

WORKER RIGHTS CONSORTIUM FACTORY ASSESSMENT

Cozi Knit Co., Ltd.

formerly, I.K. Apparel Co., Ltd. (Cambodia)

Findings, Recommendations, and Status



July 21, 2025



WORKER RIGHTS
CONSORTIUM

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I. Introduction and Executive Summary

This report details the findings of an investigation by the Worker Rights Consortium (“WRC”) of violations of freedom of association at Cozi Knit Co., Ltd. (“Cozi Knit”), located in Kandal, Cambodia. Cozi Knit was established in 2010 under the name I.K. Apparel Co., Ltd (“IK Apparel”). The factory name was changed to Cozi Knit in 2024. Both names will be used in the report based on when the described issues occurred. The factory is owned by I Apparel International Group headquartered in Singapore.¹ Cozi Knit / IK Apparel produces apparel for several US and Canadian brands and retailers, including American Eagle Outfitters, Loblaws, Target Corporation, and Lolë.

In March 2023, the WRC received a complaint from the Coalition of Cambodian Apparel Workers Democratic Union (“C.CAWDU”) concerning the company’s interference in the establishment of an independent union affiliated with the C.CAWDU through threats of termination of the union founders followed by the termination of six worker union leaders by IK Apparel. The workers who were terminated included the newly elected president, vice president, treasurer, and three committee members of the union.

Based on the evidence gathered, the WRC finds that IK Apparel violated workers’ associational rights when it interfered with the registration process of the newly formed union, threatened workers with dismissal if they persisted in establishing a union, and unlawfully terminated six worker union representatives, who in 2020 attempted—on three separate occasions—to establish the C.CAWDU-affiliated union, in violation of Cambodian law² and buyer codes of conduct.³

After initial engagement with brand customers of the factory, IK Apparel partially remedied the violations identified in this memorandum before, unfortunately, backtracking by further violating workers’ associational rights. While the factory “reinstated” four of the six worker union leaders, these workers were required to attend a three-and-a-half-month training prior to returning to the factory. In July 2024, the four workers were allowed to return to the factory. However, they were isolated from the rest of the workforce in a building outside the factory compound and under constant surveillance through CCTV. Furthermore, IK Apparel registered a new company, Cozi Knit, and transferred the employment of all IK Apparel workers to this new company, excluding the four worker union leaders. In September, the company again dismissed the four workers, ostensibly due to a “lack of orders” for the small, one room facility that remained under the IK Apparel name, a claim that was transparently pretextual. Ultimately, the company reached an agreement with the union federation C.CAWDU that provided additional monetary compensation for the dismissed union leaders in lieu of reinstatement. Given that the company did not offer the dismissed workers reinstatement, the compensation provided does not fully resolve the violations of workers’ associational rights. However, the workers have communicated to the WRC that they no longer wish to proceed with their case.

¹ I Apparel International, “History,” accessed July 1, 2025, <https://www.iapparelintl.com/history.php>.

² Labor Code for Kingdom of Cambodia (1997), § 279 (“Employers are forbidden to take into consideration union affiliation or participation in union activities when making decisions concerning recruitment, management, and assignment of work, promotion, remuneration and granting of benefits, disciplinary measures, and dismissal.”).

³ Target Corporation, “Standards of Vendor Engagement,” accessed July 1, 2025, <https://corporate.target.com/sustainability-governance/responsible-supply-chains/suppliers/standards-of-vendor-engagement>.

II. Methodology

The WRC carried out an investigation of the violations of workers' freedom of association at the IK Apparel factory in 2020, between August 2023 and February 2025. The WRC's findings are based on the following sources of evidence:

- Detailed confidential interviews with current and former IK Apparel workers, conducted outside of the factory's premises;
- Review of relevant factory records and documentation provided by workers, including termination letters and union formation documents;
- Review of relevant factory records and documentation provided by IK Apparel through American Eagle Outfitters.
- Review of conciliation meetings between the factory management and the workers' union convened by the Cambodian Ministry of Labor and Vocational Training (MLVT);
- Review of agreements between IK Apparel and C.CAWDU signed on May 10, 2024, and December 27, 2024;
- Review of IK Apparel's business registration details from the Ministry of Commerce; and
- Written communications with American Eagle Outfitters and Loblaws.

The WRC notes that IK Apparel did not directly engage with the WRC despite outreach by us to the factory. Instead, IK Apparel, passed the requested information to an American Eagle Outfitters representative, who then passed on the information to the WRC.

The WRC also notes that IK Apparel did not agree to allow the WRC to visit the factory in December 2023. On December 1, 2023, the WRC requested to visit the factory on December 11, 2023. However, on December 7, 2023, American Eagle Outfitters informed the WRC that IK Apparel management could not accommodate the WRC's visit because of other meetings and audits already scheduled for December, proposing to reschedule the visit for a date in January 2024.

The WRC believes that IK Apparel's reasons for postponing the visit to January 2024 were to obscure the company's refusal to allow the WRC's visit. First, based on the WRC's experience, factories are generally capable of hosting simultaneous assessment visits. The WRC has, on several previous occasions, carried out an assessment at a factory that also had another audit taking place at the same time. On these occasions, the WRC assessment team coordinated with the other auditors and the factory on timing for the various components of the assessment. Second, audits generally do not take more than one or two days. Even if IK Apparel had not been genuinely able to host two assessments simultaneously, the company could have proposed postponing the WRC visit for a day or two instead of for one month. Third, the WRC discovered that IK Apparel's Human Resources executive, Cel Saguid, had blocked the WRC's email domain in December and has continued to do so despite the WRC alerting American Eagle Outfitters of this situation, raising concerns about the factory's sincerity in addressing the violations. Finally, on December 7, 2023, the same day the company declined the WRC's visit to the factory on December 11, the WRC received an email from Mr. Ya Vantol, a packing supervisor and president of a union affiliated with the Cambodia Federation for Workers' Rights ("CFWR")—a union controlled by the company—asking the WRC to stop its investigation and withdraw its recommendation to reinstate the union leaders.

In lieu of a visit, the WRC requested IK Apparel to provide any additional documentation electronically. However, IK Apparel elected not to share any additional documentation. Therefore, the WRC considered the documentation already provided by the company as full and final.

The WRC assessed IK Apparel's labor practices in relation to freedom of association against the company's obligations under Cambodian labor law and regulations, international labor standards, and brand codes of conduct for suppliers. These terms of reference include:

- Labor Code for Kingdom of Cambodia, 1997 and its revisions;
- Law on Trade Unions, 2016;
- Other Prakas (regulations), Notifications and Instructions of the Cambodian labor ministry;
- Conventions of the International Labour Organization (ILO) ratified by Cambodia; and
- Buyers' codes of conduct⁴

⁴ American Eagle Outfitters, "Code of Conduct," updated January 2016, <https://www.aeo-inc.com/wp-content/uploads/sites/4/2018/09/Code-of-Conduct-English.pdf>; Loblaw, "Supplier Code of Conduct," December 2024, <https://www.loblaw.ca/en/supplier-code-of-conduct/>; and Target Corporation, "Standards of Vendor Engagement."

