

H&M's response

We share the commitment working for increased minimum wages in Cambodia. Through our pioneering wage strategy launched in 2013, we strongly support wage increase that are set by a tripartite negotiation between workers, employers and governments, a view that is supported by the global trade unions and the ILO. Our motivation isn't quick wins, but rather laying the groundwork for lasting change. To get the best guidance developing our wage strategy, H&M formed an "Advisory Board for Wage in H&M Supply Chain". It consists of leading global experts from ILO, global trade unions, civil society and suppliers. They contributed with important perspectives on the wage issue. We also invited different stakeholders to be part of forming our roadmap. We've meet with different campaign organizations such as Clean Clothes Campaign, trade unions, NGOs and the Swedish Government to get their recommendations.

Our wage strategy has annual targets in different areas, and one important milestone is that our major suppliers should have improved pay structures for fair living wages in place by 2018. We have three role model factories, one in Cambodia and two in Bangladesh. Here we take the full capacity for five years. The initiative came from a need to showcase that leadership in sustainability goes well together with good performance. In the role model factories we want to find best practice examples, both within the environment and social area, which should set the standard for our other suppliers and the whole industry. During this fall we will have our first evaluation in the role model factory in Cambodia and we already have a number of positive indications. The dialogue between factory management and elected employee representatives has improved, and they hold regular meetings. Working together, they have begun to create a new wage structure in the factory, with expertise and experience being reflected in wage setting. The management has confirmed that they take a positive view of involving employee representatives, and that they can see how this will benefit both the textile workers and the company in the long term. We are also involved in projects and programs which have the aim of strengthening employees' rights and their ability to negotiate on their own behalf on their terms and conditions through trade unions or other elected employee representatives. In partnership with SIDA (The Swedish government), the ILO and IF Metall, we have initiated a programme in Cambodia aimed at strengthening industrial relations in the textile industry and increasing the number of collective agreements.

This process takes time and raising wages in the textile industry is a shared responsibility involving a number of stakeholders. Our vision is that a fair living wage covering workers basic needs should be paid by all our commercial goods suppliers. Our role as a buyer is not to set the level of wages. Our approach is that wages should be negotiated between the parties on the labour market. To promote systemic change across the whole industry, and not just our suppliers, we continue to engage with governments, other brands and stakeholders. The governments need to strengthen the required legal frameworks such as regular wage revisions and functioning industrial relations. H&M is in constant dialogue with other brands and have sent a joint letter to the Cambodian government and GMAC to clarify the brands position in the upcoming wage negotiations. We have engaged in close dialogue with IndustryALL, who represent the affiliated Trade Unions on ground in Cambodia. We expect factory workers to earn a fair living wage and this wage should be negotiated between the legitimate labour parties. Overall we expect the installation of a regular industry collective bargaining process for wages which is fair and takes into account UN body ILO technical expertise

Please see the letter here: <http://about.hm.com/en/news/newsroom/news.html/en/joint-call-on-higher-minimum-wage-in-cambodia.html>