

## H&M Supplier Gets Solar-Power Upgrade in Cambodia



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H&M Group's supply chain in Cambodia is about to get a whole lot sunnier.

Vanco Industrial, one of the Swedish retailer's so-called "platinum" suppliers, has tapped French energy provider TotalEnergies to install 750 kilowatts peak of rooftop solar in the Southeast Asian nation's Kandal province, where it operates a 350,000-square-foot facility and employs 4,000 workers.

"We hope taking an initiative to drive a fundamental change is a critical step to fight climate change," Jacky Tsang, director of Hong Kong's Dakota Group, which owns Vanco Industrial, told Khmer Times last week. "As a manufacturer rooted in Cambodia for more than decades, we see every step of improvement as a better [version of] ourselves [from] yesterday." By 2030, H&M has pledged to slash its carbon footprint by 56 percent from a 2019 baseline.

It has also promised to become "climate positive" in 2040, meaning it will remove more greenhouse gases from the atmosphere than it generates.

"Rooftop solar is a key step towards this," said Christer Horn of Åminne, country manager, Cambodia and Vietnam, at H&M Group.

"Dakota's decision to work with TotalEnergies will have a significant impact on reducing greenhouse-gas emissions in Cambodia, and signal to others in the garment sector that the time to embrace renewable electricity is now." Companies like H&M Group, which owns & Other Stories, Cos and Monki, along with its namesake brand, have been feeling increasing pressure from shareholders and consumers to cut their emissions amid what the Intergovernmental Panel on Climate Change has dubbed a "code red for humanity."

"We truly encourage continuous collaborations between our partners and solar companies," Horn of Åminne said. "As more factories in Cambodia take action towards using 100 percent renewable electricity, it will further increase the attractiveness of the Kingdom as a sustainable sourcing destination." H&M Group currently works with 11 suppliers across multiple locations in Cambodia.

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Last year, the fast-fashion chain, together with Adidas, Gap and Puma, warned the Cambodian government that its plans to triple the amount of power it generates from coal in the coming years would make the country “less attractive” as a sourcing partner.

“Electricity decisions made today will lock Cambodia into a future that appears to be the opposite of global and regional trends and less attractive to our industry,” they wrote in a letter.

“Countries that today prioritize [renewable energy] and a green future will avoid wasting money on outdated technologies that will soon be obsolete and expensive.”

In a meeting with British ambassador Tina Redshaw ahead of the Glasgow climate talks in November, however, Cambodian energy minister Suy Sem appeared to reverse the nation’s stance, stating that the government plans on “increasing the use of renewable energy and other energy sources that are not harmful to the environment,” according to a summary of the dialogue on the ministry’s Facebook page.

The government, Suy Sem added, “does not have any plan to develop coal plants anymore besides the plants that the government approved since 2019” and will instead be relying on “low-carbon energy sources such as imported [liquified natural gas] and hydrogen.” He also referenced a forthcoming 2040 power master plan, which is being compiled with the aid of the Asian

Development Bank, that will set the ratio of renewable energy sources at 59 percent of the overall grid, resulting in a greenhouse-gas emissions reduction of 34 percent compared with maintaining the status quo.

Transitioning to cleaner energy and eliminating coal in manufacturing are two of the biggest levers brands and retailers can employ to achieve their net-zero ambitions, experts say. According to a recent report by the Apparel Impact Institute and the World Resources Institute, switching to 100 percent renewable energy for all production from Tiers 1 through 3 can eliminate 424 million tons of carbon dioxide equivalent.

Conversations about renewables are also particularly salient in light of Cambodia’s partial loss of trade privileges by the European Union, which cited the nation’s “systematic “ human-rights abuses for levying tariffs on roughly 20 percent of its exports to the bloc, the equivalent of \$1.1 billion of shipments.

The brands’ letter to the government highlighted “various regional free trade agreements” that provided more appealing trade alternatives to Cambodia amid “differing national commitments to renewable energy.” Vietnam, for instance, has been hailed as one solar success story, with the country going from virtually zero installations in 2018 to becoming the world’s No. 3 solar market. Whether Cambodia will be able to catch up remains to be seen, though the Vanco project will help move the dial.

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“This project is part of a growing rooftop solar portfolio by TotalEnergies concentrating on the garment and footwear sector of the Cambodian commercial industry,” said Gavin Adda, head of renewables distributed generation, Asia, at TotalEnergies. “As a leading solar service provider for commercial and industrial businesses, TotalEnergies is committed to providing sustainability solutions that drive down customers’ costs and carbon footprint over the long term.”

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