global union of textile workers and its affiliated unions to collaborate for well-functioning industrial relations in our supply chain. The GFA is a framework that can create awareness and maturity between labour market parties to effectively negotiate and engage in dialogue. It will take time to build up the necessary structures, and we are only at the beginning of this long journey.

# Supporting a fair living wage

A living wage is a human right. Unfortunately, it is not a reality for many people working in many different industries around the world. The fashion industry is no exception.

In 2013, we launched our Fair Living Wage Strategy in an endeavour to change this. As part of this, we set out a vision for all textile workers to earn a fair living wage. This vision was supported with concrete goals and actions, in our supply chain and across the textile industry.

## **OUR FAIR LIVING WAGE STRATEGY**

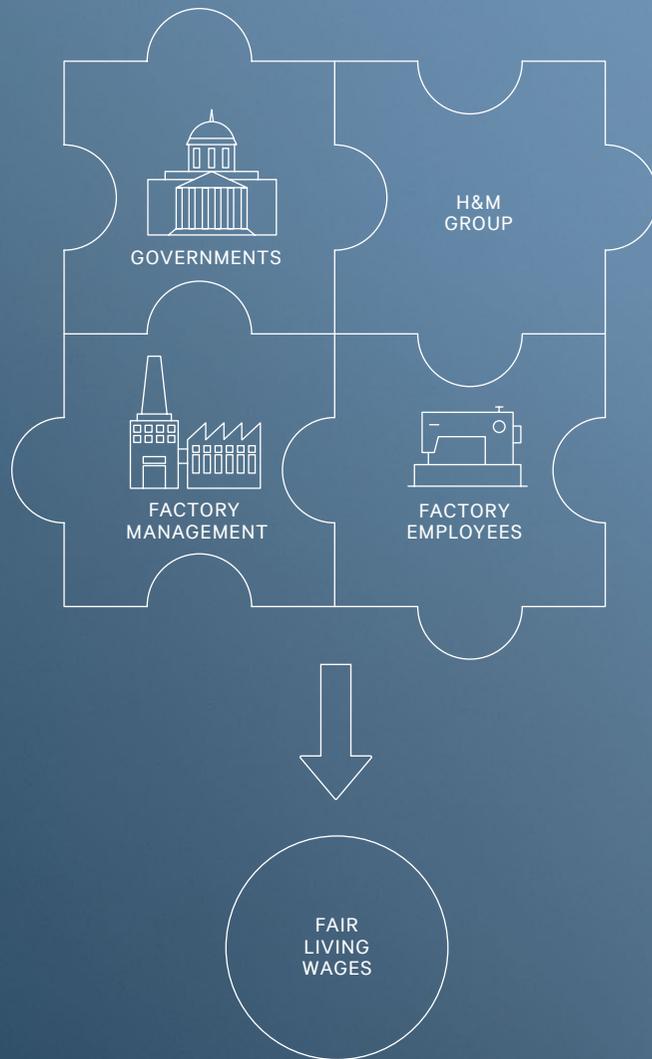
We launched our global Fair Living Wage Strategy in 2013 with guidance from multiple experts, trade unions, suppliers and NGOs.



Photo credit: Tiffany Tsang.

# Our Fair Living Wage Strategy

Our strategy sets out clear goals and actions for four target groups: governments, factory owners, brands and, most crucially, factory employees.



## GOALS AND RESULTS

When we devised our Fair Living Wage Strategy, we set measurable goals, milestones and actions to be achieved between 2014 and 2018. As we started to accomplish these, we used what we'd learned to increase our ambitions, setting further goals, expanding our scope and improving our measurements. This process led to the development of five key goals for 2018:



### Governments

**Goal** Continue to advocate governments and the public on wages.

**Result** In 2017, ACT was recognized as a credible initiative to work on living wages by G20.



### Factory management

**Goal** Ensure that supplier factories producing 50% of

H&M group's product volume have democratically-elected worker representation in place by 2018.

**Result** We exceeded the goal. 73% of our product volume is made in factories that have democratically-elected worker representatives in place. This covers 594 factories and about 840,000 workers. You can find more information about this goal and other elements of our strategy to strengthen industrial relations on page 66.

**Goal** Ensure that 100% of supplier factories in Bangladesh have democratically-elected worker representation in place by 2018.

**Result** We reached this goal ahead of schedule. 100% of our tier 1 supplier factories in Bangladesh had democratically-elected worker representation by December 2017.



### H&M Group

**Goal** 90% of business partners should regard H&M group as a fair business partner by 2018.

**Result** We exceeded this goal, 93% of our business partners see H&M group as a fair business partner. We assess this figure on an annual basis through an extensive anonymous supplier survey.



### Factory employees

**Goal** Ensure that supplier factories producing 50% of

H&M group's product volume are implementing improved Wage Management Systems by 2018.

**Result** We exceeded the goal. 67% of our product volume is made in factories that are implementing improved Wage Management Systems. This covers 500 factories and about 635,000 workers.

You can find an overview of all our goals and results [here](#).

## KEY IMPACTS OF OUR FAIR LIVING WAGE STRATEGY

Achieving our goals means that today, 930,000 garment workers work in factories that are either implementing improved Wage Management Systems or have democratically elected worker representation – or, in most cases, both. This is an important achievement that lays the foundation for structural changes by making sure workers’ voices are heard in a better way.

Over the last five years, we have analysed data from hundreds of factories in some of our most important sourcing markets to gain further understanding of the impacts that have and can be created at a factory level. We have learned that our work can achieve great progress in individual factories, but it has limitations – we need broader perspectives, involvement at industry level and legislation.

## UNDERSTANDING THE DIFFERENT COMPONENTS OF WAGES

Wages are a complex issue. In order to achieve fair living wages for all garment workers, it is important to understand the components of a textile worker’s monthly take-home wage and how they can be influenced. In general, there are two components:

The biggest component is minimum wages which are stipulated by governments and the lesser component is individual wage setting and factory benefits. Combined, these components make up the take-home wage for garment workers.

