

J.CREW

April 4, 2024

Business and Human Rights Resource Centre
2nd floor, Northgate House, Scrutton Street
London
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United Kingdom

Thank you for your recent communication regarding alleged labour and human rights abuses of garment workers in the J.Crew supply chain, and the Resource Centre's work on purchasing practices in the apparel sector.

We are very much concerned about the article published in August 2023 by the *Cambodian Journalists Alliance Association* regarding the suspension of workers in July 2023 and the alleged reports of resulting labour and human rights abuses.

As you know, upholding the labour and human rights of workers in our supply chain is a core priority at J.Crew Group. Our *Supplier Code of Conduct* and our *Human Rights Policy* prohibits labor and human rights abuses in our own operations, and throughout our supply chain.

In response to your questions:

1. Can you confirm whether the facility linked to the allegation is within your supply chain?

M&V International Manufacturing Ltd. has been a responsible sweater production partner for J.Crew since 2018. Our own compliance staff has visited the facility, and the factory participates in the Better Factories Cambodia program which routinely audits the factory and routinely collaborates with us and the factory to support a higher level of compliance with our *Supplier Code of Conduct*.

2. We request more information on the allegation, including what your company has done to investigate it and ensure remedy for workers.

It was alleged by the Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC) that M&V International Manufacturing Ltd. terminated 500 workers in July 2023, and that this action resulted in labour and human rights abuses.

Our detailed investigation revealed the following changes in worker status in July 2023 in the M&V facility:

- 16 workers resigned
- 22 abandoned their job
- 1 worker was terminated
- 146 worker contracts expired. and
- 16 new workers were hired

The sweater industry is seasonal and is responsibly managed by M&V through the use of short-term contracts for some workers. Based on Cambodian law workers are notified 7 days before contract expiration in the case of non-renewal, and provided with last payment, annual leave balance, and severance pay.

J.Crew's business with M&V has increased each year since 2018, and represents an increasing percentage of their overall business. As a result, J.Crew has supported consistent and predictable jobs for workers in this facility.

Our investigation identified 146 workers who had their contracts expire (4% of the workforce) in July 2023; there was no evidence that 500 workers were terminated, and no evidence of labour or human rights abuses. Additionally our investigation indicated that M&V responsibly and legally managed worker contracts in response to the challenges of a seasonal business.

3. ***How are you ensuring that your purchasing practices (fair prices: lead times: payment terms; order volumes} in relation to this facility meet the standards to protect worker rights and livelihoods?***

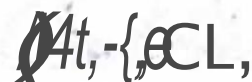
J.Crew supports and demonstrates responsible purchasing practices with M& V and all our vendors and production facilities:

- Every year, J.Crew holds planning sessions with each vendor, providing a forecast for the current year and 2 future years so production facilities are able to plan capacity needs and support predictable work. We maintain 60-day production lead times for most of our production, and work closely with our partners when changes are necessary.
- Our payment terms remain stable and within timetrames that allow facilities to meet their own obligations.
- Prices are negotiated with our partners to allow for the cost of production and increasing wages.

We continually work to drive effective purchasing practices and solutions that ensure the labor and human rights of workers in our supply chain.

Thank you for the opportunity to clarify the worker turnover in July 2023 in the M& V International facility, and to provide information on J.Crew Group's responsible purchasing practices.

Sincerely,



Carol Rice
Director

Corporate Compliance and Social Responsibility