

Proposals for the 2023 annual general meeting

Other proposed resolutions etc.

Item 17

Shareholder proposal submitted by Daniel Sommerstein:

For many years H&M has taken a leading role – in collaboration with other major global brands, trade union organisations and national actors – in continually raising the level of pay for factory workers in many of our major production countries.

Although we have many good initiatives of our own and work in partnership with the Better Cotton Initiative, we often get a whole load of criticism from various organisations, consumers and in the media for not doing enough. Our primary role as a company is to earn money in the long term by providing good clothes and other products, and this must be done in a sustainable way. As a major actor in the market we have the opportunity to make a big difference and there is a market position to take – H&M can be the company that we want to be and show the world that we do not just what is easy but also what is difficult, and take the lead as regards terms of employment and living wages. One of the clearest ways we can do this is by starting a partnership with Fairtrade with the intention of both buying Fairtrade-certified cotton and producing our clothes in Fairtrade-certified factories. We would be the first major player to take this step and it could be a way to set a new level for the entire industry. H&M has much to gain from this as a brand, but also in actual terms since more and more customers are taking an interest in these matters and actively choosing our competitors because they can provide this. This year money is more of a struggle for consumers than it has been for a long time, and perhaps in 2024 we will also see a situation in which price becomes ever more important. Once that eases and consumers have greater margins, we can be well equipped with new collections that proudly bear the Fairtrade label and talk about these issues with renewed credibility. I would therefore like the general meeting to instruct the board of directors and CEO to take the necessary decisions to in turn have their employees initiate a plan for launching clothing with the Fairtrade label, thereby showing that we are serious about these issues and that we do not shy away from any solutions to the complex problems that exist at the production stage. We will also use this resolution to market ourselves and be at the forefront of issues such as living wages and employment terms in the cotton fields and factories that we buy from. Thank you for listening and for the opportunity to highlight this matter.

Item 18

Shareholder proposal submitted by Fair Action:

The Annual General Meeting calls on the Board of Directors to:

Join negotiations with union representatives and suppliers in order to establish and manage a transparent and legally binding agreement. Through the Agreement, the parties will establish and manage:

- a Global Wage Assurance Account, to ensure workers will have received their regular wages during the period of the Covid-19 pandemic, both retroactively and going forward;
- a Global Severance Claims Account, to ensure payment of severance compensation for workers at factories that close or undertake a mass dismissal; and
- a Global Administration and Enforcement Account, to support the governance monitoring, and enforcement of the Agreement, including ensuring that basic labour rights are respected.

[The full text of the draft agreement.](#)

Supporting statement

Employees in the textile industry were hard hit by the Covid-19 pandemic. As stores and shopping malls closed in the beginning of 2020, millions of workers lost their livelihoods. Numerous employees were sent home without receiving their legally mandated remuneration.

Three years after the pandemic started, many workers are still owed billions of USD in unpaid legally mandated remuneration. For instance, approximately 1 500 employees at two H&M supplier factories in the north of India, Shahi Exports Unit 15/1 and 28, are still waiting on hundreds of thousands of USD in legally mandated compensation.

Severance pay is a legal obligation for employers in countries where there is little or no notice period in connection with dismissals. The situation where workers are left without their legally mandated severance when factories close down, is not a problem specific to the Covid-19 pandemic as factories may close down due to other reasons as well, for example bankruptcy. The failure of employers to pay severance has severe consequences also because most of H&M's production takes place in countries where social security systems are inadequate or weakly enforced. Like in the example above, from the north of India, the lack of legally mandated compensation results in workers and their families suffering from malnutrition and indebtedness to private lenders.

The United Nations Guiding Principles on Business and Human Rights, to which H&M have committed, stipulate that corporations have a responsibility to respect human rights throughout their supply chain. Until well-funded and democratically administered public social protection schemes for unemployment and/or severance benefits are in place, brands/retailers and employers in the garment sector must share responsibility for ensuring payment of severance benefits when factories close or impose large scale layoffs.

In May of 2022 Clean Clothes Campaign and 37 trade unions and federations published a draft for an enforceable brand agreement (see link above) to remediate this urgent situation. The draft agreement proposes that brands will initially contribute a lump sum amount sufficient to cover the historic "Wage Gap", ' i.e., the difference between the amount workers in their supply chain received in the calendar year 2019 and the amount received in each calendar year affected by the pandemic. Furthermore, the agreement proposes that brands will contribute, on an ongoing basis, a percentage of the FOB1 per year to be set through joint negotiations between brands, retailers, manufacturers, and workers' unions.

As the second largest fashion company in the world, H&M has a great opportunity – and obligation – to take action by joining negotiations with union representatives in order to create a legally binding agreement. Just as H&M did after the collapse of the textile factory Rana Plaza in 2013.

Item 19

Shareholder proposal submitted by Fondazione Finanza Etica:

Whereas: as long-term shareholders, we believe that companies should incentivise the creation of sustainable, long-term value. While much is being done to reduce the fashion industry's impact on climate change, less well known and covered is the industry's heavy footprint on biodiversity.

The apparel industry is a significant contributor to biodiversity loss. According to an analysis by McKinsey & Company (2020), the apparel sector contributes to biodiversity loss in many ways. Cotton agriculture is particularly controversial, since farming is insecticide, pesticide and water intensive. Moreover, genetically modified cotton is largely used.