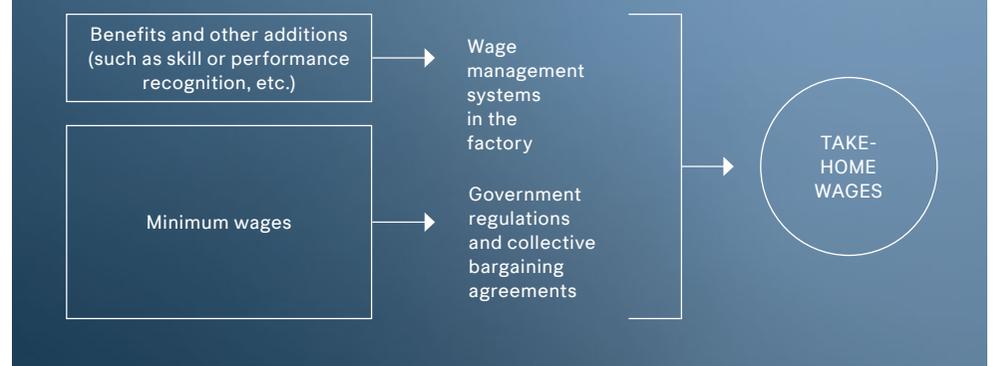
We believe that improved Wage Management Systems will help factories become fairer and more transparent in the way they work with individual wage setting and bonuses. We have supported our suppliers in establishing transparent wage grids in their factories, which show



## Functional wage management system should include:

1. Proper and correct payment of wages according to individual contracts, legal regulations and existing collective bargaining.
2. Internal development of human resources policies and processes to ensure competitiveness, high motivation and sustainable social climate in the factory.
3. A progressive and coherent pay system that rewards workers according to their skills, education, performance and experience, etc.
4. Proper mechanisms for workers’ involvement in factory decisions, including those that generate a process of communication and possible negotiations on the content of wages and payment structures.

## Wage components



workers how they are rewarded for different skills, tasks, education, and seniority, etc. This allows workers to understand how they can influence their wage by improving their skills and performance, etc. At the same time, the improved Wage Management Systems strengthen and mature Human Resources management systems, which should lead to increases in motivation, retention and productivity among the workforce.

When analysing the data from supplier factories in our key market suppliers, we can see that the factories which are implementing improved Wage Management Systems pay higher take-home wages than

those which don't (see tables no. 5.1. and 5.2.). In 2017, the difference ranged from 8% higher take-home wages in Bangladesh to 29% in Indonesia. In 2018, the difference ranged from 2% in Turkey to 11% in Indonesia. In Myanmar first factories started implementing improved Wage Management Systems in late 2017 which is why first results show a positive development since 2018.

Besides higher take-home wages, the factories that are enrolled in our Wage Management System programme (but also all other factories) increasingly provide workers with non-monetary benefits, such as subsidised or free meals, housing subsi-

dies, medical insurance, free child care or health services, and transport subsidies. This is not reflected in the take-home wage figures mentioned in graph 5.1., but it means workers spend less money or receive additional benefits.

By creating incentives and structures that reward workers' skills, performance and loyalty, etc., we can make significant improvements to the situation of workers and the operations of our supplier factories. However, there is a limit to both how much can be achieved at a factory level, and to how much above the industry standard a factory can pay without losing their competitiveness. So, while it

is important for factories to implement improved Wage Management Systems and similar measures, this is not the whole solution to a future of fair living wages for workers.

For this reason, our strategy has always looked beyond individual factories to find solutions that can increase minimum wage in a sustainable and competition-neutral way. These solutions bring together all relevant actors, from governments, factory owners and other brands, to workers and trade unions. Learn more about how we work with Wage Management Systems [here](#).

## 5.1. Impact of Wage Management Systems\*

|            | 2017 | 2018 |
|------------|------|------|
| Bangladesh | +8%  | +5%  |
| Cambodia   | +19% | +10% |
| China      | +8%  | +5%  |
| India      | +12% | +5%  |
| Indonesia  | +29% | +11% |
| Myanmar    | -6%  | +3%  |
| Turkey     | +10% | +2%  |

Difference in take-home wages, between supplier factories implementing improved Wage Management Systems vs factories not yet enrolled in such a programme

## 5.2. Progress of take-home wages 2017-2018\*

|            | 2017 IN USD | 2018 IN USD | INCREASE |
|------------|-------------|-------------|----------|
| Bangladesh | 123         | 136         | 11%      |
| Cambodia   | 250         | 294         | 18%      |
| China      | 553         | 636         | 15%      |
| India      | 164         | 199         | 21%      |
| Indonesia  | 235         | 255         | 8%       |
| Myanmar    | 115         | 152         | 32%      |
| Turkey     | 615         | 706         | 15%      |

Increase in take-home wages at factories implementing improved Wage Management Systems

\*The figures are based on data gathered from tier 1 textile supplier factories. Time frame of data for 2017 is 1 Jan-31 December 2017. Time frame of data for 2018 is 1 Jan-30th June 2018. The data has been collected through our SIPP method and has been validated by H&M group's developers in the different production markets. The data is weighted by factory in flat averages. We are currently working to further improve our data method and instead report wage data as a weighted average per worker, since we see it as a better and more representative measure of salary in a country. We plan to report according to this new method with our 2019 report. The Conversion to USD is based on Swedish Central Bank average exchange rate for the period.

## Improving Wage Management Systems at Ekpen Tekstil

H&M group is working with suppliers in ten production countries to implement improved Wage Management Systems. We want factory management to understand why and how they should be rewarding their workers for their skills, experience, etc.

Ekpen Tekstil, a supplier factory in Turkey, is one of 500 factories we're working with in this way. It has been producing for H&M group for 16 years and today, employs about 200 workers. We've been working with employers and employees locally for two years to improve their Wage Management System. Julia Bakutis, Sustainability

Manager at our production office in Turkey, says the work creates a 'win-win situation': "The steps taken by Ekpen Tekstil to implement improved Wage Management Systems taking employees' individual skills, education and experience into account, supported by open and constructive communication, contribute to a more positive work environment."

As part of the improvements to its Wage Management System, Ekpen Tekstil has involved worker representatives in choosing which parameters wages should be based on and what development skills should be offered.

Ahmet Yavuçehre, the factory owner, is convinced of the benefits of this new approach: "I believe this system gives workers more opportunities and increases their trust in the company. It also contributes to a happier work environment as well as improved productivity".

The changes have also been well received by employees: "I worked in some other companies before and the salary was the same for all employees. I find the payment system in Ekpen quite fair. It is linked to the performance and effort, and open to workers' feedback.", says Hatice Ertekin at packing department.



Melek Bozova and Aynur Akbaba.



Durmuş Bozkurt and Hüseyin Akır.



Julia Bakutis, H&M group.



Ekpen Tekstil.

**“I work in a more motivated way as I already know how my salary can be increased by my performance.”**

DUDU OZALTUN, MACHINE OPERATOR,  
SEWING DEPARTMENT



Photo credit: Tiffany Tsang.