III. Findings of Violations of Freedom of Association

The WRC's investigation found that IK Apparel's management had engaged in an escalating multiple year-long campaign of interference and reprisals against worker union leaders since the C.CAWDU's initial attempt to establish a union in December 2019, consisting of pressure on union founders to withdraw from the union, retaliatory termination of six union officers including the union president and vice president. The following sections provide details of our findings.⁵

A. Factory Interference in Establishment of a Factory-Level Union Affiliated with C.CAWDU

Under Cambodian law, employers are prohibited from interfering in workers' right to organize through the use of intimidation and threats.⁶ The WRC found that IK Apparel systematically interfered in the workers' right to organize by threatening to terminate the contracts of union leaders and founders, effectively undermining the workers' three attempts to establish an independent union, in violation of Cambodian law.

IK Apparel responded to each of the workers' three attempts to establish a union with similar tactics, including making threats of dismissal to workers who were founding members or elected leaders, interfering in the registration of the union, and termination of key leaders and activists.

The following sections below detail IK Apparel's successful efforts to suppress workers' associational rights in response to the three attempts by workers to establish an independent union, in violation of Cambodian law.

1. Workers' First Attempt to Establish a C.CAWDU-Affiliated Union: December 2019 to May 2020

On December 20, 2019, six workers at IK Apparel formally notified the company about their candidacy for an upcoming election for a newly formed union, scheduled on January 19, 2020. According to receipts provided by the union to the WRC, this notification was delivered by post on December 21, 2019. Simultaneously, the union sent the notification by email to the company human resources and corporate social responsibility executive⁷ and to the Cambodian Ministry of Labor and Vocational Training (MLVT), Kandal Provincial Labor Office, which acknowledged receipt of the notice on December 23, 2019.

Slightly later than originally intended, on February 6, 2020, a union election was conducted with the participation of 12 workers who decided to establish a union affiliated to C.CAWDU. According to

⁵ The fact that the WRC's investigation, as reported in this document, did not yield findings of violations in any particular areas of the factory's labor practices should not be construed as an affirmation of the factory's overall compliance with respect to its practices in those general areas.

⁶ Law on Trade Unions (2016), § 63 (a) ("It shall be considered to be unlawful for an employer to commit any of the following practices. [...] To interfere in any way with workers in the exercise of their right to self-organization of a union").

⁷ The email was sent to IK Apparel's publicly listed email contacts: cel_saguid@iapparelintl.com and chew_boon_wah@iapparelintl.com. According to C.CAWDU, the emails did not bounce back.

copies submitted to the WRC, the C.CAWDU submitted a formal notice of the union election results to the company, which was received the following day by Mr. Alamis, the company director. The union election results were also sent to the company by email. The results were filed with the MLVT, Kandal Provincial Labor Office, which officially acknowledged receipt of the notification on February 7, 2020.

a. *Illegal Threats of Retaliatory Firing against the 12 Worker Founding Members to Force Them to Abandon Their Associational Activities*

According to information provided by the C.CAWDU, after becoming aware of the union's formation, the factory's Chief Administrator, Mr. Sam Malin, threatened to terminate the contracts of the 12 founding members unless they resigned from their positions within the union. Consequently, the workers who had formed the factory-level union in February, except for Ms. Pheng Sophal, one of the elected union committee members, chose to resign from the union.

Cambodian labor law not only prohibits employers from discriminating against workers on the basis of their union membership when terminating workers, but it also specifically prohibits conditioning employment on not joining a union.⁸ Management's threats of dismissal to the workers for participating in the formation of the new union violate Cambodian law.

b. *Unlawful Retaliatory Termination of One Worker Leader in February 2020*

On February 29, 2020, Ms. Pheng Sophal, the only elected union committee member who refused to resign from the union, was informed by management that her Fixed Duration Contract ("FDC") would not be renewed when it expired. According to Ms. Sophal, she was told by management her contract would not be renewed "because she was not working so well." The factory's justification for her dismissal (i.e., her poor work performance) does not hold up to scrutiny. Ms. Sophal had been working at the factory for almost four years and had never been told by factory management that she was not performing her job well.

In addition, it should be noted that given Ms. Sophal's tenure at the factory, she should have been employed under an Undetermined Duration Contract ("UDC"). As a worker under a UDC, Ms. Sophal would have enjoyed further legal protection from discriminatory dismissal.⁹ However, IK

⁸ Law on Trade Unions, Article 63 (a – b) ("It shall be considered to be unlawful for an employer to commit any of the following practices. a) To interfere in any way with workers in the exercise of their right to self-organization of a union; b) To impose a condition of employment or employment renewal that entails a worker not to join a union or withdraw from membership of the union to which he or she belongs").

⁹ Cambodia's Trade Union Law, § 67 ("Protection from Dismissal: All workers who stand as candidates for elected leadership [and] management positions shall enjoy the same protection from victimization and dismissal as shop stewards. Such protection begins 45 (forty-five) days prior to the election and ends 45 (forty-five) days after the election if he or she is not elected. In order to enjoy such protection, the union shall notify the employer of the candidacy and submit a copy to the Ministry in charge of Labor, by any certified means. The employer shall only be required to comply with these provisions once for each election of union leadership. From the time that the application for a registration is submitted, founders or workers who voluntarily become members of the union during the application period shall enjoy the same protection as shop stewards. This protection shall last for a period of up to 30 (thirty) days following the date on which the Ministry in charge of Labor has officially issued a union registration. Beyond the date specified in the preceding paragraph, this protection shall be extended to the leader, vice

Apparel—in order to deny Ms. Sophal additional benefits enjoyed by workers under a UDC—adopted the illegal, though common practice, of renewing Ms. Sophal’s FDC regularly rather than convert it to a UDC.

In response to her dismissal, Ms. Sophal submitted a complaint to the MLVT, Kandal Provincial Labor Office, on March 13, 2020, seeking her reinstatement with full back pay. However, instead of ordering IK Apparel to reinstate Ms. Sophal, the MLVT negotiated a settlement wherein Ms. Sophal would accept severance pay in lieu of continuing her case.

