

To:

Tadashi Yanai, Chairman, President and CEO
Yukihiro Nitta, Group Senior Vice President in Charge of CSR
Fast Retailing Co., Ltd.
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29th of September 2016

Open letter to Fast Retailing Co., Ltd.

Dear Chairman Yanai and Vice President Nitta,

As you are well aware, since September 2015 47 workers and 3 union leaders at Fast Retailing's supplier, Zhong Yin B (Cambodia) Textile Co., Ltd. have been jobless. They were dismissed as a consequence of their activities in the local union of Coalition of Cambodian Apparel Workers' Democratic Union (C.CAWDU). When their co-workers protested against this union-busting behaviour with a strike in February 2016 they too were fired, over 200 of them. As if this were not enough, the factory also filed a complaint to terminate 55 workers participating in the February strikes accusing them of sabotage and inciting other workers to sabotage, which is what they labeled the legal strike.

We, signatories from Cambodia, USA, Canada, Europe, Hong Kong and Japan, have observed Fast Retailing's inaction in this conflict. With increasing concern we have repeatedly called upon you to send a clear message to the Zhong Yin management to abide the ruling of the Arbitration Council (AC Award 306/15) and its correct interpretation of Cambodia Labor Law to reinstate the workers fired in September 2015, and to respect the workers legal right to strike under Cambodian law to enforce the AC Award and reinstate the workers fired for the February 2016 strikes.

Instead you have done the opposite, saying you would ignore the AC Award's interpretation of Cambodia Labor Law for the first group and await the outcome of the court case which was initiated by Zhong Yin for the second group. In July the court had issued a ruling in favor of Zhong Yin. However, a legal analysis done by lawyers at Center for Alliance of Labor & Human Rights (CENTRAL), Cambodia, reveal grave procedural errors and errors in legal reasoning in the court's proceedings, as well as explained why the AC Award correctly

interpreted Cambodia Labor Law. The trade union has appealed the decision, but it might take years before the case is processed, if ever.

Zhong Yin's terminations have also violated Fast Retailing's Code of Conduct prohibiting interference with workers freedom of association and sanctions against workers for union membership or activities, which the September 2015 and February 2016 activities clearly were, as well as requires Fast Retailing, when violations are found, to agree on corrective action that eliminates the problem in a reasonable timeframe.

In the meantime the situation for the dismissed workers is growing more urgent. They face severe economic hardship and their families suffer enormously due to the loss of income. Some of the affected have lost their homes as they could not pay the rent, and for many of the families even the most basic food is now considered a luxury.

This cannot continue and therefore we today launch a campaign on three continents with the aim to inform consumers and others about what has happened at Zhong Yin factory and how the involved brands have reacted to the appeals from the workers. We know that other brands that produce in Zhong Yin, including H&M and Lindex, have told the factory management they support the Arbitration Council ruling and urged the factory to reinstate the workers. As far as we know Fast Retailing is the only brand that has not sent the same message to the factory or workerd in collaboration with other brands to increase their leverage. However, this can still be done and would then be in line with the recommendations in the UN Guiding Principles on Business and Human Rights which states: "If the business enterprise has leverage to prevent or mitigate the adverse impact, it should exercise it."

We find it necessary to repeat that the Arbitration Council is a respected neutral institution, and their correct interpretation of Cambodia's Labor Law is a more than adequate basis for prompt action by Fast Retailing to correct the violations of your supplier Zhong Yin.

We therefore strongly urge you to

- Inform the Zhong Yin management and the its parent company, Beijing Joywin Fashion Textile Co., Ltd. management that you support the AC Award and its interpretation of Cambodian labor law and that the dismissed workers should immediately be reinstated with full back-pay for the time they were forced out of work.
- Make it explicit to Zhong Yin management that Fast Retailing will participate in any negotiations with C.CAWDU independent union to resolve the conflict consistent with its duty to take corrective action under its Code of Conduct.
- Inform the parent company that further orders to the other factories depend on a swift resolution of the unlawful violations by Zhong Yin management of the workers' right to unionize.
- Increasing your leverage by cooperating with other brands, e.g. H&M and Lindex, sourcing from both Zhong Yin as well as from a number of suppliers belonging to the parent company, Beijing Joywin.

We firmly call upon Fast Retailing to act swiftly and responsibly, to use all your leverage and ensure the fundamental rights of workers to freedom of association.

Please inform us no later than the 4rd of October what steps you plan to take to resolve this deeply concerning situation that has lasted far too long.

Sincerely,



CLC-C.CAWDU

Athit Kong
Vice President
Coalition of Cambodian Apparel Workers' Democratic Union (C.CAWDU)



Yuen-ki Yeung
Campaign Officer
Hong Kong Confederation of Trade Union



AN SEIU AFFILIATE

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**Human
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