### 5.3. Average monthly wages (excluding overtime) at H&M Group factories vs applicable minimum wages in key production markets\*

|                   | Minimum wages 2013 in USD** | Average wage (excl. overtime) 2013 in USD** | Minimum wages 2018 in USD** | Average wage (excl. overtime) 2018 in USD** | Difference between average wages (excl. overtime) and min. wages 2018 in USD** |
|-------------------|-----------------------------|---|-----------------------------|---|--|
| Bangladesh        | 42                          | 64  | 67                          | 100   | 49%  |
| Cambodia          | 97                          | 99  | 177                         | 219   | 24%  |
| China (Guangdong) | 183                         | 385   | 225                         | 501   | 122%   |
| India (Bangalore) | 91                          | 115   | 115                         | 145   | 26%  |
| Indonesia         | 104                         | 149   | 155                         | 194   | 25%  |
| Myanmar           | 53                          | 75  | 79                          | 116   | 47%  |
| Turkey            | 370                         | 475   | 432                         | 598   | 38%  |

\*The scope is all tier 1 and tier 2 suppliers, all product types.  
 \*\*Conversion to USD based on Swedish Central Bank average exchange rate for the period. Time frame of data for 2013 is 1 Jan-31 December 2013. Time frame data for 2018 is 1 Jan-30th June 2018.

When looking at all H&M group’s supplier factories, including those not enrolled in our Wage Management System programme and excluding any overtime compensation, we can see that H&M group supplier factories pay significantly higher wages than the relevant minimum wage. For 2018, this ranges from 24% more in Cambodia to 122% more in China (Guangdong).

Increases are in most markets often above inflation rates according to the IMF. However, even if the wage increments are higher than the inflation rate in a majority of the countries, workers are facing increments of housing rents, food prices, etc. which leads to no real wage increment for the workers in the end.

#### FROM MINIMUM WAGES TO INDUSTRY-WIDE COLLECTIVE BARGAINING

To achieve industry-wide living wages, minimum wages must increase. The minimum wage is the most important benchmark for wages in the industry and usually defines the biggest portion of a worker’s income. Today, it is usually defined by minimum wages, which are set by governments.

Over the past five years, minimum wage levels have increased substantially in several countries – wages are up by 82% in Cambodia and 60% in Bangladesh. While this is a positive development, these increases are not enough. Too often, they simply reflect the poverty line in these countries and neither keep up with inflation nor the growth in industry in these markets. As a result, the minimum wage in most markets is not a living wage.

We share the view of the UN body ILO and many other experts, that the only lasting and viable way to achieve substantial and sufficient increases in the minimum wage for all workers is through fair negotiations between workers, trade unions and employers. This requires collective bargaining agreements that empower workers’ representatives to engage in fair negotiations. This approach replaces the idea that global brands should impose specific wage levels, a short-sighted tactic that undermines the role of workers, unions, employers’ organisations and governments to effect lasting change. Wages are an industry-wide challenge, and therefore need to be solved at an industry level to stand the test of time. Instead of imposing specific wage levels, brands should ensure that our purchasing practices facilitate the payment of a living wage and enable collective bargaining. Brands also need to advocate governments because they can set the necessary legal framework, ensuring the right to freedom of association and enabling collective bargaining.

This is not an easy thing to achieve, especially considering trade union representation is low in many sourcing markets and industrial relation systems are often immature or even legally restricted. However, we believe this is the only way that workers wages can increase in a sustainable way, with a level playing field. While it takes time to change complex systems like this, we can see significant progress and a growing consensus between relevant stakeholder groups to collaboratively drive structural change at an industry and country level.



**“By addressing the structural barriers to living wages, ACT has the best chance of increasing garment workers’ wages in a way that is scalable, sustainable and enforceable.”**

JENNY HOLDCROFT, ASSISTANT GENERAL SECRETARY,  
INDUSTRIALL GLOBAL UNION

**ACT: ACTION, COLLABORATION, TRANSFORMATION**

The formation of ACT represents a significant milestone on the journey to fair wages. ACT is a ground-breaking coalition of 22 global brands, including H&M group, and IndustriAll Global Union. The group’s mission is to transform the garment, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level.

One particularly game-changing component in ACT’s approach is to include brands’ purchasing practices in the equation. While local employers and trade unions should negotiate wage levels and working conditions with each other, brands can contribute with a commitment to responsible purchasing practices. For example, they can offer long-term commitments to source from suppliers and markets that are willing to enter such a collective bargaining agreement. To support this, all ACT brands have signed a Memorandum of Understanding with IndustriAll Global Union, which commits them – amongst other things – to ensure that their purchasing practices facilitate the payment of a living wage.

You can read more about ACT and the meaning of an industry-wide collective bargaining agreement [here](#).

**PURCHASING PRACTICES**

A brand’s purchasing practices are an important contributor to achieving fair living wages. We developed a purchasing practice guide as part of our 2013 roadmap. It helps ensure best possible capacity planning, timely payments and much more. Thanks to these measures, 93% of our suppliers regard H&M group as a fair business partner.

We also developed a ‘scientific pricing method’. This involves suppliers sharing with us all the major cost components that contribute to a product’s price, including the labour cost component. This means merchandisers can and will negotiate the price of a garment with our suppliers around all component costs except one: labour. This takes garment workers’ wages out of the equation for price negotiations. If wages increase as a result of a collective bargaining agreement, our method ensures the money needed to pay for these wages is accounted for. Together with the other brands within ACT, we are committed to ensure that higher wages are covered by our purchasing price. We believe this systematic isolation of the labour cost is important as an enabler to an industry-wide collective bargaining agreement.



David Sävman.

**“Our purchasing practices should make it possible to fulfil our business idea and give long-term benefits to workers, suppliers, customers and the environment.”**

DAVID SÄVMAN, HEAD OF PRODUCTION,  
H&M GROUP

## Creating win-win-win situations with good purchasing practices

DAVID SÄVMAN, HEAD OF PRODUCTION, H&M GROUP

### What does the term purchasing practices mean to you?

It simply means doing good business! Our purchasing practices should make it possible to fulfil our business idea and give long-term benefits to workers, suppliers, customers and the environment. During 2018 we focused on suppliers' production plans, our execution and follow up of production volumes, as well as how we can secure ring-fencing labour costs in price negotiations. This means when we negotiate price with a supplier, the labour cost is taken out of the equation.

### How do you isolate the labour cost?

We exclude the labour cost from our price negotiations with the supplier. When we negotiate the price, it can only affect the material and quality, for example, and not the workers' wages.

### What does the isolation of the labour cost mean to workers, suppliers and our business?

By isolating the labour cost,

we can be more concrete and credible towards both suppliers and production countries, and show that we can and will stand by our purchasing practices. It also means that we can do better business and minimize challenges for workers to get better working conditions.

### How does the scientific pricing method work?

We transparently look at all parts of producing a product and make sure we have the right cost that creates win-win-win situations: for the workers, our business partners and for H&M group.