Cambodian labor law prohibits employers from discriminating on the basis of union membership when hiring or terminating workers.¹⁰ Furthermore, under Cambodian law, employees who have been elected to a union office and/or are the founding members of a union may not be dismissed by their employer for a defined time period unless that employer first obtains authorization to terminate the employee from the Cambodian labor authorities.¹¹ Despite the Cambodian labor authorities’ failure to protect the right of Ms. Sophal by negotiating a financial settlement in lieu of reinstatement, IK Apparel is in clear violation of Cambodian laws and buyers’ codes of conduct, when it terminated the worker for her union activities.¹²

2. Workers’ Second Attempt to Establish a Union: June 2020 to July 2020

On June 19, 2020, given that all of the first elected group of leaders had either resigned from the union, or in the case of Ms. Sophal, had been terminated, a second election took place involving 13 workers. The union election results were formally communicated to IK Apparel via the postal service and hand-delivered to Mr. Malin on the following day. On June 26, the results were also submitted to the MLVT, Kandal Provincial Labor Office.

a. Illegal Threats of Retaliatory Firing against Worker Union Founders to Force Them to Abandon Their Associational Activities

In response, IK Apparel again resorted to threats and coercion of the union founders. The company pressured the worker union founders to resign from the union or face dismissal. Management provided pre-written resignation letters to the three union founders, Nark Sokchea, Kao Thy, and Moen Auk, and stated that as a condition of continuing their employment at IK Apparel, they had to sign these letters. On June 25, 2020, the three union worker leaders provided their thumbprints on the resignation letters confirming their resignation from the union.

leader and secretary of the union. In order to enjoy such protection, the union shall notify the employer by any certified means, of the names of the individual persons to be protected. A copy of this notification shall also be sent to the Ministry in charge of Labor.”).

¹⁰ Labor Code, § 12.

¹¹ Law on Trade Unions, § 67.

¹² E.g. Target Corporation, “Standards of Vendor Engagement.” (“We seek suppliers who productively engage workers and value them as critical assets to sustainable business success. This includes respecting the rights of workers to make an informed decision as to whether to associate or not with any group, consistent with all applicable laws.”).

As mentioned above, management's threats of dismissal of the workers for their associational activities and conditioning their employment on their resignation from the union violates Cambodian law.¹³

b. *Illegal Interference with the Union's Registration*

On July 20, 2020, IK Apparel sent letters to the MLVT, Kandal Provincial Labor Office, seeking to reject the union's registration by claiming that some of the union's founders had resigned from the union, attaching the prepared resignation letters to the complaint.¹⁴ As a result of the company's claim, and, in apparent violation of international labor standards,¹⁵ the MLVT declined to register the union.

Cambodian labor law prohibits employers and anyone else from interfering in the rights of workers to establish a union of their choice.¹⁶ The management's use of prepared resignation letters to hinder the registration of the union is a violation of Cambodian law.

3. *Workers' Third Attempt to Establish a Union: August 2020 to February 2021*

On August 3, 2020, a third election involving 13 workers was conducted for the C.CAWDU-affiliated union at IK Apparel. The results of the election were sent to both the company and the MLVT, Kandal Provincial Labor Office on August 4, 2020. On the same day, the union formally notified IK Apparel of the election results via the postal service.

a. *Illegal Interference with the Union's Registration*

On August 7, 2020, Mr. Kong Samnang, the newly elected union president, submitted documents for the union registration at the MLVT, Kandal Provincial Labor Office. The officer in charge at MLVT, Mr. Lim Sarom, refused to accept the registration documents, claiming that Mr. Samnang and another member of the founding committee had not resigned from their former union nor submitted proof of notification of the resignation from their previous union to IK Apparel. However, evidence gathered by the WRC indicates that the newly elected union president and the other worker union leader had followed Cambodian law, when the two workers in question notified IK Apparel, on August 2, 2020, of their intent to leave their former union affiliated to the Cambodian Labor Union Federation ("CLUF") through a letter handed to the Administration Officer, Ms. Chan Sreypov. Cambodian law only requires workers to notify the employer of their

¹³ Labor Code, § 12., and Law on Trade Unions, § 63 (a – b).

¹⁴ IK Apparel letter to MLVT, Kandal Office (July 20, 2020). (On file with the WRC).

¹⁵ International Labour Organization, Convention 87, *Freedom of Association and Protection of the Right to Organise Convention, 1948*, Article 2 ("Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.").

¹⁶ Law on Trade Unions, § 5 ("All workers and employers have, without any distinction whatsoever, the rights to form a union or an employer association of their own choice for the exclusive purpose of study, research, training, promotion of interests, and protection of the rights and the moral and material interests, both collectively and individually, of the persons covered by union or employer association statutes."); and § 6 ("All workers or employers, regardless of race, color, sex, creed, religion, political opinion, nationality, social origin or health status, are free to be members of the union or the employer association of their choice. No one, including any union, shall interfere with this right.").

intent to leave their former union; it does not require the company to acknowledge receipt of this notification.¹⁷ Nevertheless, Mr. Sarom insisted that the workers provide a signed acknowledgement by management in order to register the new union, and, consequently, the MLVT office declined to accept the documents for the new union registration at that time. A few days later, the union resubmitted the documents, and this time—despite the documents being the same as on August 7, 2020—the MLVT, Kandal Provincial Labor Office accepted the submission.

On September 8, 2020, IK Apparel again sent a letter to the MLVT, Kandal Provincial Labor Office, seeking to reject the union’s registration by claiming that one of the union’s founders had resigned from the union, attaching the July 20th prepared resignation letter to the complaint.¹⁸

On September 11, 2020, because of the company’s attempts to prevent the newly formed union from registering, the MLVT, Kandal Provincial Labor Office returned the documents to the union via the postal service, refusing to issue a certificate of registration without providing a specific reason for the denial. To date, no certificate of registration has been issued to the union.

In recent years, it has become common practice for MLVT officials to accept employer’s justifications for not allowing workers to establish unions. However, it is worrying that the MLVT officials accepted IK Apparel’s justifications for not allowing the workers to establish a union at face value without further investigation and that officials, furthermore, created a requirement that has no legal basis to deny workers’ right to form a union. The actions of the MLVT in this case fit a well-documented pattern of collaboration between the MLVT and employers to prevent workers from forming independent unions in Cambodia.¹⁹ Given this situation, the WRC does not find the MLVT’s rejection of the union’s registration as an indication that the factory was in compliance with Cambodian law in responding to its employees’ attempts to form a union.

As noted previously, Cambodian labor law prohibits employers and anyone else from interfering in the rights of workers to establish a union of their choice.²⁰ Management’s use of prepared resignation letters to successfully argue that the newly formed should not be registered violates Cambodian law.

¹⁷ Law on Trade Unions, § 49 (“Each worker can be a member of only one (1) worker union in the same enterprise or establishment at the same time. In the event where a worker, who has already been member of a particular worker union, joins another worker union within the same enterprise or establishment, the latter worker union *shall notify the employer, and that worker shall become member of that latter worker union.*”) (Emphasis added)

¹⁸ IK Apparel letter to MLVT, Kandal Office (July 20, 2020). (On file with the WRC).

¹⁹ Human Rights Watch, *Only ‘Instant Noodle’ Unions Survive: Union Busting in Cambodia’s Garment and Tourism Sectors*, November 20, 2022, <https://www.hrw.org/report/2022/11/21/only-instant-noodle-unions-survive/union-busting-cambodias-garment-and-tourism>.

