

“LPP’s response”, 1 March 2023

We started cooperation with the factory **Honor Apparel** in July 2022 and have only had a few orders so far.

We immediately contacted our Chinese supplier responsible for the factory. We received information that in the end of the year 2022 factory had a lot of orders and did not have enough employees. They decided to hire part-time workers to help in simple tasks. Unfortunately, for a short time there was only a verbal agreement between the workers and the factory. Corrective actions has been taken:

- 1) All missing contracts are already signed with workers.
- 2) Following the local laws and regulations, employees are hired first on a probationary basis and then directly as full-time employees.
- 3) A professional law firm was invited to train management and HR departments on more prescriptively manage of factory staff.

All salaries and benefits are all based on Myanmar’s Labor laws and they are strictly followed. After double-checking with factory’s HR department, they have never fired anyone who was on vacation in the past.

In order to better monitor and improve the social performance within our supply chains, LPP S.A. invited Honor Apparel Factory to join amfori BSCI initiative - the leading global business association for open and sustainable trade. Its mission is to enable each of its members to enhance human prosperity, use natural resources responsibly and drive open trade globally. amfori provides amfori BSCI to improve the social performance of their member’s supply chains.

In accordance with the amfori BSCI standard, a social audit is already planned in Honor Apparel factory and it will be conducted by one of the recognized and leading monitoring companies. In addition, as an amfori member, LPP S.A. will be able to monitor factory annually and track the progress.

Referring to **Lucky Fortune Garment**, we cooperate with the factory from December 2022 and factory is already in the amfori system. The last social audit was carried out on 01-June-2022. The next one will take place before June 2023 and we will pay special attention to this issue. At the same time, we will remain in dialogue with the factory.