### You developed an app based on this method that other companies can use to isolate labour costs in the same way?

Yes! The app is called SEA (SMV Estimation Application), and it's basically old facts packaged into a modern and user-friendly way! We believe that the only way to create change in the industry is to get as many brands as possible to join us.

## WORKERS AND SUPPLIERS ARE BETTER PREPARED FOR COLLECTIVE BARGAINING AGREEMENTS

As part of our Fair Living Wage Strategy, we have placed a strong focus on establishing well-functioning dialogue and democratically elected worker representation in factories. We exceeded our 2013 goal for 50% of our product volume to come from factories with democratically elected worker representation, reaching 73% by 2018. Democratically elected representation provides workers with better opportunities to make their voices heard and resolve any issues that arise.

Democratically elected worker representation also helps prepare suppliers for an industry with maturing industrial relations. Many of our supplier factories undergo a mindset shift when they initiate this kind of change, in which they recognise the benefits of improved dialogue with their workers and worker representatives. In turn, this leads to an openness in addressing specific key issues such as worker well-being, health and safety, or wages and compensation.

Alongside this mindset shift, we have also seen an increase in the number of supplier factories with one or more trade unions. While this is a positive development that we will continue to support, more needs to be done by all actors involved. You can find out more about our Industrial Relations strategy on page 66.

## PROGRESS

- We reached and exceeded the Fair Living Wage Strategy goals we set in 2013. In five years, this work has reached 655 factories and more than 930,000 garment workers in ten different countries. Read more on page 79.
- ACT has brought together 22 different brands as well as trade unions to work together to achieve industry-wide collective bargaining agreements, supported by brands' common commitments on purchasing practices. As part of this, all signatory brands have signed Memorandums of Understanding, which commit them, amongst other things, to ensure their purchasing practices facilitate the payment of a living wage.
- H&M group developed and implemented a 'scientific pricing method', which systematically removes labour costs from price negotiations with suppliers, therefore ensuring that labour costs are paid and accounted for with each product order.
- We asked the Ethical Trading Initiative (ETI) to review our Fair Living Wage Strategy and implementation, and to compile an independent evaluation report. We recognise and have already addressed several of the report's findings, such as further developing our purchasing practices using the above-mentioned scientific pricing method. With help from other stakeholders, we'll continue to address issues as we develop our strategy. ETI's report is publicly available [here](#).

- In December 2018, we shared the ETI's feedback from 150 key stakeholders at an event in Phnom Penh. Through this kind of openness, we can jointly advance best practices, learn from shared challenges, and set the framework for joint steps forward to ensure fair living wages for all garment workers.
- In Ethiopia, the Government has not ratified the ILO Minimum Wage and has not set a minimum legal wage for the private sector. In 2018, together with the ILO we have engaged with the Ethiopian Government to advocate for a minimum wage-setting mechanism for the textile industry. Although we believe this process might take a long time, we are fully committed to support the ILO driven agenda.

## LEARNINGS

- Together with trade unions and other experts, we have learned that the best way to achieve wage increases in a scalable, lasting and competition-neutral way is through industry-wide collective bargaining agreements.
- We recognise that we cannot achieve industry-wide living wages only through factory level interventions. To achieve sustainable increases, minimum wages have to increase. Although there have been significant increases in minimum wages in several markets, the change has been too small and too slow to achieve industry-wide living wages.



Panel discussion at the Fair Living Wage summit in Phnom Penh, Cambodia.

## Interview with Frank Hoffer, Executive Director of ACT

ACT (Action Collaboration Transformation) is a group of 22 brands and retailers that are working together with IndustriALL towards a future in which all textile workers earn a fair living wage.

**What makes ACT different?**  
ACT is something that has never been tried before. It's a joint initiative between major brands in the garment and textile industry, plus IndustriALL, which has a clear objective to work together to achieve living wages for

workers in the garment and textile producing countries.

**What role does H&M group play in ACT?**

H&M group has been at the forefront of our discussions, particularly around finding practical solutions. For example, it is important that the brands buying from textile suppliers make sure their respective purchasing practices support a living wage. One of the agreements H&M group helped with is that the wage cost on a product is

not up for negotiation, which ensures that workers' wages are not negatively affected.

**Why does the industry need ACT?**

We are trying to prove that worker representation can lead to positive change. Some of the countries we work with have experienced other forms of worker representation, including bargaining by riot. We show these countries a different way – that it is possible to build systems to create stable and predictable development.

**What has ACT achieved so far?**

Bringing all these stakeholders together was our first achievement. Our second was to agree to use industry-wide collective bargaining to engage with national actors in countries like Cambodia, Myanmar, Turkey and Vietnam. Our third achievement was to present the shared message that international brands – like H&M group – will make a country a preferred country of sourcing if they share our vision of a living wage for textile workers.

**NEXT STEPS**

We remain committed to our vision of achieving fair living wages for all textile workers. We will continue to work with our supplier factories to further build on the positive learnings and impacts from the implementation of improved Wage Management Systems, as well as the implementation of democratically elected worker representatives. Beyond this, we know we'll continue to need strong collaboration

with various actors. Therefore, we will further expand our work with key partners in the industry moving forward. This includes continuing to work with ACT and its ground-breaking approach to achieving fair living wages.

We will continue to take a leading role in driving such collaboration forward, and continue to contribute by sharing our future learnings, challenges and achievements.



Frank Hoffer.

