



Stockholm, December 08, 2003

H&M Proposes a Fair, Peaceful, and Democratic Process for Trade Union Representation in the US

H&M has always sought to maintain good relations with its employees and to trade unions. For us, it goes without saying that each member of the staff has the right to belong to and participate actively in a trade union organization.

H&M currently has 40,000 employees in about 30 countries. We are opening a hundred new stores, and grow by 3,000-4,000 people each year. To enable such a rapid expansion, it is essential that we retain good relations with our staff and the organizations they belong to. In the United States as well as in other countries, the well-being and motivation of our staff is crucial to our success, and the faster we expand the greater the demands.

Rolf Eriksen, CEO:

”This is also the reason that we’re offering our American staff higher wages and better benefits than the industry average.”

In essence the discussions in the US concern the process used to determine whether a trade union should have the right to organize employees at a workplace and act as their representative in collective bargaining negotiations at the workplace. US law states that a trade union which represents more than 50 per cent of the staff at a workplace also has the right to act as their representative in negotiations. If a trade union reaches this degree of representation, it is also entitled to demand payment of dues from employees who do not wish to join the union.

Rolf Eriksen, CEO:

“Naturally we comply with US legislation in full.”

“The American campaign that is being waged against H&M is based on a long list of incorrect information:

- H&M has never dismissed anyone because the person was active in a union – and of course H&M will never dismiss anyone for this reason.
- The description of wages and other benefits in the campaign material from the trade union UNITE is clearly misleading. H&M offers its employees in the US competitive working conditions and benefits as well as competitive wages.

- UNITE has made incorrect statements about working conditions at H&M's warehouse in New Jersey. We have not received any complaints from the US Occupational Safety & Health Administration (OSHA), which has carried out repeated inspections."

UNITE, the US trade union representing employees in the textile industry, today claims to represent the staff at H&M's New Jersey warehouse and a number of H&M stores.

Rolf Eriksen, CEO:

"It goes without saying that we wish to respect US legislation, but we have also clearly stated that we want to ensure a process which guarantees the integrity of the individual employee and makes it possible for him or her to make an independent decision."

"We have presented a proposal to UNITE that guarantees such a democratic, peaceful process and ensures the integrity of our employees. A key issue in this process is whether representation should be determined by democratic ballot among the employees. Unlike the "card count" process proposed by UNITE, a democratic vote - with a guaranteed secret ballot for the individual - of the type proposed by H&M puts no pressure, either from us or from the union, on employees to make a particular decision."

"This model is fully compliant with US legislation, but it is more generous than what is common practice in the United States today."

Rolf Eriksen emphasizes that H&M can see no valid reason why anyone should be opposed to a procedure which ensures that employees are allowed to decide for themselves if they wish to be represented by a union organization and, if so, which one.

Rolf Eriksen, CEO:

"For over fifty years H&M has been building good relations with its staff and their unions, both in Sweden and abroad. We will of course continue to do so, also in the United States."

"We feel that we've been held hostage in a US domestic policy debate. It would seem that they want to draw highly ethical European enterprises into this national battle."

There is currently a political debate in the US about the forms in which employees join unions. On December 10, the AFL-CIO, the central US federation of labor unions, will be organizing a national demonstration in support of a proposed legislative bill that is backed by Senator Hillary Clinton, among others. In this domestic political debate H&M and other European companies have attracted particular attention.

Rolf Eriksen, CEO:

“On point after point, we have shown that UNITE has been careless when describing conditions in our US operation.”

This debate has attracted a certain attention in Sweden, but has so far been largely ignored by the US media. H&M believes that the action taken by UNITE will not influence the company's US activities.

For more information, please contact:

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Attachment: H&M:s letter to UNITE.

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Mr. Bruce Raynor
President
UNITE
1710 Broadway
New York, New York 10019-5299

11-17-03

Dear Mr. Raynor:

I am writing in an effort to seek common ground.

For over half a century, H&M has enjoyed a reputation for respecting and protecting the interests and welfare of its most important asset--our workers. We care and have always cared deeply about ensuring that our employees everywhere, including throughout the United States, are treated fairly, respected, and given the freedom and information to decide issues that impact their working lives. We assume that UNITE shares these same goals.

For these reasons the employees who choose a union to represent them, or choose not to be represented by a union, should have that choice respected. With this principle in mind, H&M would propose the following outline of an agreement:

- (1) UNITE (or any other union advocated by a fourth of the employees in any particular unit) may request access in order to communicate with that unit of employees. Access will be scheduled consistent with business needs, will be non-disruptive and shall be in non-working locations.
- (2) Discussion of union representation shall be positive. H&M will not advocate against union representation and will restrict itself to communicating to its employees necessary factual information, including responding to any misstatements made by other parties. UNITE will not disparage H&M, its officials or its policies, but will tell employees about the benefits of representation by UNITE.
- (3) No employee shall be subject to coercion or intimidation by anyone.
- (4) No less than thirty days after access is granted, UNITE may ask the American Arbitration Association, or a similar group, to hold a secret ballot election within the following twenty days.
- (5) If a majority of the employees choose to be represented by UNITE, H&M will recognize UNITE as their collective bargaining agent. If a majority of the employees vote against representation, or if UNITE fails to seek an election within the stated time period, then UNITE will not seek to organize that group of employees for the following twelve months.
- (6) UNITE will not picket or take other aggressive action against H&M in connection with its efforts to represent H&M employees.
- (7) Any dispute about the meaning or application of the agreement would be subject to immediate resolution by a standing arbitrator chosen by the parties.

H&M would, of course, be willing to negotiate over the particulars of this proposal. One point must be stressed, however: H&M is committed to ensuring the fairest process for its workers and we believe that a secret ballot election is the only democratic process that can meet this objective.

Please let me know your thoughts regarding this proposal at your earliest convenience.

Sincerely,

Susanna Lindberg

