

## Statement by Triumph International

Bad Zurzach, 17 August 2009

We are concerned about the way in which Clean Clothes Campaign has disseminated ill-founded assertions about Triumph International. It is true that Triumph regrettably has to close down its factories in the Philippines and downsize one factory in Thailand as part of a global restructuring programme necessary to respond to the impact of the global recession on the company. However the claims and allegations against Triumph made by CCC have no basis in fact. Our company's actions have met or exceeded the standards of local law throughout this process and Triumph is making every possible effort to ensure that all affected employees are being treated fairly and with respect for their contributions to the company. Please see attached the letter sent to CCC in response to the posting on their website. We have explained to CCC that we have reserved the right make it an open letter as we must address the seriously defamatory allegations made against our company.

Mr. Thomas Petersen  
Clean Clothes Campaign Denmark  
c/o Mellempøkkeligt Samvirke  
Fælledvej 12  
DK-2200 KBH. N

Bad Zurzach, 30 July, 2009

Dear Mr. Petersen,

I am writing to you to raise serious concerns regarding the accuracy and fairness of your July 27 website posting entitled "Triumph' dismissals in Asia attempt to get rid of unions." I would like to address two major areas: first the inaccurate and defamatory statements made by your organization and second, the overall fairness of your approach given Triumph's strenuous efforts to manage a regrettable but very necessary downsizing within national laws and international guidelines.

Inaccurate statements:

1. Your title claims that Triumph has executed downsizing in order to get rid of unions. This statement is false and defamatory. As we made clear to you in our prior communication, the downsizing of Triumph's manufacturing supply chain is driven by business conditions and neither the downsizing nor the selection of the plants affected was in anyway connected to union activity.
2. The posting makes the statement that "A number of these closures are irregular." This statement is false and defamatory. The two closures in the Philippines and the downsizing of the Bangplee plant in Thailand are in no way irregular and

have been conducted in a completely legal manner as has been confirmed by the governmental labour authorities in both countries.

3. The posting describes Worldwell Garment Company as a Thai Triumph producer and implies that Triumph played some role in its closure and bears a responsibility for that company's alleged failure to pay severance. In fact, Worldwell was a supplier to many companies in Thailand and Triumph was by no means Worldwell's largest customer. Triumph played no role in that company's decision to shutdown and in fact ceased its business relationship with the company some months prior to its closure.
4. The posting states that "neither in Thailand nor in the Philippines did the Triumph management conduct timely and transparent negotiations with the factory workers' unions as required by international labour standards." This is again false and defamatory. In both countries Triumph management began discussions with the unions on June 27, two months prior to the effective date of the layoffs and earlier than required by labour law in either country.
5. The posting claims that Triumph is "closing those departments and those factories where the unions are strongest. At the same time, they are expanding a new factory in northern Thailand." As I have pointed out, the claim of anti-union intent in the restructuring is simply false. In addition the statement about our factory in central Thailand is simply false. Expansion at the Nakhon Sawan site began in 2006 and was completed last year. No further expansion is planned or is indeed physically possible at the site.
6. The claim that "Triumph has a history of ignoring labour-rights violations in the Asian factories where they outsource the production of their luxury lifestyle products" is false, defamatory and displays a surprising ignorance of our company's supply chain practices. Triumph is nearly unique among global garment brands in that the large majority of our production occurs within company owned factories and is not outsourced. These factories are regularly inspected by national authorities and international third parties. The "history" cited by the CCC web site is a simple fabrication.

Triumph also has significant concerns with the overall fairness of your approach. This restructuring is extremely difficult for the entire company and throughout the process we have gone to great lengths to ensure that workers affected by the changes have been treated with respect and in complete accordance with their legal rights. This has been noted by government authorities in both countries. In Thailand, the Minister of Labour cited Triumph in a television interview as a model of how corporate layoffs ought to be conducted.

Making the decision to reduce manufacturing capacity was not an easy one for Triumph. From the foundation of the company, the owner's have laid off workers only as a last result when absolutely necessary for the preservation of the overall health of the business. In this case, the sites for capacity reduction were chosen on the basis of the competitiveness of each site and its proximity to markets. At no time did union activity play any role in the decision making.

We are well aware of international agreements like ILO Conventions and OECD Guidelines and are in full compliance with them. If you have any specific view to the contrary, we would be grateful to have you share it.

Further to illustrate our efforts to support employees in Thailand, Triumph arranged interviews for 3,900 positions for the roughly 1,900 workers who were laid off and offered to fund a job fair to facilitate rapid reemployment for laid off workers. This offer was roundly rejected by the union for reasons which are not clear to the company. In fact the union has urged laid off workers to not seek alternative employment.

Layoffs are an unfortunate fact of economic life and Triumph has not taken this step lightly. Given the demonstrably responsible manner in which the company is treating its workers, we believe we deserve CCC's support, not condemnation. In short, in both the Philippines and Thailand, Triumph is providing more notice than required by law, is consulting fully with government authorities and unions, is providing greater severance payments than required by law and is going to great lengths to help workers gain new employment as quickly as possible. If CCC is sincere in its claim that it supports garment workers it will work with Triumph to help those workers displaced by this change to reestablish themselves in new employment as quickly as possible. We certainly hope that CCC will desist from spreading false and defamatory statements which can only harm Triumph and the employment security of its workers around the world.

One final and important note: given the public approach your organization has chosen to take in this matter, we will reserve the right to treat this communication as an open letter and make the contents public if we feel it appropriate. I would appreciate your earliest reply to this letter and the speedy removal of the specified false and defamatory statements from your website.

Best regards,

Ursula von Gunten  
Manager Corporate Social Responsibility