

H.E. Keat Chhon
Permanent Deputy Prime Minister
Royal Government of the Kingdom of Cambodia
Phnom Penh, Cambodia

18 September 2014

Dear Excellency,

We are writing to you to clarify our position and intention with regards to the upcoming wage negotiations within the RMG sourcing market in Cambodia.

As a Brand community we have maintained a long-standing commitment to Cambodia by sourcing from the country for many years, over this time sourcing volumes from the signatories of this letter have been increasing.

Workers in all production countries have the right to a fair living wage. To ensure this, we expect an assured, inclusive and consistently applied national collective bargaining process between the legitimate parties within the labour market. This process must allow consideration of suggestions brought to the bargaining table by all parties, including the labour, employer and government representatives

As responsible Business' our purchasing practices will enable the payment of a fair living wage and increased wages will be reflected in our FOB prices, taking also into account productivity and efficiency gains and the development of the skills of workers, carried out in cooperation with unions at workplace level.

Our experience within global sourcing markets shows, when we compare the productivity and efficiency with Cambodian factories, that there are significant opportunities for development and improvement. To harness these opportunities, we will support the development and provision of processes that will enable our suppliers to deliver higher productivity and efficiency.

We also expect government and GMAC to establish processes to ensure all workers receive the new agreed minimum wage by monitoring wage implementation and policing suppliers that fail to meet the new minimum wage level. This will ensure an equal level playing field and create a competitive advantage for the factories that comply with the new minimum wage.

We further expect the installation of an annual industry collective bargaining process for wages that is fair and takes into account the ILO technical expertise. We will support the installation of this process by working closely to promote mature industrial relations through capacity building with our suppliers, their factories and the labour representatives, optimally via the BFC platform.

While our sourcing volumes are forecast to increase in the market, we are closely scrutinizing the approach the Cambodian Government and GMAC are taking to promote the above issues. To support the forecast volumes there is a requirement to see a positive attitude and support for the establishment of freedom of association, the right to collective bargaining, fair living wages, stability and peaceful conflict resolution. This will then deliver the assurance and necessary trust in Cambodia to continue promoting the market as a strategic sourcing country.

Please accept, Excellency, the assurance of our highest consideration

C&A

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Head of External Stakeholder Engagement



H&M

Helena Helmersson
Head of Sustainability



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Next Retail Ltd

Chris Grayer
Global Code of Practice Manager



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Katharine Stewart
Ethical Trade Director

PRIMARK®

New Look

Roger Wightman
Managing Director

NEW LOOK

Cc.

H.E Sok Chenda Sophea
Secretary General of the Council of the Development of Cambodia

H.E Sun Chantol
Minister of Commerce and Vice Chariman of Council for the Development of Cambodia

H.E Ith Sam Heng
Ministry of Labour and Vocational Training