²⁰ Law on Trade Unions, § 5 and § 6.

b. Illegal Attempt to Bribe an Official Union in Exchange for His Resignation

On August 7, 2020, the same day as the initial submission of the union registration, Mr. Kong Samnang, the newly elected union president, was asked to meet Mr. Malin at his office at around 10:20 a.m. During the meeting, Mr. Malin attempted to bribe Mr. Samnang to resign from the newly formed union by suggesting that the factory could purchase coconuts from Mr. Samnang's newly planted coconut plantation. Mr. Samnang refused the offer.

Cambodian labor law prohibits the employer from providing financial support to the founders or supporters of a union.²¹ The offer by management to purchase coconuts from the newly elected union president is, therefore, a violation of Cambodian law.

c. Illegal Threats of Retaliatory Firing against Workers to Force Them to Abandon Their Associational Activities

IK Apparel once again employed threats and coercion to prevent workers from establishing the C.CAWDU-affiliated union at the factory over the second half of August and first half of September 2020. IK Apparel attempted to pressure several worker union leaders to resign from the newly formed union through threats and coercion. One of these workers, Ms. Pan Mara, testified to the WRC that she faced pressure from management to resign from the union. According to the worker, within weeks of submitting the notification of the union elections, she was summoned to the factory's administrative office to meet a supervisor. During the meeting, the supervisor told her that if she did not resign from the union, her husband would face termination. She refused to be intimidated by this threat and maintained her union membership. Subsequently, as will be detailed below, she was terminated from her position.

Ultimately, due to this pressure from management, one of the other union founders, Suong Bumchim, resigned from the union. On September 7, 2020, Ms. Bumchim provided her thumbprint on the same prepared resignation letter that was used during the workers' second attempt to establish a union, confirming her resignation from the union as a condition for her continued employment at the factory.

As mentioned above, management threatening workers with dismissal for their associational activities violates Cambodian law.²²

²¹ Law on Trade Unions, § 63 (d) ("It shall be considered to be unlawful for an employer to commit any of the following practices. [...] To initiate [actions] to control, for instance, assisting or interfering with the formation or administration of any union or affiliation of unions, including for the provision of financial or other support to it or its founders or supporters in any manner other than that provided for in this law").

²² Labor Code, § 12; and Law on Trade Unions, § 63 (a – b).

d. Unlawful Retaliatory Termination of Five Worker Leaders between August 2020 and February 2021

The events detailed above demonstrate a sustained pattern of interference and coercion, including attempted bribery, to prevent the establishment of a C.CAWDU-affiliated union at IK Apparel. The seriousness of these threats is underscored by the series of terminations of workers who attempted to establish a union affiliated with the C.CAWDU for the third time.

Under Cambodian law, employers cannot discriminate on the basis of membership in a union or engagement in union activities when making decisions concerning dismissal.²³ Moreover, employees who have been elected to a union office and/or are the founding members of a union may not be dismissed by their employer for a defined period unless that employer first obtains authorization to terminate the employee from the Cambodian labor authorities.²⁴ Additionally, Cambodian labor law requires employers to convert the FDCs of workers who worked for an employer for more than two years to UDCs.²⁵ IK Apparel does not comply with the law in this regard, using the worker union leaders' status as workers under FDCs to deny them additional protections and benefits stipulated by Cambodian law.

The WRC found that IK Apparel terminated an additional five elected union leaders and founders to suppress workers' freedom of association during the workers' three attempts to establish an independent union, in violation of Cambodian law. The following sections detail the circumstances of each of these dismissals.

i. Termination of the union president

Mr. Kong Samnang, the union president elected during the workers' third attempted at establishing an independent union, started working at IK Apparel on September 9, 2015. Like Ms. Sophal, he had been illegally employed on consecutive three-month FDCs despite having more than two years

²³ Labor Code, § 12 (“Except for the provisions fully expressing under this law, or in any other legislative text or regulation protecting women and children, as well as provisions relating to the entry and stay of foreigners, *no employer shall consider on account of* race, color, sex, creed, religion, political opinion, birth, social origin, *membership of workers’ union or the exercise of union activities*; to be the invocation in order to make a decision on: hiring, defining and assigning of work, vocational training, advancement, promotion, remuneration, granting of social benefits, *discipline or termination of employment contract*. Distinctions, rejections, or acceptances based on qualifications required for a specific job shall not be considered as discrimination.”) (Emphasis added); and § 279 (“Employers are forbidden to take into consideration union affiliation or participation in union activities when making decisions concerning recruitment, management and assignment of work, promotion, remuneration and granting of benefits, disciplinary measures, and dismissal.”).

²⁴ Law on Trade Unions, § 67; and Labor Code, § 13 (“The provisions of this law are of the nature of public order, excepting derogations provided expressly. Consequently, all rules resulted from a unilateral decision, a contract or a convention that do not comply with the provisions of this law or any legal text for its enforcement, are null and void.”)

²⁵ Labor Code, § 67 (2) (“[T]he labor contract signed with consent for a specific duration cannot be for a period longer than two years. It can be renewed one or more times, as long as the renewal does not surpass the maximum duration of two years. Any violation of this rule leads the contract to become a labor contract of undetermined duration.”); and Arbitration Council Award 10/03 (“The Arbitration Council finds that contracts of employment of fixed duration shall automatically be transformed to undetermined duration contracts where the total duration of the employment contract (including the period of the initial contract and any renewals) exceeds 2 years.”).

of seniority.²⁶ Prior to his election as the president of the local C.CAWDU-affiliated union, Mr. Samnang was part of the leadership of another union at IK Apparel affiliated to CLUF, a union known for its close ties to the government. Mr. Samnang described his former union as “employer friendly,” whose leadership prohibited him from putting forward any demands to the employer regarding working conditions. Mr. Samnang explained to the WRC that the frustration of not being able to address his members’ concerns was his main motivation for joining the establishment of a new union affiliated with the C.CAWDU.

On November 14, 2020, a company representative informed Mr. Samnang that his contract would be terminated. At that time, Chan Sreypov called Mr. Samnang to the office and informed him that IK Apparel would not renew his contract. When he asked Ms. Sreypov the reasons for his termination, Ms. Sreypov just responded that “you [Samnang] already know.” IK Apparel dismissed Mr. Samnang on November 30, 2020, the day his contract expired.²⁷

After a long delay caused by restrictions on movement due to the Covid-19 pandemic, Mr. Samnang filed a complaint with the MLVT on May 9, 2022, leading to a conciliation meeting on May 25. According to the meeting minutes reviewed by the WRC, Mr. Malin claimed that the nonrenewal of some of the employees’ contracts, including Mr. Samnang’s, was due to material shortages, lack of orders, and the refusal of certain brands to accept produced goods. He maintained that workers were selected for termination based on when their contracts would expire and their performance.

However, later in December 2023, IK Apparel provided a different reason for terminating Mr. Samnang. In the documents sent to the WRC, IK Apparel no longer referred to material shortages or lack of orders, but it instead told the WRC that Mr. Samnang was dismissed because of insubordination, disruptive behavior, and inciting other workers to disregard company rules. As evidence of these claims, IK Apparel submitted letters, photographs, and videos to the WRC.

