

13 August 2021

Dear Sirs and Madams,

Thank you for your letter, addressing the concerns regarding workers' wellbeing in Cambodia during this pandemic.

We are continuously monitoring wage payments at the suppliers we work with to ensure workers are correctly compensated at all times. According to our data and assessments, the workers employed by the Cambodian suppliers we work with have been compensated in line with relevant laws and regulations, including any applicable benefits as well as severance payments. If any stakeholder has information about violations taking place at a supplier of ours, we would highly appreciate if that information is urgently shared with us so we can take action. In this difficult situation, we cannot stress enough the importance of that all stakeholders – including brands, trade unions, labour groups, NGOs and suppliers – work closely together to efficiently tackle any issues as we have a shared responsibility to use our different leverage to protect workers.

As a result of the prevalent lockdowns across the world, we are however aware garment workers have been in an extremely vulnerable situation with less working hours and consequently lower take-home wages. There is undeniably a need for structural change in several garment producing countries with weak social protection systems. H&M Group wants to take an active part in contributing to the establishment of such systems. In parallel, we continue to be a responsible buyer and stand by our contractual agreements with suppliers. We will also continue our close collaboration with trade unions and other stakeholders to jointly address any issues.

We are aware of challenges connected to the Arbitration Council in Cambodia. H&M Group has voiced its concern through different platforms such as the Fair Labour Association and Ethical Trading Initiative. We are also working together with the global trade union IndustriALL and other brands within the ACT platform on a Dispute Resolution Mechanism and have discussed how this mechanism would relate to existing national mechanisms such as the Arbitration Council to ensure that cases are addressed efficiently.

In addition, we believe that challenges during this unprecedented time would be best addressed through national tripartite discussion between employer association, trade unions and the government.

With kind regards,

Christer Horn af Åminne