



September 9, 2021

(By email)

Sophorn Yang
President of Cambodian Alliance of Trade Unions (CATU)

RE: Wage Payment during lockdown and severance pay

Thank you for your letter of August 4, 2021, regarding wage payment during the lockdown period and severance pay upon factory closure.

We recognize that worker' wages have fallen during the period when factories were closed due to government-mandated lockdowns and when factories had to reduce working times because of a lack of orders, which led to lower take home pay.

Given the enormous challenges facing both workers and employers during this period, we have taken steps to ensure the following:

1. All adidas supplier' factories fully complied with the Government directives on wage payment for any Covid-19 related work suspension period
2. In relation to above, all factories were required to engage with their respective trade unions and secure agreement on the work arrangement and wage payment, and
3. No action has been taken unilaterally and trade union representatives were fully informed of the government requirements, including reduced pay levels.

In the letter, you also raised a case of alleged under payment of compensation in lieu of notice and seniority indemnities at Hulu Garment, a factory which in the past was used by one of adidas' licensee partners. As you know the case was taken to Arbitration Council (AC) who issued a ruling that was not in favor of the workers' claims. As you rightly say in your letter, the AC plays an important role in resolving many labor disputes in the country, one that has good standing and credibility among trade unions groups and employers alike.

We hope the above explanation has addressed your concerns and please let us know should any further clarification be needed.

Sincerely.

A handwritten signature in black ink, appearing to read "Harry Nurmansyah".

Harry Nurmansyah
Senior Director Field Operation – Asia
adidas – Social & Environmental Affairs