The evidence submitted by IK Apparel showed that Mr. Samnang received three warnings in August, September, and November 2020, respectively. Two of the warnings were related to phone usage during working hours, while the third was given to him because he was complaining about management and was overheard by an administrative employee. IK Apparel also provided the WRC with a copy of Mr. Samnang’s evaluation form showing that he received a score of 28.57 percent out of 100 percent.

IK Apparel’s response that it did not discriminate against Mr. Samnang for his union activities in selecting him for termination does not hold up to scrutiny. First, the claims made by IK Apparel (i.e., he was terminated for insubordination, disruptive behavior, and inciting workers to disregard company rules) contradict the reasons provided by Mr. Malin about the workers’ termination during the conciliation meeting. This contradiction indicates that IK Apparel’s justifications for his termination were pretextual.

²⁶ Labor Code, § 67 (“A labor contract signed with consent for a specific duration must contain a precise finishing date. The labor contract signed with consent for a specific duration cannot be for a period longer than two years. It can be renewed one or more times, as long as the renewal does not surpass the maximum duration of two years. Any violation of this rule leads the contract to become a labor contract of undetermined duration.”)

²⁷ Labor Code, § 67.

Second, the warnings issued to Mr. Samnang occurred in the months following the union election despite having worked at the factory for five years at the time of the election. Indeed, the first warning was given to Mr. Samnang on August 12, 2020, just two days after management attempted to bribe Mr. Samnang to resign from the union. Furthermore, two of the warnings were for a minor infraction, the use of a phone during working hours, a practice that, according to Mr. Samnang and other workers interviewed by the WRC, is common at the factory. Workers told the WRC that to their knowledge no other worker had received a warning for using their phones during work hours.

Third, none of the warnings or submitted evidence showed incitement of other workers as alleged by the company.

Fourth, Mr. Samnang testified that after his election to the C.CAWDU-affiliated union, he observed IK Apparel's Chief of Human Resources and Administration, Philip Eon, monitoring him during work hours, taking photographs of him and recording him. His testimony suggests that factory management were attempting to not only to intimidate Mr. Samnang but also find some reason to terminate him.

Finally, workers told the WRC that they had not seen the evaluation form that IK Apparel provided to the WRC. Mr. Samnang is the only worker who recognized the form. He explained that these forms are not generally used unless management has already decided to terminate the targeted worker.

Based on this analysis, the WRC concludes that IK Apparel retaliatorily dismissed Mr. Samnang when he refused to resign from the union, using his alleged insubordination and disruptive behavior to justify his termination.

ii. Termination of the union vice president

Mr. Chea Theara, union vice president, started working at IK Apparel on March 1, 2017. He was illegally employed on consecutive three-month FDCs.²⁸ IK Apparel dismissed Mr. Theara on August 31, 2020, the day his contract expired.²⁹ Mr. Theara used to be a member of the CLUF-affiliated union. He resigned from CLUF and was elected to the leadership of the C.CAWDU-affiliated union after the third union election on August 3, 2020. He told the WRC that before his election to the C.CAWDU-affiliated union he did not face any problems with factory management, but, after his election, he was treated differently. For example, he was no longer allowed to conduct union work during working hours, leave his workstation, or pick up his phone during work. He also testified that he was under constant surveillance by management.

For these reasons, Mr. Theara suspected that his dismissal was in retaliation for his union activities. On the day his contract expired, Mr. Theara reported to the WRC that Mr. Sor Soknan, another IK Apparel employee and member of a factory union affiliated with the Cambodia Federation for

²⁸ Labor Code, § 67.

²⁹ Labor Code, § 67.

Workers' Rights (CFWR), a union that is close to management,³⁰ initiated a dispute with him. According to Mr. Theara, when a worker discovered cat excrement on the upper floor of the factory, Mr. Soknan confronted Mr. Theara, saying that Mr. Theara held him responsible for the excrement on the upper floor. Mr. Theara denied this accusation and attempted to walk away, but Mr. Soknan continued to follow him while arguing with him the whole time. After five minutes of this, Mr. Theara requested a meeting with the factory's human resources officer. However, instead of admonishing Mr. Soknan for pestering Mr. Theara, the human resources officer told both Mr. Theara and Mr. Soknan to provide their thumbprints, acknowledging their dismissals. The reason for the dismissal cited in the termination letters was "threatening and quarrelling with the team during working hours." According to Mr. Theara, this was the first time he had received a reprimand of any kind from management during his employment at IK Apparel.

Mr. Soknan immediately accepted his termination, while Mr. Theara objected to it. On September 30, 2020, in a meeting with the Kandal labor inspector, Mr. Soknan again did not challenge his termination, while Mr. Theara continued to do so. The labor inspector issued letters of approval to IK Apparel for its termination of these two workers.

On November 16, 2020, the C.CAWDU appealed the labor inspector's decision to the Minister of Labor. On December 9, 2020, the Minister of Labor issued a decision upholding the determination of the labor inspector. The WRC found that, similar to previous cases investigated by the WRC,³¹ the labor officers failed to conduct an adequate investigation, reviewing no evidence, while relying only on the decision of the company's human resources personnel.

Despite the Minister of Labor's decision, the WRC does not find IK Apparel's decision to terminate Mr. Theara to be legitimate. First, the dispute occurred on the day that Mr. Theara's contract ended. The likelihood that a dispute would randomly occur on this day, when Mr. Theara had never gotten into a dispute at work during his entire tenure at the factory, is extremely low.

Second, given that it was Mr. Theara who approached the human resources officer in an attempt to stop Mr. Soknan from pestering him, it makes little sense that the human resources officer would accuse Mr. Theara of fueling the conflict.

Third, it is surprising and revealing of potential collusion between Mr. Soknan and management that Mr. Soknan made no objection to his termination. The WRC has documented previous cases where a so-called fight was instigated by a management-controlled union that resulted in a similar outcome with workers from the independent and factory-controlled union getting terminated, as a means for the company to dismiss the union leader it does not want in its employ.³²

³⁰ For example, this union contacted the WRC on December 7, 2023, asking the WRC not to push for the reinstatement of the union leaders of C.CAWDU, echoing management's claim that these workers were troublemakers, while unable to provide any concrete evidence hereof.

³¹ Worker Rights Consortium, *Worker Rights Consortium Assessment Sun Shui Shing (Cambodia) Findings, Recommendations, and Status*, March 28, 2024, <https://www.workersrights.org/factory-investigation/sun-shui-shing-industrial-cambodia/>.

³² Worker Rights Consortium, *Worker Rights Consortium Assessment E Garment (Cambodia) Findings, Recommendations, and Status*, December 13, 2012, <https://www.workersrights.org/wp-content/uploads/2016/09/WRC-Assessment-re-E-Garment-Cambodia-12.11.12.pdf>.

