



PRESS RELEASE

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Labour rights violations in H&M's «best in class» supplier factories in Cambodia

Working conditions in garment factories in Cambodia supplying H&M are far from decent even in those that H&M considers to be «best in class». This is the conclusion of a report released by Cambodian NGO Center for Alliance of Labor & Human Rights (CENTRAL) and Future In Our Hands, which represents Clean Clothes Campaign in Norway. The report «When 'best' is far from good enough» is based on interviews with workers and describes labour rights violations in four of H&M's key suppliers in Cambodia.

The report, which researched three of H&M's so called 'platinum' suppliers and one 'gold' supplier, discovered that H&M in these factories does not live up to its own sustainability guidelines in the field of contracts and freedom of association. H&M has committed to work towards a living wage, but the factories researched were still very far from reaching that goal. Workers also reported wage cuts for arriving only a few minutes late, inadequate sick leave practices, restrictions on toilet break and faintings at the factory floor.

Living wage commitments failing

The average total wages per month before overtime at the three platinum suppliers in the researched period of time was US\$172.51. Despite H&M's Fair Wage Method project, initiated in 2013 and since then rolled out to 20 of the brand's strategic suppliers in Cambodia, the platinum suppliers are below the stipulated industry median (US\$178/month) in terms of wages. H&M pledged to work towards a living wage, but workers in these vital factories are still earning less than many of their colleagues working for other brands.

Workers at the researched gold supplier M&V in mid 2015 earned more than those at the platinum factories. Decreasing orders and less work however caused a quick fall in their incomes to as little as US\$136 per month, despite an increase in the garment sector's minimum wage to US\$140.

Carin Leffler, Special Advisor at Future in Our Hands, states: *«H&M has committed to support factory owners to develop pay structures that enable a Fair Living Wage. Better planning of orders and more stable purchasing practices are key elements to this. The situation at M&V and the platinum suppliers at time of the research does not reflect these commitments and we call upon H&M to immediately secure orders at M&V and take concrete steps to ensure considerably higher wages for workers in their Cambodian factories.»*

Short-term contracts and lack of independent unions

Workers at three out of the four researched suppliers were engaged through short term contracts with durations of two to six months, leaving them in a vulnerable position. Although engagement of more than two years at the same factory should entitle workers to a permanent contract under Cambodian law several workers were denied this right.

Joel Preston, Consultant at CENTRAL states: *«H&M must immediately announce a zero tolerance policy for illegal contracts and monitor the rapid implementation of permanent contracts for workers engaged beyond two years at the same facility. The brand needs to set clear timelines for contract conversion and communicate this to the workers' representatives who will monitor the implementation.»*

Workers at three of the four researched suppliers expressed discontent with absence of independent unions and lack of freedom of association. They feared being discriminated against or forced to resign if they tried to form a union and could recall specific examples of this. Some workers described a practice of deduction of membership fee from their wages without their consent.

Carin Leffler, at Future in Our Hands states: *«The workers describe practices which are outrageous, and which violate Cambodian Labour Law, ILOs Core Conventions and H&M's own Code of Conduct. H&M should communicate explicitly to its suppliers that the brand has zero tolerance to any obstacles blocking the formation of independent unions and hindering workers to organize and fight for their rights. H&M must make clear that it does not accept the practice whereby suppliers deduct membership fees from workers' salaries, unless this is done with workers' explicit consent.»*

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