

02 August 2021

Dear_Luisa

Email: Luisa.Book@hm.com

Cc: Christer Horn af Aminne, Country Manager, Cambodia & Vietnam

Email: Christer.Horn@hm.com

We, the undersigned trade union confederations, federations representing hundreds of thousands of workers in Cambodia's textile, garment and footwear sectors and trade union support group organisations write to raise our grave concerns regarding a number of violations of fundamental rights facing our members during the COVID-19 pandemic.

Wage theft during the pandemic

Since the pandemic began, hundreds of factories in Cambodia's textile, garment and footwear sectors have suspended employment or permanently closed owing to a lack of orders. For those factories which suspended employment, workers were provided allowances of merely USD\$70 per month to provide for their families. In April 2021, textile, garment and footwear factories in Phnom Penh and Takhmao were forcibly closed as part of a government lockdown following widespread community transmission of COVID-19 in Cambodia. The suspensions and lockdowns have led to widespread economic distress amongst our members. Research conducted by our unions in conjunction with Clean Clothes Campaign has found a total wage gap exceeding USD\$117 million for the period of this lockdown. Without intervention from buyers, there is no realistic hope that workers will be made whole for this loss.

Improper payment of severance upon factory closure (compensation in lieu of prior notice and employment seniority indemnities)

In addition to suspension and lockdowns, a large number of factories have shut down during the pandemic resulting in job losses for tens of thousands of workers. To make matters worse, for those factories which have closed, we have regularly observed employers paying severance to workers lower than what is mandated by the Labour Law. In particular, compensation in lieu of prior notice and employment seniority indemnities, which are calculated in a manner contrary to provisions of the Labour Law.

For compensation in lieu of prior notice, the Labor Code, Arts 73, 75, and 77 is clearly stating that the employer has to include the "*entire period*" of the workers employment regardless whether the worker has been employed under short term contracts (FDCs) or regular contracts (UDCs).

For seniority indemnity, the Labor Code, art. 110 (New) is clearly stating that the indemnity in case of job termination must be paid based on workers "*average earning wage*" of the last twelve months.

Despite the clarity of the law itself, following the issuance of a single letter from a Ministry of Labour and Vocational Training official to an employer federation, the Arbitration Council refuses to make any decision on disputes relating to these issues, despite the fact that such

letters do not carry any legal weight. The ease by which the arbitration process has been undermined in this and other cases during the pandemic has highlighted the devastating implications for Cambodian workers and our members who have effectively lost the only legitimate grievance mechanism available to them.

The concrete examples of underpayment's cases of compensation in lieu of prior notice and employment seniority indemnities at Hulu Garment, Sangwoo, Violet Apparel, CHC and most recent case at Wei Full. As a result of this non-compliance with law, workers in your supplier factories have lost millions of US dollar in severance benefits.

The Arbitration Council's refusal to make a decision in the case leaves workers' only recourse with the courts, which are routinely criticised internationally for their inefficiency and lack of impartiality. More than this, garment workers have neither the time nor resources to wait possibly for years for their case to progress through the court system. The Arbitration Council plays a crucial role in the Cambodian labour system and it is incumbent upon brands sourcing from Cambodia, to ensure it is able to effectively and freely function.

As trade unions representing workers in Cambodia's textile, garment and footwear sectors, and trade union support group organizations we request that [H&M] shall take the necessary steps to ensure that workers in your suppliers' factories in Cambodia and seek to your reply to the following questions;

1. What steps will take or has taken to ensure that workers in its Cambodian supply chain are compensated for wage loss suffered in periods of employment suspension and lockdown during the COVID-19 pandemic?
2. What steps will you take or has taken to ensure that workers at are paid severance calculated according to the provisions of Cambodian Labour Law?

In addition, we ask what steps will [H&M] take or has taken to ensure that the Arbitration Council is able to effectively and freely fulfil its roles and functions?

Please send your response to us within one week of receipt of this letter. Your response may be addressed to the following organizations,

- Coalition of Cambodian Apparel Workers Democratic Unions (C. CAWDU), President Kong Athit, kongathit@gmail.com
- Cambodian Alliance of Trade Unions (CATU), President, Yang Sophorn, thecatu@gmail.com
- Collective Union of Movement of Workers (CUMW), President, Pao Sina, cumw.cambodia@gmail.com

This joint letter is signed by;

- 1- Coalition of Cambodia Apparel Workers Democratic Union (C. CAWDU)
- 2- Cambodia Labour Confederation (CLC)
- 3- Cambodia Alliance of Trade Union (CATU)

- 4- Collective Union Movement of Workers (CUMW)
- 5- Confederation of Cambodia Worker Movement (CCW)
- 6- Coalition Free Trade Union of Women Textile (CFTUWT)
- 7- National Independent Federation of Textile Union of Cambodia (NIFTUC)
- 8- Free Trade Union of Workers of Kingdom of Cambodia (FTUWKC)
- 9- Free Independent Trade Union Federation (FUFI)
- 10- Independent Trade Union Federation (INTUFE)
- 11- Union Coalition of Labor (UCL)
- 12- Center for Alliance of Labor and Human Rights (CENTRAL)
- 13- Solidarity Center (SC)
- 14- Free Independent Trade Union Federation (FUFI)
- 15- Independent Labor Union Coalition (ILUC)
- 16- Cambodia Development People Life Association (CDPLA)
- 17- Association of Domestic Workers (ADW)
- 18- Labour Right Supported Union Khmer Employee of Nagaworld (L.R.S.U)
- 19- Solidarity House (SH)
- 20- Cambodia Food and Service Workers Federation (CSFWF)
- 21- Building and Wood Workers Trade Union Federation of Cambodia (BWTUC)
- 22- Cambodia Tourism Workers Union Federation (CTWUF)
- 23- Cambodian Youth Network (CYN)
- 24- Independent Democratic of Informal Economic Association (IDEA)
- 25- Coalition of Cambodia Farmer Community Association (CCFC)
- 26- Cambodia Independent Public Servants Association (CICA)
- 27- Worker's Right Consortium (WRC)
- 28- Cambodia Center for Human Rights (CCHR)
- 29- Cambodian League for the Promotion and Defense of Human Rights (LICADHO)
- 30- Cambodian Human Rights and Development Association (ADHOC)
- 31- Global Labor Justice-International Labor Rights Forum (GLJ-ILRF)
- 32- Business and Human Rights Resource Centre (BHRRRC)
- 33- Asian Floor Wage Alliance (AFWA)