Based on a review of the facts of the dismissal, the WRC concludes that IK Apparel terminated Mr. Theara in retaliation for his union activities, using the dispute as a pretext.

iii. Termination of the union treasurer

Mr. Yan Dul, the union treasurer, started working at IK Apparel on September 4, 2018. He was illegally employed on consecutive three-month FDCs.³³ IK Apparel dismissed Mr. Dul on February 28, 2021, the day his contract expired.³⁴ IK Apparel provided the WRC, through American Eagle Outfitters, an incident report as evidence supporting management's claim of negligence as the reason for Mr. Dul's termination. According to the report, dated December 28, 2020, Mr. Dul operated a forklift without permission and caused damage to the factory's fence. Mr. Dul told the WRC that the damage was minor and that he had sought permission from the line leader prior to driving the forklift, emphasizing that he had previously operated the forklift on several occasions. He said he received two warnings related to the incident, which IK Apparel did not provide as evidence to the WRC.

In addition, IK Apparel provided to the WRC a copy of Mr. Dul's evaluation form showing that he received a score of 44.44 percent out of 100 percent. As previously noted, Mr. Samnang, the only worker who recognized the form, informed the WRC that such forms are not routinely utilized but are selectively employed against workers targeted for contract termination. The evaluation, conducted two days prior to his termination, was approved by Mr. Ya Vantol, a packing supervisor and president of a union affiliated with the CFWR. Subsequently, Mr. Vantol attempted to influence the WRC through an email, as described later in this report.

A review of the evidence indicates that the warnings Mr. Dul received were issued four months following his election as union treasurer. Prior to this, Mr. Dul had not received any warnings during his more than two years of employment at the factory.

Based on the timing of when the warnings were issued and Mr. Dul's testimony concerning the forklift incident, the WRC concludes that IK Apparel's justification for dismissing Mr. Dul was pretextual, and, in fact, IK Apparel dismissed Mr. Dul in retaliation for his union activities.

iv. Termination of two additional union committee members

Mr. Hoem Sokcheat, a union committee member, started working at IK Apparel on April 23, 2019. He was employed on consecutive three-month FDCs. IK Apparel dismissed Mr. Sokcheat on September 30, 2020, the day his contract expired.³⁵ From the documents submitted to the WRC through American Eagle Outfitters, the company alleged that Mr. Sokcheat had violated Cambodian law by making "threats or engaged in abusive behaviour", which is considered a "serious offense" warranting termination.

IK Apparel's claims contradict its assertions to American Eagle Outfitters concerning the terminations of the union leaders. In its December 23, 2020, communication, IK Apparel explains

³³ Labor Code, § 67.

³⁴ Labor Code, § 67.

³⁵ Labor Code, §§ 12 and 279.

that “with regards to Mr. Home [sic] Sokcheat (General worker), Mrs. Pan Mara (Packer), Mr. Kong Samnang (Cutting Trim Leader). The company did not terminate them, but however we did not renew their contract[s] and ended their contracts alongside many other workers which *was in accordance to our restructuring Covid-19 Pandemic contingency plan due to a lack of order [sic] from our clients* (emphasis added).”

IK Apparel’s shifting and contradictory justifications for Mr. Sokcheat’s termination indicate that factory management was attempting to hide the fact that the factory terminated the worker in retaliation for his union activities.

Ms. Pan Mara, union committee member, started working at IK Apparel on April 11, 2019. She was employed on consecutive three-month FDCs. IK Apparel dismissed Ms. Mara on September 30, 2020, the day her contract expired. When she was terminated, Ms. Mara was informed by the company that she was dismissed due to a reduction in orders because of the Covid-19 pandemic. She was also told that as soon as the order situation improved, the company would call her back. Furthermore, as noted above, IK Apparel told American Eagle Outfitters that the workers were terminated because of a lack of orders due the Covid-19 pandemic.

However, in subsequent communications to the WRC through American Eagle Outfitters, the company claimed that Ms. Mara received three written warnings for making threats and engaging in abusive behavior before her termination. However, IK Apparel provided the WRC with only one of the warning letters, which the factory claims was the third warning. The letter alleged that Ms. Mara’s work was “careless”, and her behavior resulted in damage to garments. The fact that IK Apparel could not provide evidence demonstrating that Ms. Mara did in fact engage in abusive behavior and that management gave Ms. Mara and American Eagle Outfitters a different reason for her termination leads the WRC to conclude that management’s justification for terminating Ms. Mara was pretextual and that the factory terminated the worker in retaliation for her union activities.

4. Conflicting Explanations for Worker Union Leaders’ Terminations Are Pretextual

While IK Apparel never directly communicated with the WRC, in communications to buyers and other stakeholders, IK Apparel provided contradictory explanations for the worker union leaders’ terminations, however, as noted in the previous sections, these explanations are pretextual. In the following sections, the WRC will provide an analysis of IK Apparel’s justifications, demonstrating that the company’s reasons for terminating the workers were pretextual and management in fact terminated the workers in retaliation for their union activities.

Singling out union leaders for dismissal is a serious violation of the workers’ associational rights under Cambodian labor law.³⁶

a. IK Apparel Claimed the Workers Were Terminated as Part of Downsizing

In an email response to American Eagle Outfitters dated December 23, 2020, IK Apparel’s human resources executive, Cel Saguid, claimed that the six workers’ termination was part of a restructuring plan prompted by a lack of orders due to the Covid-19 pandemic. The plan involved the termination

³⁶ Labor Code, § 279.

or nonrenewal of contracts for 147 workers from February to December 2020, reducing the workforce from 982 to 835.

This claim does not hold up to scrutiny. IK Apparel recruited new staff throughout 2020, hiring altogether 322 workers, according to monthly headcounts provided by IK Apparel to the WRC. Furthermore, from September to December 2020, IK Apparel hired 100 new employees, most of whom were employed in November 2020, the same month IK Apparel dismissed Mr. Samnang “due to [a] lack of orders”.

Given that the factory in fact hired more new staff in 2020 than it claimed to have terminated clearly indicates that IK Apparel did not need to downsize in the first place.

Additionally, the WRC consulted a professional statistician to calculate the probability that the three top leaders of the newly formed union could have been randomly selected for termination as part of the group of 147 workers dismissed in 2020. The statistician determined that the chance of this outcome occurring, absent an intent to discriminate against the union leaders, was less than 1.786 percent. In other words, the statistical likelihood that IK Apparel did intentionally target the union leaders for termination is more than 98.21 percent.

Furthermore, according to data provided by IK Apparel to the WRC, 112 workers—the vast majority—had been dismissed prior to August 2020, the month of the third and final attempt to establish a union, after which the company began to include the newly elected union leaders in the layoffs. Of the 147 terminated workers, only 35 were terminated in August or later, while all four of the dismissed union leaders were terminated in August 2020 or later.³⁷ Thus, the 98.21 percent likelihood that the dismissals were targeted is a conservative estimate.

