

Requests to the annual general meeting 2019

Other proposed resolutions

Item 9b

Resolution under agenda item “Disposal of the company’s earnings”

The Annual General Meeting calls on the Board of Directors to pay no dividend for this financial year.

The company’s earnings shall instead be transferred into a special “living wage fund” aimed to finance the company’s efforts to increase wages of workers in H&M’s supply chain. The fund shall be in place until supplier wages have reached at least living wage levels, and are thus human rights compliant.

Justification:

The H&M group has not yet met the requirement to ensure workers in its whole supply chain at least a living wage. Meeting this requirement represents an essential human rights duty, as laid out for example in the UN Guiding Principles on Business and Human Rights.

H&M’s own wage data as well as third-party reports show that the measures undertaken so far have not yet delivered a living wage to workers in the supply chain. In important production countries like India, Turkey and Bangladesh, wages would need to increase significantly to secure workers and their families a life in dignity. In Bangladesh workers are demanding that the wages they are getting at H&M suppliers be at least doubled, so that they can afford decent housing, food and health care for themselves and their children.

Not meeting the company’s human rights obligations also represents a high risk for the future of the company. The strikes over low wages in Bangladesh in January 2019 shows how poverty wages lead to disruption of production. Consumers are also increasingly cautious about brands reputation when it comes to sustainability. A clear sign of this is that over 140,000 people signed Clean Clothes Campaign’s petition calling on H&M to keep the promise concerning living wages to garment workers.

As responsible Investors, it is our firm conviction that financial returns shall never be based on exploitation of labor. Paying poverty wages to those who create the value added in the products sold by the H&M group is unacceptable. The company’s earnings should therefore not be disbursed as dividend, but instead be used to build a “living wage fund”. The fund shall serve

- to raise the wages of workers in H&M’s supply chain who are earning poverty wages;
- to pay higher prices to suppliers and at the same time ring-fence the cost of labor at living wages level;
- to put in place monitoring mechanisms that ensure that suppliers pass on the increased prices to workers’ wages;
- to fund living wage contributions in joint initiatives with trade unions aiming at closing the living wage gap; and
- to reorganize H&M’s supply chain with living wages at the heart.

The fund shall be maintained until wages at all levels of the supply chain are at least at living wage level and H&M’s earnings no more rest on poverty wages.

Clean Clothes Campaign

Item 15

Shareholder proposals from Fondazione Finanza Etica and Meeschaert Asset Management

Whereas: as long-term shareholders, we believe that compensation metrics should incentivise the creation of sustainable, long term value. Furthermore, we believe that disclosing sustainability targets for the remuneration of senior executives would increase company responsiveness to shareholders who are seeking information about the company's response to the current social and environmental challenges in the apparel and footwear sector.

Be it resolved: we request that H&M fully discloses the sustainability targets that must be fulfilled to trigger variable remuneration of senior executives and annually reports the performance of senior executives against those targets.

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

- are disclosed in the board's proposals to the AGM for guidelines for remuneration of senior executives or, in alternative, in the H&M group sustainability report;
- include precise targets on the improvement of worker health, safety and wage practices along the group's supply chain.

Item 16

H&M's profits have not developed in line with expectations over the past year. Group management must place considerably greater focus on all aspects of the improvement work.

We read about various problems in the full-year report and other reports.

I would like an item at H&M's annual general meeting.

General analysis of possible improvements:

Proposal: Carry out a general analysis for SEK 5 million to chart which improvement activities need to be better, as well as which improvement activities are failing to hit the mark. The analysis must provide concrete suggestions of what can be done immediately and have a visible positive impact on future interim reports and return H&M to best practice and best performance among commercial enterprises.

The analysis should be completed within four months and provide a payback factor of well over 100 within two years.

We need to bear in mind that when it comes to improvements, most of the work has yet to be done.

Bernt Collin