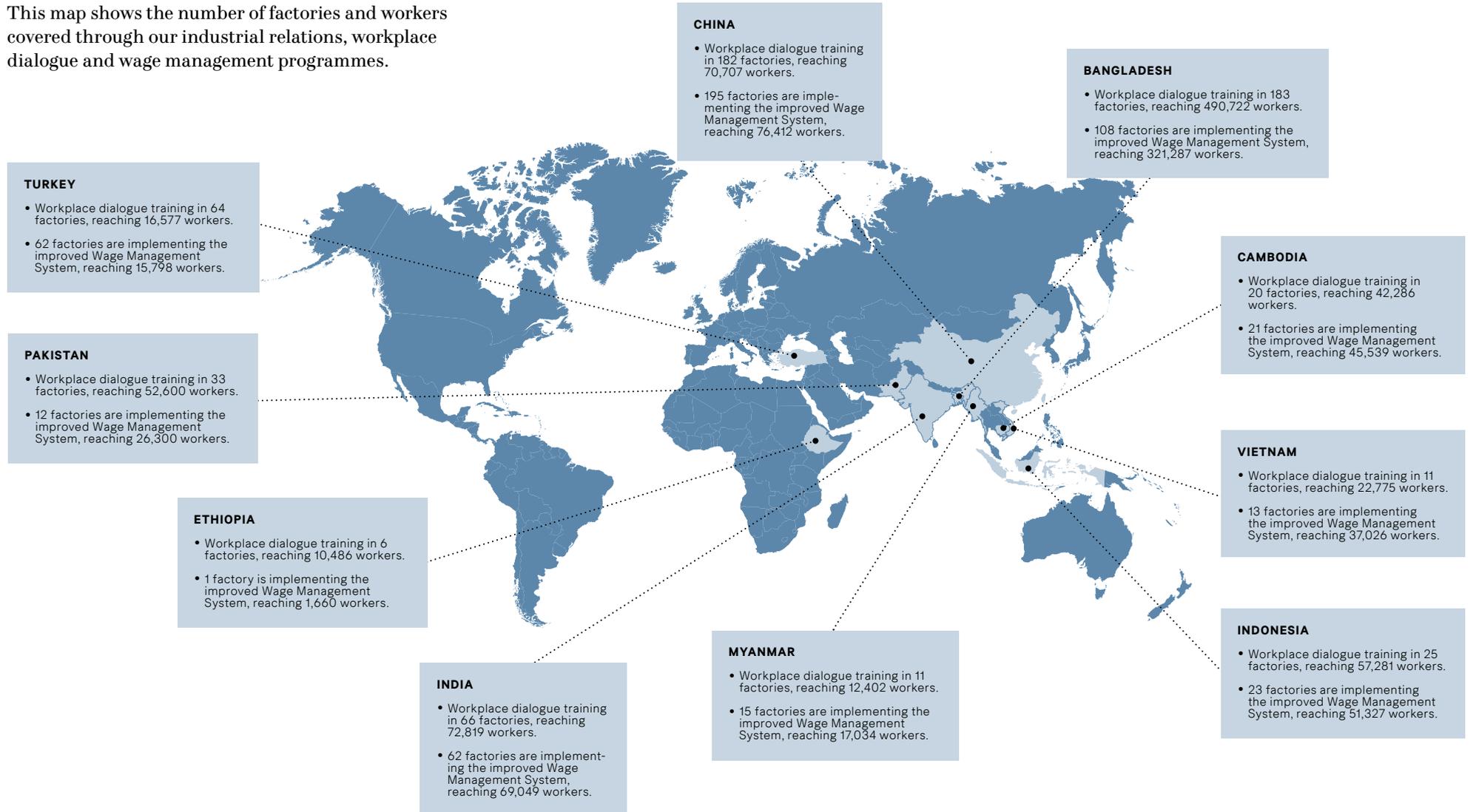
**“Progress against the H&M group’s 2018 targets already points to the measurable contribution such strategies can make towards key Sustainable Development Goals. The company’s next targets must maintain and increase the pace of change. And even more companies within and beyond the apparel sector should feel challenged to follow suit.”**

CAROLINE REES,  
BUSINESS & HUMAN RIGHTS EXPERT,  
PRESIDENT AND CO-FOUNDER OF SHIFT



# Overview of our industrial relations, workplace dialogue and wage management system programmes

This map shows the number of factories and workers covered through our industrial relations, workplace dialogue and wage management programmes.





# Addressing human rights issues

## Respecting human rights is a fundamental part of H&M group's responsibility as a company and vital to the sustainable operations of our business.

Our Human Rights policy requires us to have sound due diligence and risk assessment processes in place to identify any risk of doing harm in our operations and our supply chain. Our due diligence process is described on page 92, along with how we identify salient human rights issues. Read more about H&M group's policies at [sustainability.hm.com](https://sustainability.hm.com).

We have identified a living wage, freedom of association and collective bargaining as human rights issues that are most important to address in securing fair jobs for all. Not only are they important rights by themselves, but they also enable the establishing of other rights. In the previous section of this report, we describe how we address them. In this section, we will describe how we identify and address additional human rights issues.

### ADDRESSING CHILD RIGHTS AND CHILD LABOUR

We recognise the importance of contributing and strengthening children's rights by improving life for children and young people, both directly and indirectly. For

example, our Fair Living Wage strategy can make an indirect positive difference to children's lives because it helps parents earn a sustainable living. We also collaborate with the Centre for Child Rights and Corporate Social Responsibility (CCR CSR) to improve and develop young workers' life skills. This is described in a [film](#) produced by Global Child Forum and CCR CSR.

We make it an absolute, minimum requirement for all factories producing for H&M group to be free from child labour and this compliance is continuously monitored. The likelihood of child labour taking place in an H&M group-supplying factory is very small. During 2018 we identified 1 case of an underage worker in a factory in China. The boy was 15 years and 10 months old (in China minimum working age is 16 years). In dialogue with the boy and his family it was agreed, that he should attend a vocational training school until he reached legal working age. During this time, the factory compensated him in line with the legal minimum wage and

paid his schooling fees. Read more about our requirements on page 96. If we find any person below the minimum age working in any of our supplier factories, then our Child Labour Policy guides us (and our supplier) to act in the best interests of the child. This can include ensuring that the individual enrolls in school, providing compensation to the family for lost income and partnering with civil society organisations. Please find a full list of our Salient Human Rights issues [here](#) and further details on how we address human rights issues in our supply chain on page 80–82.

### PROGRESS

- H&M group actively participated in the multi-stakeholder Responsible Mica Initiative (RMI), which is working towards responsible Indian mica mining. We took part in working groups for 'Traceability and Specifications' and 'Community Empowerment', in which 40 villages were selected for empowerment programmes. We have also had continued dialogue regarding mica mining with stakeholders in our own supply chains.
- In Myanmar, we are in the third year of a successful collaboration with Centre for Child Rights and Corporate Social Responsibility (CCR CSR). In 2018, we engaged 10 of our factories in a project to prevent child labour and protect young workers. The project aims to train factory management and raise awareness among workers on the prevention and remediation of child labour. We have now covered all our supplier factories, in total 45 in Myanmar over the course of our work with [CCR CSR](#).
- We engage and support UNICEF and NBIM's (Norges Bank Investment Management) work on the framework to the Children's Rights Principle in the Garment and Footwear Supply Chain, which focuses on the fashion industry's impact on children with working parents.

## ADDRESSING FORCED LABOUR

As with our approach to child labour, we continuously monitor compliance with the absolute minimum requirement that all factories producing for us are free from forced labour.

We have due diligence processes in place to ensure we identify and address any risks of forced labour. We describe our ongoing work to address the specific risks of forced labour in our Modern Slavery Statement, which is published each financial year alongside our annual sustainability report.



Worker at one of our supplier factories in Cambodia. Photo credit: Tiffany Tsang.

