



Phnom Penh, 08 February, 2021

To whom it may concern,

We write to you as representatives of trade union federations representing workers in the Cambodian garment, footwear, textile and travel goods sectors. We request your intervention for remediation of wage losses suffered during the COVID-19 pandemic and to ensure that your Cambodian suppliers fully implement repayment of employment seniority indemnities to workers in accordance with Cambodian law. In April 2020 we previously reached out to all brands sourcing from Cambodia to request they take responsibility for workers in their supply chains.

Since the outbreak of COVID-19, more than 400 garment, footwear, textile and travel goods factories in Cambodia have requested to suspend workers' employment, initially due to stalled raw material supply from China and now as a result of cancelled, frozen, postponed or diminished orders which has affected more than 320,000 workers according to the Ministry of Labour and Vocational Training. The Cambodian Government has taken a number of steps in response including temporary tax cuts for affected enterprises, as well as exemptions from compulsory contributions to the National Social Security Fund. Suspended workers, meanwhile, are entitled to only a maximum of US\$70 per month in assistance, with \$30 paid by their employer and \$40 provided by the Government; equivalent to a mere 36% of workers' ordinary US\$192 per month minimum wage. The current scheme is a reduction on the US\$114 originally promised to workers as monthly suspension allowances by Prime Minister Hun Sen in February 2020. We are disappointed by the lack of goodwill on the part of the employers for employment retention; particularly as it is only suspended workers who are entitled to Government allowances, not permanently laid-off or otherwise unemployed workers.

We believe brands have a crucial role to play in protecting Cambodian workers in their supply chain and should therefore contribute funds of a sufficient amount to ensure that workers have income at least equal to that which they received prior to the crisis. In doing so, brands can

provide immediate, much-needed relief for workers, and fulfil their responsibilities to prevent and mitigate adverse human rights impacts in their supply chains and to provide for or cooperate in the remediation of harm. Workers in the Cambodian garment, footwear, textile and travel goods industries are already forced to rely on overtime pay and additional benefits to make ends meet and the insufficient amounts provided by way of Government allowances have left them in immense hardship. Therefore, we ask brands to assess and remediate wage (and severance) payment gaps in your supply chain, and make up the shortfall between amounts workers received before the pandemic and those amounts currently received. We also raised these issues in our April 2020 letter and they are no less urgent now, as we have seen no substantial steps taken to ensure workers' livelihoods.

On 21 January 2021, the Ministry of Labour and Vocational Training issued Notification No. 003/21 on the Repayment of Employment Seniority Indemnities Owed Prior to 2019 and Employment Seniority Indemnities in 2020 and 2021 for Manufacturing Sector Factories and Enterprises. The Notification sets out the following schedule for back-payment of seniority indemnities owed prior to 2019 and payment of new seniority indemnities owed in 2020 and 2021:

For repayment of employment seniority indemnities owed prior to 2019:

1. Employment seniority indemnities owed prior to 2019 which were scheduled to be paid in 2020 shall be paid in the first and third quarters of 2021.
2. Employment seniority indemnities owed prior to 2019 which were scheduled to be paid in 2021 shall be paid in the second and last quarters of 2021.

For payment of new seniority indemnity:

1. Seniority indemnities in 2020 shall be paid in the first and third quarters of 2021.
2. Seniority indemnities in 2021 shall be paid in the second and last quarters of 2021.

In light of this, we request you intervene with your suppliers to ensure that full amounts owed are paid to workers in 2021 according to the schedule above. Non-payment of seniority indemnities by employers have, since their introduction in 2019, been a regular cause of dispute in Cambodia, often resulting in disruptive strike action.

In closing, we reiterate our two requests that you:

1. Assess and remediate wage and severance payment gaps for workers in your Cambodian supply chain and make up the shortfall between amounts workers received before the pandemic and those amounts currently received.
2. Ensure that seniority indemnities owed are fully paid to workers according to the schedule outlined in Notification No. 003/21.

We sincerely hope that you will address these request and engage in a dialogue with us about these actions.

We would appreciate your quick response and intervention.

Yours sincerely,

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