**Response to BHRRC regarding W&D Cambodia 10th January 2019**

As an ethical and responsible retailer, our workers conditions are of the upmost importance to us and all suppliers must adhere to our Global Sourcing Principles (GSP). Within these principles we insist that the people working for our suppliers are to be treated with respect, and their health, safety and basic human rights must be protected and promoted. Each supplier must comply with all relevant local and national laws and regulations and its obligations in the principles. The GSP also state that suppliers must apply these principles at all times and must also be able to demonstrate that they are doing so. We always work with suppliers to support any necessary improvements, but we will also take action, if suppliers are not prepared to make appropriate changes.

Our Regional Compliance Manager based in Cambodia was aware of an issue in one of our factories, W&D Cambodia and has been in regular contact and met with the factory owner of W&D to understand the situation and seek assurances that their actions are in line with our GSP and within the law. Our understanding of the situation is as follows:

Following the announcement of the change in the Labour Law from 1st January 2019, regarding seniority payments, from a one off lump sum at the end of a workers employment, to 2 annual payments each year worked plus the back payment of existing accrued seniority entitlement for each year previously worked, the workers at W&D demanded that the factory pay all the back payments by 10th January 2019 earlier than the legal requirement of June 2019. The factory is not required to start making these payments in January, however, in order to appease the workers the factory agreed to start paying the back payments of seniority earlier than required June 2019, on 10 April 2019 and in line with the legal procedure as instructed by the Ministry of Labour’s recommendations.

The workers rejected this offer and a strike ensued on 24th December 2018.

The Labour office & labour dispute officers tried to mediate the case between 24th and 27th December 2018 but this was not successful. So, the factory contacted the Arbitration Council on 28th December 2018 to initiate a special committee to try and find a solution before instigating the legal procedure to file the strike as unlawful and demand the workers return to work. This was also not successful. So, the unsolved case was filed at the Arbitration Council of Cambodia on 31st December 2018 and a letter was issued to workers to cease the strike and demanded that the workers back to work by 2nd January 2019. On 3rd January 2019, workers defied the Arbitration Council’s ruling and the workers’ representative walked out of the court hearing. All workers continued to strike.

W&D extended the deadline for the workers to return to work to 4th January 2019, with the agreement of the Phnom Penh Municipal Court, and tried to continue the legal process for mediation and negotiation.

But by Tuesday 8th Jan 2019, approximately 1,200 workers had still not returned to work and according to the Arbitration Council ruling were then considered as having abandoned their jobs by law. So, on Wednesday 9th January 2019, the factory legally dismissed the 1000 workers who did not return to work.

Our suggested action plan and next steps:

This is not the situation the factory wishes to be in and they have been very cooperative and fully engaged in mediation with all parties. In discussion with them on Wednesday 9th January 2019, we formally requested that the factory management again extend the deadline to return to work by a further 7 days and continue to accept any worker who willing to come back, without retribution or retaliation.

As many of these types of issue occur due to lack of or mis-communication between workers and management, we have also suggested that the management make another announcement and clearer communicate the implementation, decision and date of the seniority payments (back and future) to all workers more broadly and widely.

The factory agreed to these action points and as of today, Friday 11th January 2019, over 900 workers have returned to work. And we anticipate more workers returning to work over the coming days.

We will continue to monitor this situation and keep the factory under close review.