## PROGRESS

- We collaborated with Mekong Club, Hong Kong, which produced training material on forced labour and modern slavery. We incorporated this material into the relevant training for various functions within H&M group.
- We engage with AMCO (Amsterdam Coalition), a group of leading brands who are developing a sector-wide approach that focuses on due diligence and responsible sourcing from India. This group consults regularly with important civil society stakeholders, and in 2018 established an industry platform for responsible business conduct with Indian manufacturing businesses and the OECD's Responsible Business Conduct unit. The platform exists to address due diligence challenges and opportunities in Indian supply chains through shared research and capacity-building activities.
- In India, three of our spinning mill suppliers are participating in the [Ethical Trading Initiative's Tamil Nadu Multi-Stakeholder programme \(ETI TNMS\)](#). This programme focuses on awareness training around workers' rights, health, safety and nutrition in spinning mills in south India.
- We continue to refine the due diligence process in our supply chain. We have included target outcomes in our goal-setting process at a global and national level.
- In Vietnam, together with IOM (International Organization for Migration) we have provided awareness training to 13 of our suppliers on forced labour and modern slavery.

## ADDRESSING HEALTH & SAFETY

Our priority is to ensure that all workplaces in our business and supply chain are places that always prioritise health and safety for workers. Where hazards do occur, these workplaces must take preventative measures to safeguard and protect workers' safety. One of these preventative measures is to involve workers in health and safety awareness-raising, and to secure grievance channels that enable workers to raise safety concerns. This requires worker representation, dialogue with factory management about issues of concern, and worker involvement in decisions that affect workplace-related health and safety issues.

## ADVANCING THE BANGLADESH ACCORD

H&M group actively supports the Bangladesh Accord, which was set up in May 2013 to help improve fire and building safety in the textile industry in Bangladesh. We were one of the first companies to sign the Accord and have been on the steering committee since day one. The Bangladesh Accord is now monitoring over 1,600 factories.

Initially, the Accord was meant to be transferred to a local national regulatory body by May 2018. However, this transfer process depended on the local body satisfactorily demonstrating its capacity to inspect factories, protect workers, provide transparency and offer confidential complaints mechanisms. A Transitional Accord was signed in 2017 and became effective in June 2018.

## PROGRESS

- The High Court of Bangladesh intervention has changed the scenario and we keep monitoring the situation closely. H&M group has a close and constant dialogue with the Bangladesh authorities, BGMEA, ILO and other stakeholders. Our position is that the timeline must secure the possibility for a smooth and progressive transition of the Accord to a national regulatory body. Our presence and commitment in our production markets is long-term. H&M group has been sourcing from Bangladesh over three decades and currently we source from around 250 production units. For further reference, our supplier list has been public since 2013 at [sustainability.hm.com](https://sustainability.hm.com).
- 98% of our suppliers have remediated issues as defined by the Bangladesh Accord. Effective January 2019 we only place orders with factories that 100% comply with the Accord requirements.

## ADDRESSING SOCIAL SECURITY

Social security is a human right, and includes benefits such as healthcare, sick pay, work-related injury coverage and maternity leave. Social security can be undermined by recruiting and hiring methods that exclude people from social security schemes. Modern slavery is the worst example of this. Permanent forms of employment usually entitle employees to social security benefits, but in many countries, employment schemes do not always entitle their workers to the same kind of protection. In fact, some schemes can limit a worker's ability to exercise their rights.

At H&M group, we seek to minimise these limitations by working with suppliers to improve the terms they offer their workers. This starts by ensuring suppliers and factory management are both aware of and meeting their obligations under labour and social security laws. We then look to identify instances in which social security obligations are being systematically avoided. For example, some suppliers avoid providing better employment schemes through the continued use of short-term contracts rather than the offer of full-time employment.

We also ensure that especially vulnerable groups such as refugees can access social security system through proper registration.

## PROGRESS

- In Cambodia, the legislation regarding Fixed Duration Contracts (FDCs) and Undetermined Duration Contracts (UDCs) was amended by the government during 2018 to better facilitate the use of UDCs – which are typically more secure for workers. We have started to map the ratio of UDCs to FDCs in our supply chain, and in 2019 we will work with suppliers and workers to increase the transition from FDCs to UDCs. Although progress on this issue has taken longer than expected since we first identified the problem, we have recently started to see signs of positive change.

- In Turkey, H&M group is building capacity and collaborating with various stakeholders to enable the formal employment of Syrian refugees in our supplier factories in Turkey. As of 2018, more than 300 Syrian refugees are employed in over 20 approved units in Turkey, supported by the United Work programme. The ILO SCORE initiative invited factory units employing Syrian refugees to participate in a training programme. Four facilities have participated so far, and the programme focuses on functional workplace dialogue and health and safety committees.

- In Italy, we engaged in a working group to map resources amongst local trade unions and government programmes that ensure responsible conditions for migrant workers.