Based on the worker testimony and documentary and statistical evidence discussed above, it is evident that IK Apparel did not have a real need to downsize but, instead, exploited the economic turbulence of the Covid-19 pandemic as an opportunity to discriminatorily target worker union leaders and activists for termination.

b. IK Apparel's Subsequent Claim That the Workers Were Terminated Due to Poor Performance

IK Apparel subsequently changed its reasons for terminating the union leaders and activists by instead claiming that the workers had been terminated due to poor performance and committing serious misconduct. However, a review of worker testimony and evidence provided by the factory indicates that this justification is also pretextual and that, in fact, the workers' terminations are retaliatory.

First, the dismissed union leaders and founders had 17 months to five years of experience, and all had their FDCs regularly renewed prior to their attempts to establish an independent union. It would be unlikely that IK Apparel would continue to employ these worker union leaders if their performance was poor.

³⁷ The fifth union leader was terminated in early 2021.

Additionally, while IK Apparel provided evaluation forms as evidence of the workers' poor performance, worker testimony indicates that workers had not seen these forms during their employment at the factory, leading the WRC to conclude that IK Apparel was not in fact conducting regular performance reviews as there is little value in performing regular performance appraisals if employees are never even informed that they are being evaluated, much less informed of the results.

Lastly, as mentioned earlier, the WRC received an email from Mr. Ya Vantol, the president of the company-controlled union, on December 7, 2023, who, like the company, claimed the workers had engaged in inappropriate behavior, such as threatening other workers, causing disturbances in the factory, and that the work environment improved in their absence.³⁸ During a follow-up phone conversation with the WRC, Mr. Vantol claimed that the union leaders had consistently disobeyed the factory's directives, labeling them as troublemakers. While referencing the worker union leaders, Mr. Vantol only mentioned episodes involving Mr. Samnang, citing his "inappropriate" behavior and claiming that other workers were unhappy about his behavior, while saying nothing about the other dismissed workers. When asked to provide specific examples of Mr. Samnang's behavior, Mr. Vantol could not recall any specific details but vaguely referred to an incident in which Mr. Samnang attended a meeting with supervisors and managers and "did not agree with other workers and raised unreasonable issues", without providing clarification on what were these "unreasonable issues".

The fact that Mr. Vantol, acting on behalf of the factory management, was unable to provide even one concrete example of Mr. Samnang's misbehavior or that of the other worker union leaders warranting dismissal, further underscores the pretextual nature of the claim that the workers were terminated due to serious misconduct.

B. Recommendations and Partial Remediation

1. Brand Engagement with IK Apparel

In the months following December 2023, the WRC was in regular communication with American Eagle Outfitters about the inadequate level of cooperation from IK Apparel. We noted to American Eagle Outfitters that the preliminary findings strongly suggested that IK Apparel had systematically violated workers' associational rights and that remedial action was necessary to counter the chilling effect management's actions had on workers' right to freedom of association. The WRC noted that to remedy these violations of Cambodian law, IK Apparel must reinstate all six previously dismissed union leaders to their original positions with full back pay, cease any further interference with workers' right to organize an independent union, and announce IK Apparel's commitment to respect workers' associational rights and recognition of the C.CAWDU-affiliated union.

³⁸ The WRC notes that the only way Mr. Vantol could be aware of the WRC's ongoing assessment would be for IK Apparel to have revealed this to him. When asked if the factory had informed him of the WRC's assessment, Mr. Vantol provided a vague explanation that IK Apparel had informed all supervisors about the assessment, an action that does not sound particularly plausible given that IK Apparel had just refused access to the premises. In addition, even if the company had provided this information at a meeting, as Mr. Vantol claims, it is even less plausible that he would, out of his own volition, decide to contact the WRC. Thus, the timing of the email from Mr. Vantol, combined with the unsubstantiated claims of misconduct made in the email, clearly indicates that Mr. Vantol was acting under the factory's instructions.

2. Temporary Partial Resolution of the Violations

Following the WRC’s engagement with American Eagle Outfitters, IK Apparel finally began taking remedial action. On May 10, 2024, IK Apparel signed an agreement with the C.CAWDU committing the factory to reinstate four of the six worker union leaders on June 3, 2024, and provide them with partial back pay of US\$20,000. While signifying a positive development, the agreement also stated that the workers would need to undergo some training due to the company claiming to have “modernized” its “production and management system”. The WRC noted that this agreement only partially remedied the identified violations of freedom of association at IK Apparel.

IV. Further Developments, Recommendations for Corrective Action, and Factory and Brand Response

A. Further Suppression of Workers' Associational Rights

This settlement only partially remedied the violations identified by the WRC, and, as detailed below, IK Apparel further continued to suppress its employees' right to freedom of association.

1. Discriminatorily Selecting the Four Worker Leaders for Additional Training Outside the Factory Premises

On June 3, 2024, when the four reinstated worker union leaders arrived at the factory, they were told to report to the offices of the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC) to attend a general training. It appeared to be an ad-hoc three-and-half-month long course set up for these four workers alone. The WRC found that the purpose of this training was to delay the union leaders' return to the factory and impose on them additional conditions for their return to work rather than a need for the workers to undergo training for changes in production, since workers employed at the factory noted no changes to production at that time. Additionally, no other IK Apparel workers were required to undergo this course at TAFTAC. It is concerning to note that TAFTAC apparently was directly assisting one of its member factories in violating its employees' right to freedom of association.

Singling out union leaders for additional training is discriminatory and indicates further retaliation by IK Apparel against the workers for their union activities.

2. Further Isolation of the Four Worker Leaders by Failing to Transfer Their Employment to Cozi Knit

On July 22, 2024, the four workers were informed that their "training" had ended and that they should return to work. However, instead of returning to their former positions inside the factory, the four workers were placed in a small building *adjacent* to the factory compound. For the first two days the four union leaders worked there alone. On July 31, 2024, the company moved a handful of workers into this small building, ostensibly to enable management to claim that the union leaders are not completely segregated from the rest of the workforce.

It should be noted that the building had at least six CCTV cameras to enable management to constantly monitor the workers. During August 2024, the company transferred back several of these additional workers, so only two workers in addition to the four reinstated workers remained by September 2024.

The WRC also learned that I Apparel International Group had registered the factory as a new company under the name of Cozi Knit Co., Ltd on June 23, 2023,³⁹ and changed the payslip headings and factory ID cards to the new company name for all IK Apparel employees. No other changes were made to the company, now called Cozi Knit; its employees continued working in the

³⁹ Ministry of Commerce business registration documents on file with the WRC.

same buildings as before doing the same work as before the name change. However, only the four reinstated union leaders and the two workers, who had been moved to the same building where the four workers were posted, remained IK Apparel employees. Management also put a sign on the building indicating that this small building was “IK Apparel”. Henceforth, we will refer to this building as “IK Apparel” to distinguish it from the main factory—now Cozi Knit, but formerly IK Apparel. Given that the company continued to isolate the four workers and failed to transfer their employment to Cozi Knit, management essentially backtracked on its commitment to reinstate the workers.

