



Ardoorie, July 5th 2022

Dear Mrs. Khambay,

After consultation and verification with our local management, we would like to react on the different topics mentioned in the e-mail we received from you on July 4th.

In yellow we have highlighted your remarks. Below the yellow parts you can read our comments.

1. On 24 August 2021, a woman worker and union member – Ma Khin Thandar Moe – was arrested at the factory by the military, after publishing a Facebook post in which she stated her support for the interim National Unity Government. She was charged under Section 505(a) of the penal code, which rights groups have criticised as a sweeping law that has been revised by the junta with much broader language to punish anyone who criticises the coup or the military.

Ma Khin Thandar Moe was arrested for investigation about a posting on Facebook. We got information from her department that she is already released and lives now may at her village. We did not succeed in contacting her and she didn't try to contact us.

We are having more than 700 operators and most of them are having smart phone and use social media very often and of course to communicate their personal opinion. We have no right and no ambition to verify the personal opinion of our collaborator. For us this remains a personal matter.

2. In April 2022, three union members – including one woman union leader – were arrested for their involvement in the civil disobedience movement. They were later released.

According to our information 2 employees were taken for investigation and Sioen HR has given full support. As a result of that the employees were released within 2 days. Both investigations were related to Facebook posts and were not related to Sioen. After the release of the two employees we welcomed them back to continue their employment.

3. In May 2022, it was reported that the factory no longer respected the collective agreement signed between the union and employer and that the employer was hiring temporary workers and terminating them before the end of the probationary period.

Sioen produces technical products and based on the product requirement we hire employees for short periods. Doing that we always follow the rules and regulations, also those mentioned in the collective agreement signed with unions. The fact that we hire temporary people is in the nature of garment manufacturing process. Employees sign the contract at the time of joining. We make an agreement

on the probation period and Sioen follows the skill matrix and the performance of the employee and the level they should meet after training period.

Even in the critical period of Political turmoil (February 2021) nobody got fired. During that period many other garments factories closed, restructured and fired employees. But given the situation Sioen gave the chance to all employees to continue their job although many employees were not able to attend the job for many days due to the local situation.

Sioen was continuously open and waited for employees to come back to work and assured none of them lost their job. During that period attendance was very often less than 60%. Never the less we managed to secure many jobs.

Below you'll find an overview of the payment system of Sioen in Myanmar. Very often we exceed the minimal demands and rules:

- Approximately 66% of the employees earn more than the minimum wage.
- None of the employees earn less than minimum wage.
- Overtime is paid double.
- Efficiency incentive is paid on top of the salary.
- Attendance bonus is paid on top of the salary.
- We pay on top of the salary a Skill and Grade Bonus
- The salary goes up with the seniority in the company.
- We provide transport for all employees.

4. In February 2022, 60 workers – including a woman union leader – were reportedly laid off illegally. In March, it was reported that there had been further unfair dismissals, and workers were fearful of losing their jobs.

Sioen Myanmar is having 16 union leaders and out of them only 3 have stopped working. These 3 leaders stopped coming to work by their own choice and were not terminated by the company. The other 13 are still working in the company.

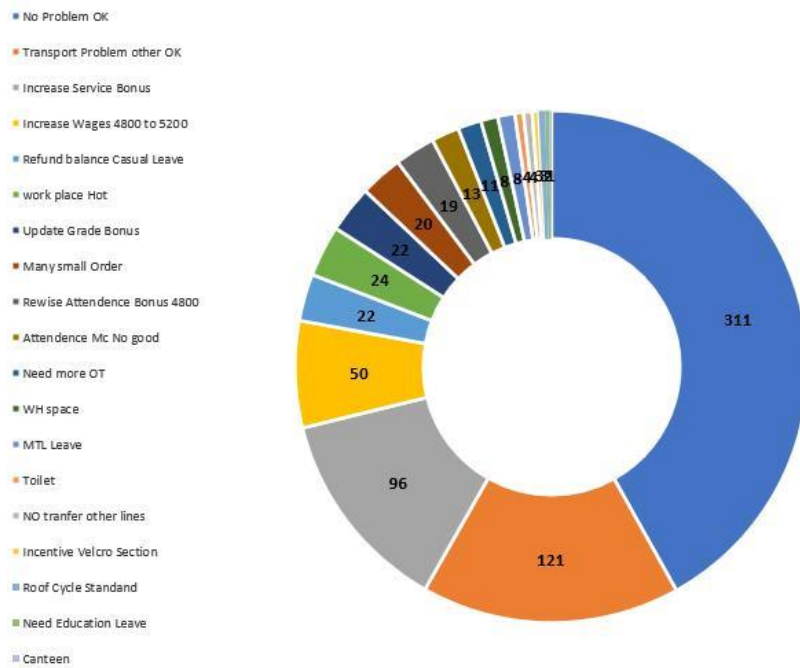
In general we can state that Sioen is doing big efforts to guarantee an nice, healthy work environment where people can earn a decent living. Below a few examples of our initiatives.

1. Multiple times after Feb 2021, Sioen gave all required support to employees by giving food package Noodles, Rice, chicken eggs, Cooking oils etc



2. Sioen Myanmar tries to take care of the employees and values the opinions of the employees. In trying to understand what is appreciated and what could be better we held in the beginning of July a survey in the factory. Below you can see the results of this survey. It gives you a general idea about the situation of our company and shows that a very big majority is happy to work for our company.

Comments	%
No Problem OK	41.9%
Transport Problem other OK	16.3%
Increase Service Bonus	12.9%
Increase Wages 4800 to 5200	6.7%
Refund balance Casual Leave	3.0%
work place Hot	3.2%
Update Grade Bonus	3.0%
Many small Order	2.7%
Increase Attendance Bonus 4800	2.6%
Attendance Mc No good	1.8%
Need more Overt Time	1.5%
WH space	1.1%
MTL Leave	1.1%
Toilet	0.5%
NO transfer other lines	0.5%
Incentive Velcro Section	0.4%
Roof Cycle Stand	0.4%
Need Education Leave	0.3%
Canteen	0.1%



We sincerely hope that the above gives you a good understanding about the situation at Sioen. Our collaborators are very important for us and we do every that is possible to assure that we treat our people according in line with our CSR-policy (<https://csr.sioen.com/en>)

Please do not hesitate if you need further information.

Kind regards,

Bart Vervaecke

CEO

Wout Verbeke

Chief HR Officer.