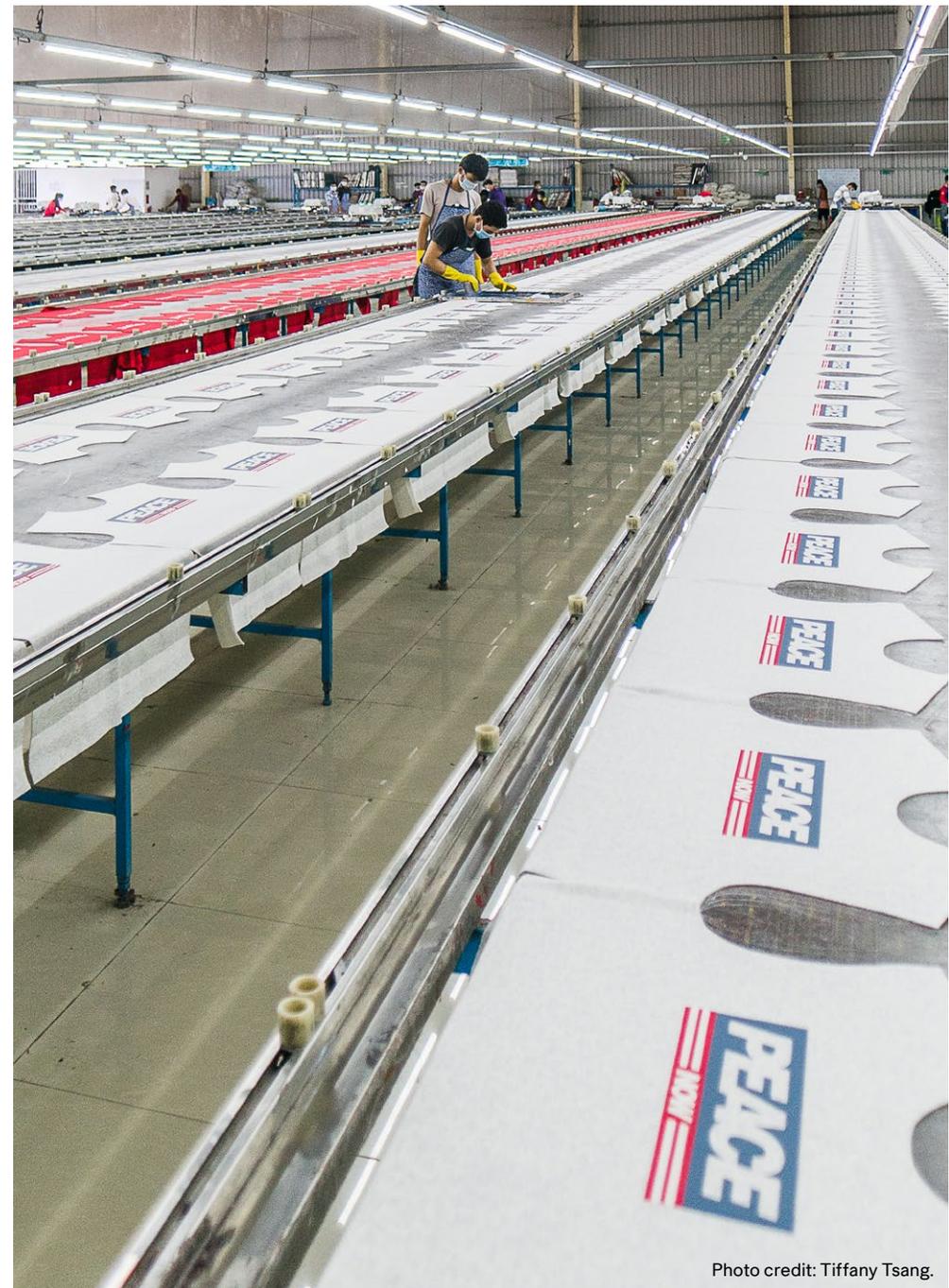


Photo credit: Tiffany Tsang.

# Inclusion & diversity

Through relationships with our employees, business partners and customers, and through our global presence, H&M group represents and connects with a huge number of people around the world. This presents us with a unique opportunity to drive inclusion and diversity.

We believe each and every individual should be treated fairly and equally, and are therefore dedicated to advancing inclusion and promoting diversity. We aim to understand, reflect and advance the inclusion of every person we connect with – from suppliers to customers – in all the diverse markets in which we operate. We believe this is the foundation for great customer experience and key to our ongoing success.

In 2018, we intensified our continuing work around inclusion and diversity. One of the reasons was the key learning from the children's hoodie, which many perceived as racist. This was unintentional and consequently had to be addressed comprehensively. As a result, we have increased our emphasis and attention to our inclusion and diversity work. During 2018 we updated our strategy on inclusion and diversity and broadened the scope of our ambitions. We use our size and scale to advance inclusion and diversity towards our customers and the communities around us. An important

step in implementing our strategy was the roll out of a new training programme on inclusion, diversity and unconscious bias, which raises awareness and helps us shape our goals, as well as identify improvement areas. Several markets, including South Africa and USA, have teamed up with external partners to customise their own training on inclusion and diversity.

Our ambition is to be inclusive and become more diverse at all levels of our company. This will optimise our decision-making and team performance, and ensure we reflect and respect the diversity around us. We want to be inclusive across our wide customer offering, continue to promote diversity through our marketing and campaigns, and contribute to positive social impact through inclusion and diversity initiatives where we are present.

Rooted in our values, and through our global reach, we also want to be advocates for everyone's right to be included and accepted, and to express who they are.



H&M colleagues starring in "Love for All" campaign in Amsterdam during Pride week.

**PROGRESS - INTERNAL**

- According to our employee survey, 83% of H&M group employees agree with the statement "I feel comfortable being myself at work". 81% of H&M group employees agree with the statement "I am treated with respect and dignity".
- In 2018, 74% of all H&M group employees were female and 72% of management positions were filled by female employees (2017: 76%, 72%).
- Our Board of Directors was represented by a 60:40% (female:male) gender split.
- Our Internship for Integration programme focuses on providing refugees in Germany, Sweden and Italy with work experience opportunities. In 2018, Spain launched a similar programme. The internship initiative

has been around for three years and has had a positive impact for all participants. Going forward, we will work to strengthen our social impact measures as well as look into possibilities to scale up.

- Our initiative to provide safe transport to and from work for our female H&M store employees in India continued. In addition, we are working with vocational schools, such as the World Class Skill Centre and Infrastructure Leasing and Financial Services Skills Development Corporation Limited, and NGOs such as the Magic Bus and Oasis, to attract and recruit new colleagues from less advantaged socio-economic backgrounds. Approximately 5% of our employees have a chance to be hired through these partnerships.
- All our head office functions, including

the executive management team and the CEO, have completed our internal training programme for inclusion and diversity and unconscious bias, which covers aspects across our value chain.

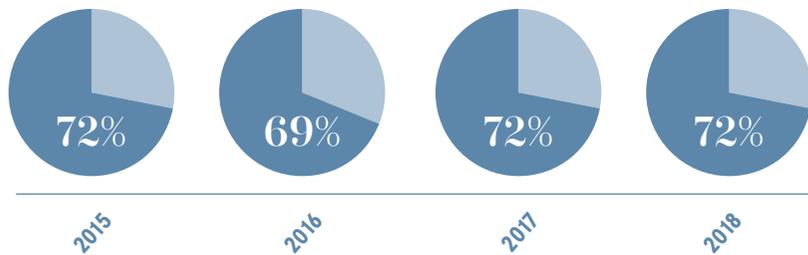
- In 2018, we initiated a further roll-out of trainings to reach most of our employees. The training programme aims to ensure more intentional goal-setting around inclusion and diversity throughout the employment lifecycle, and to identify clear action points related to an inclusive customer offer, advancing inclusion and promoting diversity.
- We have worked with different focus markets throughout the year. For example, we partnered with the Institute for Justice and Reconciliation in South Africa to conduct internal training for the ZA organisation. We

also participated in the Anti-Racism Network conference. In the USA, we partnered with Accenture to offer internal training, and put a Diversity Officer in place to drive our inclusion and diversity strategy forward.

**LEARNING - INTERNAL**

- During the roll-out of internal training on inclusion, diversity and unconscious bias, we realized there are a lot of learnings for us as an organization. We are a global company but need to adapt to, and address, issues of local relevance. This is why we have started to review our policies and processes to further improve an inclusive approach and way of working. A key insight from the training on unconscious bias is that we constantly need to challenge our perspectives. In 2019, we will continue to look into how we can effectively measure inclusion and diversity.