Employing the reinstated workers at a different company from the rest of their colleagues, rather than reinstating them to their original positions at the factory, isolating them, and putting them under constant surveillance are serious further violations of the workers’ associational rights.⁴⁰

3. Company Again Retaliatorily Terminates the Four Worker Union Leaders

On September 27, 2024, “IK Apparel” terminated the employment of the six workers—the four worker union leaders and the two workers transferred from Cozi Knit—without providing them with prior notice. At approximately 3:30 p.m. that day, factory management informed the workers that the company would be closing, assuring them they would be paid their legally owed severance. Management claimed that they had to shut down “IK Apparel” because of a lack of orders and that the company had not completed products in time.

Factory management’s claim is clearly pretextual since it is not realistic that a building with six workers would receive any direct orders, especially when all but these six workers have been redefined as Cozi Knit workers. Additionally, workers testified that in September 2024 Cozi Knit had orders for at least the same level as in prior months. Workers told the WRC that, in fact, workers performed overtime regularly to complete the orders and that Cozi Knit advertised new positions at the factory at the same time as the company announced the closure of “IK Apparel”. Given this, Cozi Knit could easily have absorbed the six workers from “IK Apparel”. Therefore, the WRC concludes that the factory management’s claim of a lack of orders is untrue and simply a means to mask the unlawful terminations of the four worker union leaders.

While the four union leaders objected to their termination, the other two workers did not voice any opposition. The union has subsequently received reports that “IK Apparel” informed the two workers that they would be rehired at Cozi Knit at a later date, further underscoring the company’s real objective of hiding its retaliatorily termination of the worker union leaders.

⁴⁰ International Labour Organization, *Freedom of Association. Compilation of decisions of the Committee on Freedom of Association*. Geneva: ILO, 6th edition, 2018, para 1117 (“One of the fundamental principles of freedom of association is that workers should enjoy adequate protection against all acts of anti-union discrimination in respect of their employment, such as dismissal, demotion, transfer or other prejudicial measures. This protection is particularly desirable in the case of trade union officials because, in order to be able to perform their trade union duties in full independence, they should have a guarantee that they will not be prejudiced on account of the mandate which they hold from their trade unions. The Committee has considered that the guarantee of such protection in the case of trade union officials is also necessary in order to ensure that effect is given to the fundamental principle that workers’ organizations shall have the right to elect their representatives in full freedom.”).

After their termination, the union leaders reported the incident to the C.CAWDU to prepare a formal complaint for submission to the MLVT. The C.CAWDU submitted a complaint on October 25, 2024. The MLVT conciliator has contacted the parties involved to collect information but for a month did not schedule a formal conciliation meeting. Given the dubious role of the MLVT in this case as described earlier, it was unlikely that the MLVT would take any meaningful steps to rectify the violations, apart from holding conciliation meetings. Furthermore, the MLVT, contrary to its legal obligations, did not forward the four workers' case to arbitration after 15 days as it is required by law.⁴¹

B. Recommendations for Corrective Action

The WRC communicated our findings and the necessary measures to remedy the violations to American Eagle Outfitters, Loblaws, and Target in October and November 2024. As noted in the methodology section, IK Apparel's unwillingness to engage directly with the WRC by blocking the WRC's emails and obstructing the arrangement of a factory visit, further raised serious concerns about the factory's intention to take the necessary corrective measures. The termination of the four worker leaders, only a few months after their reinstatement, further underscored the factory's intention to suppress the establishment of an independent union at Cozi Knit in violation of workers' associational rights.

Based on this, the WRC requested that Cozi Knit/IK Apparel's business partners press the company to implement the following remedial steps:

- Ensure that all six worker union leaders and activists who had been illegally dismissed for attempting to establish a new union were offered reinstatement to their original positions and with full back pay for the time they were terminated until their return to work, subtracting the amount already paid to the four workers. Given that IK Apparel is now known as Cozi Knit, the six workers should be also employed at this factory in their original positions without loss of seniority.
- Ensure that Cozi Knit/IK Apparel ceases any further interference with workers' right to organize.
- Cease the use of short-term contracts beyond the legal limit. To ensure that no further violations of the workers' associational rights occur, Cozi Knit/IK Apparel should provide the union leaders and founders with UDCs, as well as all other workers who have more than two years of seniority.

⁴¹ Labor Code, § 305 ("Conciliation shall be carried out within fifteen days from the designation by the Minister in Charge of Labor. It can be renewed only by joint request of the parties to the dispute.").

- Communicate both orally and in writing to workers Cozi Knit's/IK Apparel's commitment to respect workers' associational rights and recognition of the C.CAWDU-affiliated union, and that the C.CAWDU-affiliated union will enjoy the same rights as the other existing unions. This should be announced through the public announcement system and read out loud by the supervisor of each production line.

C. Brands' Response

After our communication, American Eagle Outfitters, Target, and Loblaw engaged with the company on remediation. American Eagle Outfitters also contacted the C.CAWDU to which the union was seeking affiliation. Despite this outreach, the factory made no commitments to remedy the violations. In fact, the only action taken by the company was to attend conciliation meetings at the MLVT concerning the termination of the four worker leaders. It should be noted that it was only after the buyers engaged with the factory that the MLVT started scheduling meetings for the two parties, weeks after the legal deadline for scheduling such meetings had already passed.⁴²

⁴² Labor Code, § 305 (“Conciliation shall be carried out within fifteen days from the designation by the Minister in Charge of Labor. It can be renewed only by joint request of the parties to the dispute.”).

V. Conclusion

On December 27, 2024, more than a month after the WRC had reached out to the factory's brand customers, Cozi Knit/IK Apparel reached an agreement with the union leaders and the C.CAWDU wherein the company would pay severance and additional compensation to the four worker leaders it had terminated a second time. The union leaders told the WRC that due to the company's yearlong resistance to their reinstatement, they no longer wished to return to the factory. Although the agreement did not specify the amount of compensation paid to each of the workers, based on interviews with three of the workers, the WRC estimates the total compensation offered to the four workers is about US\$40,000, which taken together with the initial payment of US\$20,000 would be roughly equivalent to full back pay and severance. While this agreement does not resolve the violation of workers' right to freedom of association, it would have been highly unlikely that these workers would have received any compensation without the engagement by the WRC with the brand customers of the factory.

The outcome in this case is sadly illustrative of the many challenges workers currently face in Cambodia where employers are aided by the Cambodian authorities in hindering workers from establishing independent unions to address concerns over working conditions. This underscores the need for brands to step up in ensuring compliance when violations of freedom of association occur in their supply chains. Failure to do so risks factory management acting with impunity to suppress independent unions and weaken workers' ability to report on labor rights violations and demand better working conditions. Cozi Knit's success in preventing the establishment of an independent union at the factory and its failure to reinstate the terminated worker union leaders has had a chilling effect on its current employees, who have seen on multiple occasions management succeeding in retaliating against worker union leaders and preventing workers from exercising their associational rights.