



Brussels September 12, 2021

Topic: C&A response to the “*joint letter of demands to the brands*” from Cambodian trade unions and NGOs.

For the attention of: Business and Human Rights Resource Centre.

Dear BHRRC,

Thank you for providing the opportunity to respond and include C&A’s position in this really complex matter.

The aftermath of this global pandemic has taken on many different shapes and disrupted lives all over the world, resulting in situations that we would have never thought of just two years ago.

One of these situations has been that of lockdowns and their subsequent consequences. C&A, just like many other companies, has gone through unexpected periods during the pandemic. For more than five months, 100% of our stores were closed. Even today, 18 months after the outbreak of the pandemic, our stores still aren’t functioning at 100% capacity due to the different sanitary restrictions that governments have imposed in order to keep virus transmission under control.

This situation has brought about a number of unintended consequences for our employees, suppliers as well as the workers in the supply chain. We are aware of it. Since the very beginning, C&A has been working really hard to support suppliers to address the situation. At the same time, we have been very stringent to guarantee that local labor laws are adhered to when it comes to the wellbeing of their workers, especially during this rough period. With this objective in mind, our local teams have been in contact with factory workers, although it is not easy to carry out this task as they have at times also been in lockdown and have not always allowed to travel to factories. We have teamed up with other industry peers and international trade unions under the ACT dialogue platforms, where C&A, along with other likeminded brands, worked together to promote freedom of association agreements and dispute resolution mechanisms, eventually providing practical tools and the infrastructure to protect workers and keep communication channels open during the crisis:

<https://actonlivingwages.com/2020/12/11/covid-19-to-living-wage-act-2020-update/>. In this spirit, we will continue, despite the difficulties, to carry out our due diligence obligations with the best of our ability to ensure that workers’ rights are met.

In the letter sent to us by the Cambodian stakeholders, they named five suppliers that allegedly had not followed national labor laws. Out of these five suppliers mentioned in the text, C&A only has business relations with one: Sangwoo. As far as this supplier is concerned, our local teams confirmed that severances were paid as per legal requirements. Local teams even had access to the relevant labor department confirmation letters corroborating this point. There is, however, one element in the closure compensation that has been disputed by the local trade unions: the “damages payment”. This entitlement did not apply to all suppliers and situations. In fact, at Sangwoo it was not applicable. Therefore, the supplier did not pay damages payments to its workers.

When it comes to the application of other laws related to the consequences of the lockdown, our suppliers have been following the Cambodian labor department’s requirements on the “labor suspension of employment act”. Out of the 38 factories we work with in Cambodia, the act applied to 20 of them, and



the amount dictated by the local authorities was subsequently paid. Our teams have seen records provided by the factories and had contact with workers to ratify that payments have been made. Unfortunately, and due to the obvious limitations, the teams haven't been able to verify every single payment with 100% of the workers affected.

Additionally, the letter from the Cambodian stakeholders made some remarks regarding the Arbitration Council's refusal to take on many of the cases brought forward by workers, thus leaving them with the only option of going to the regular court. For a long time C&A has been supportive of the decisions that the Arbitration Council in Cambodia has taken. We acknowledge that the body's refusal to take on certain cases increases the complexity of the process and the potential frustration associated with it. Nevertheless, as a company we cannot interfere with judicial or political matters in Cambodia such as those described in the letter. C&A respects the sovereignty of the country's institutions and their local laws, and we work really hard to ensure that our suppliers meet them all.

C&A acknowledges the situation we are all facing. In collaboration with other brands, we are working to address wage issues for workers around the globe through dialogue with suppliers and sourcing countries. We certainly acknowledge the extremely difficult time for garment suppliers, their workers, and their countries. We also recognize it will take some time for us all to fully recover. We will stand by them and work together to recover and resume our thriving operations.

Should you have any further questions, do not hesitate to contact us,

Best regards,

A handwritten signature in blue ink, consisting of stylized, overlapping loops and strokes.

Aleix Busquets Gonzalez
Director Global Sustainability
C&A