

“BESTSELLER’s response”, 14 September 2022

General comments:

We would like to precede our response to the specific allegations with a quick description of our standard operating procedures for allegations of Code of Conduct (CoC) violations, the resources we dedicate to handling them, as well as an overview of our Myanmar-specific due diligence.

We investigate all allegations of CoC violations in person. We have teams of social and labour specialists based in our main sourcing countries. In cases where we find that factories are not meeting our minimum requirements, we have a clearly defined escalation protocol, which is applied uniformly across all sourcing markets. In the rare case that a factory or supplier is not sufficiently committed to remediating critical issues we will offboard them. We only offboard factories as a last resort in cases when factory management are unwilling and/or unable to engage in remediation.

In cases of labour disputes, our strategy is to handle complaints at the factory level by encouraging unions and factory management to negotiate. As per ACT (ACTION COLLABORATION TRANSFORMATION) guidance on industrial relations, we do not adjudicate disputes, but instead encourage, support, and respect the outcome of fair and transparent grievance mechanisms.

Myanmar-specific due diligence

Regarding Myanmar specifically, in the aftermath of the coup, we have significantly expanded our country-specific due diligence requirements to mitigate adverse human rights impacts.

What that means is that we have clear RBC (Responsible Business Conduct) expectations for our suppliers that are integrated into commercial contracts. On top of that we have face-to-face meetings and on-site factory assessments, and where possible we use our leverage- and network of rightsholders to collaborate and cooperate with a smart mix of measures (voluntary and mandatory) to raise not only the bar. We rely on stakeholders such as local unions and workers' rights advocates to be our partners in flagging concerns and working together to make respect for workers' rights the norm.

BESTSELLER is currently assessing the ETI's recommendations. The

assessment that the recommendations are based on clearly highlights the gravity of the situation and clearly articulates significant challenges to addressing and respecting labour rights risks in Myanmar. Given the severity of the human rights situation described in the assessment we are exploring how to address these challenges in dialogue with experts, NGOs, trade unions and other relevant stakeholders. That is what is expected of us as global corporate citizens and how we will conduct our business.

Allegations: September

Regarding the cases referenced in your email dated 7th September, BESTSELLER's local teams have investigated and we detail our findings below.

Sinoproud Thein Wa Co. Ltd

Status: No business relationship

- In August 2022, it was reported that workers were facing a series of violations at the factory, including denial of leave, excessive production targets, verbal abuse, mandatory and underpaid overtime, denial of social security insurance, denial of permanent contracts for day labourers and wage cuts. Workers also reported a lack of workplace safety, including closed emergency exits, no clean drinking water, limited access to medicine and the factory clinic, lack of adequate toilets, and inadequate arrangements for the workers' dining hall.

Please note BESTSELLER does not have a business relationship with this factory. If you have any evidence of BESTSELLER products being produced at this unit, please share evidence with us as this would be unauthorised subcontracting, a zero-tolerance CoC violation.

Tianjin Fashion Milestone Co. Ltd

Status: Ongoing business relationship

- In August 2022, it was reported that workers were facing a series of violations, including unfair dismissals, denial of leave, inadequate toilet facilities, high temperatures in the factory, verbal abuse, unpaid wages, and the failure of the worker's committee to address workers' concerns.

Since your email, our local team has visited the factory and did not find evidence to substantiate the above claims. We are nonetheless currently engaged with the factory on remediation regarding historic findings related to labour rights risks and the previously noted CoC violations (please see response emailed 7th July 2022). The factory management

and the supplier understand the misconduct and have expressed a willingness and intention to improve. The factory is participating in the SMART programme as of August 2022, which aims to improve the labour rights management skills at the factory. The factory has also been enrolled in SmartTag to improve its social dialogue mechanisms. We are closely watching Tianjin's performance as per an agreed corrective action plan and will escalate further if required.