In 2020 H&M achieved its goal to source "100% more sustainably sourced cotton (recycled, organic and other more sustainably sourced cotton)". In 2021 (latest available data), recycled cotton was 7% of the total sourced cotton, organic cotton 21.7% and "other more sustainable cotton" 71.3%.

H&M's current goal is to "continue sourcing 100% recycled, organic, in-conversion or Better Cotton Initiative certified cotton".

"Other more sustainable cotton" (71.3% of total) includes "cotton sourced through the Better Cotton Initiative (BCI), in-conversion organic cotton, regenerative cotton, and cotton from other innovative sources". H&M specifies that: "most of our cotton is sourced through the Better Cotton Initiative (BCI)".

Today, nearly three quarters of the world's cotton is grown with GM seeds. The Better Cotton Initiative has adopted a position of being 'technology neutral' with respect to GM cotton, thus allowing the use of GM cotton.

This means that most of H&M cotton is exposed to a high risk of being grown with GM seeds.

According to numerous researches, ecological impacts of GM cotton on soil biodiversity are potentially high: a) transfer of GM genes to wild relatives and neighbouring crops; b) impact on non-target organisms; c) effects on crop yield; d) possibility of insect pest populations developing resistance.

A research by the Soil Association, published in 2017, highlights that GM cotton was claimed to be resistant to the most common pest of cotton in India, the pink bollworm. While the GM technology was successfully keeping pink bollworm numbers at bay, other insects stepped into the gap, and the crops were attacked by pests like whitefly, jassid and thrips, requiring additional pesticide applications. In Punjab in 2015, whitefly destroyed two-thirds of the cotton crop, causing an estimated loss of \$629 million and leading to the suicide of 15 farmers.

Environmental risks would be exacerbated by social risks: in 2014, 80% of the cotton crop failed in the 150,000 acres of the Raichur district (Karnataka, India). Farmers incurred massive losses of over \$4 million.

The Cotton Advisory Board of India has found a threefold increase in the cost of growing cotton, due to the high price of GM seeds, and other input costs such as fertilisers and the pesticides needed to deal with the serious pest problems.

Be it resolved: we request that H&M:

- discloses an estimate of its exposure to GM cotton in percentage of its total sourced cotton;
- assesses and discloses the environmental and social risks of sourcing GM cotton;
- sets precise targets for decreasing its exposure to GM cotton;
- sets precise targets for increasing its sourcing of organic cotton (at the moment only a generic target of “continue sourcing 100% recycled, organic, in-conversion or Better Cotton Initiative certified cotton” and a, more concrete, target of using 30% of recycled cotton by 2025 have been formulated.

Supporting statement: we recommend that the above mentioned data and sustainability targets:

- are disclosed in the company’s website and in the H&M group sustainability report, including a regular update on the company’s progress towards the targets.

Item 20

Shareholder proposal submitted by People for the Ethical Treatment of Animals (PETA)

Given the egregious cruelty to birds and violations of so-called “responsible” animal welfare standards and national laws that are endemic to the down industry, the Board is strongly encouraged to prepare a report on the slaughter methods used to procure down for H&M.

SUPPORTING STATEMENT

H&M’s animal welfare policy states, “Animal welfare is important to us, and no animals should be harmed in the making of our products.” In an effort to improve its own accountability, H&M claims that it has prioritized both traceability and transparency across supply chains. However, H&M provides no transparency regarding the farms and slaughterhouses that supply down for its products and depends on the Textile Exchange’s demonstrably ineffective Responsible Down Standard (RDS) to make claims about the humane treatment of birds.

PETA entities have released nine exposés of the down industry. In 2022, exposés of facilities in Russia, Vietnam, and Poland—three of the world’s top down exporters—revealed that atrocious cruelty, gross lapses in oversight, and multiple violations of both national laws and so-called “responsible” standards, which H&M boasts on product tags, are rampant in the down industry.

On an RDS-certified farm in Russia, terrified geese shrieked as workers stretched their necks out across a stump and then repeatedly hacked at them with a dull axe—as many as seven times—before decapitation was complete.

At slaughterhouses in Vietnam that are part of the supply chain of RDS-certified down suppliers, faulty stunning baths meant that birds were still conscious when a worker plunged a knife through their necks and left them hanging to bleed out. No attempt was made to stun birds killed in homes that doubled as slaughterhouses—in one, a worker pierced ducks' necks with a knife and sliced off their legs as they continued to struggle.

In Poland, inadequate stunning caused immense and prolonged suffering to ducks who were left hanging upside down from leg shackles, some flapping wildly as they slowly bled to death after being slashed across the throat.

This cruelty apparently violates RDS requirements, the European Convention for the Protection of Animals for Slaughter, Vietnam's Law on Animal Husbandry 2018, and Poland's Animal Protection Act 1997.

Given the failures in compliance with animal welfare laws across the down industry, it is reasonable for shareholders to demand that H&M provide a report on the slaughter methods used to procure its down in order to ensure that its sourcing complies with all relevant animal welfare laws and standards.

Accordingly, we call on all shareholders to support this financially and ethically responsible resolution.