5.4. % OF FEMALE EMPLOYEES AT H&M GROUP IN MANAGEMENT POSITIONS



**“We commend H&M group for its investment in a series of our interventions. The increasing complexity of the issues facing society often make people long for simple answers. However, for H&M group to provide an opportunity for their staff to engage with the issues is a proactive move to contribute positively, not only to internal company culture and values, but also to building a more cohesive and inclusive society.”**

STANLEY HENKEMAN, EXECUTIVE DIRECTOR AT THE INSTITUTE FOR JUSTICE AND RECONCILIATION IJR IN CAPE TOWN, SOUTH AFRICA



## Advocating for gender equality in Turkey



Nur Ger.

Ms. Nur Ger is the founder of the Suteks group, an H&M group supplier since 1982. She is also the Chair of the Board of Suteks group, the Business Spokesperson for the UN on Women's Empowerment Principles (WEPs) and the founding President of the Yanindayiz Association.

### Why is it important for you to work with gender equality?

I have always cared about participation in civil society activities, as well as business life. As a student and as an entrepreneur, I have experienced various difficulties and realized the sacrifices that women need to make in order to succeed in the business world. This should not be the case, women and men should have equal opportunities in all aspects of life, at home and at work.

### What kind of role can your business play?

The business world has a great responsibility in this area in addition to government policy. Gender equality is at the very heart of human rights and a cornerstone on which I founded my company. Suteks is based on gender equality which not only involves the opportunities

that we offer to our female employees during pregnancy and the first period of motherhood, but also all employees taking advantage of the opportunities to keep a good work and family balance in life. Non-hierarchical management, as well as the profit share system are unique management tools.

### How can we advance gender equality?

In my opinion, women's access to education is one of the best ways to eliminate gender inequality. As the level of education increases, so does women's participation in the labour force. But gender equality isn't possible without including men. For many years now, women in this country have been alone in their struggle for women's rights and social gender equality. That is why I founded Yanindayiz (Stand By You) together with 40 male members, all advocating for gender equality in Turkey. In order to get changes in the laws, institutions and social life, we aim for the better awareness and active involvement of men in the struggles against all obstacles and prejudices that cause gender inequality and sexual discrimination.

**“In a global society, there is still work to be done to achieve gender equality. It is an explicit priority for the world, through the sustainable development goals, and it is a priority for us. As a large company where the majority of people employed by us directly or indirectly are women, we need to ensure that we address both structural and unconscious inequalities. We are signatories to the Women's Empowerment Principles and use these principles to guide our strategy development, goals and actions.”**

SOFIE NYSTRÖM, STRATEGY LEAD  
INCLUSION AND DIVERSITY,  
H&M GROUP



**PROGRESS - EXTERNAL**

- Monki HQ was LGBTQ certified by the Swedish Federation for Lesbian, Gay, Bisexual and Transgender Rights (RFSL). This certification came as a result of employee-participation in workshops held by RFSL that provided education in norms and the impact they have on the working conditions and health of LGBTQ people.
- Monki also entered into a partnership with Mental Health Europe (MHE), a non-governmental organization committed to the promotion of positive health that works closely with a large network to end mental health stigma. Monki and MHE collaboratively launched the Monki campaign, “All the Feels”.
- H&M launched a Pride collection to advocate for equal rights and to celebrate that everyone should be free to love who they want. We donated 10% of the sales from the collection to the UN Free & Equal Campaign, which was set up by the Office of the High Commissioner of Human Rights (OHCHR) and advocates for equal rights and fair treatment for LGBT+ people.
- Weekday launched a swimwear collection and accompanying campaign that was created by women for women. “My Body, My Image” was a collaborative campaign that invited 25 women to contribute self-portraits of themselves in one of the brand’s eight new swimwear designs. With complete creative control, the women had

an unrestricted opportunity to create the sort of images they wanted to see.

- Weekday collaborated with UNHCR, the UN Refugee Agency, to create a collection of five original designs that encouraged action in support of the millions of refugees and forcibly displaced persons worldwide. The collection’s designs were printed on organic cotton t-shirts and totes, a belt, a key chain and a porcelain coffee cup; 100% of all proceeds (30% of sales price) was donated to UNHCR.
- H&M launched the first collection of bras for breast cancer survivors. The “Close to My Heart” collection was

inspired by an H&M employee who survived breast cancer and couldn’t find affordable and functional undergarments. H&M created this collection for her and all those fighting breast cancer around the world, and to shine a light on the social stigma sometimes experienced. In the USA, 100% of sales from the collection was donated to the American Cancer Society.

- We continued to support a project providing equal opportunities for people with disabilities in Indonesia. In this project, suppliers involved ensure the hiring and accommodation of people with disabilities in supplying factories.



Weekday.



“All the feels.” Monki.



“My body. My image.” Weekday.

**“We want to engage women to take control and reflect over how the female body is portrayed in media.”**

NADINE SCHMIDT, HEAD OF MARKETING AT WEEKDAY ON THE CAMPAIGN “MY BODY, MY IMAGE”



Participants at TEDx event at Kakuma Refugee Camp.

## H&M Foundation supported the world's first TEDx event at a refugee camp

In June 2018, the Kakuma Refugee Camp in the north of Kenya hosted the world's first TEDx event in a refugee camp. The theme was "Thrive" and it focused on life as a refugee away from the image of suffering, and towards stories of resilience, contribution and creativity. The event was a powerful demonstration of how

empowered refugees can shape a peaceful and tolerant future.

The TEDx was part of a 30 million SEK collaboration between UNHCR and H&M Foundation. The project's main focus is supporting half a million refugee children with the school supplies they need to attend school in Chad, Ethiopia,

Iran, Kenya, Malaysia, Pakistan, Rwanda, Sudan, South Sudan, Syria, Uganda and Yemen.

"H&M Foundation wants to contribute to positive change for refugees, and we do this by supporting UNHCR efforts in many different countries. By also supporting the arrangement of

the world's first TEDx in a refugee camp, we want to highlight perspectives and stories from people with their own experience of being on the run. It is crucial to counter prejudice and contribute to important knowledge, needed now more than ever," says Diana Amini, Global Manager at H&M Foundation.

Speakers included current and former Kakuma Camp refugees. Pur Biel spoke about growing up in Kakuma Camp and competing at the 2016 Summer Olympics as a member of the first ever Refugee Olympic Team. Halima Aden spoke about her journey from a childhood in Kakuma Camp to becoming a supermodel.