

Regatta has worked with Charming on and off for a number of years previously but our partnership is coming to an end. We shipped our last orders this month, except for one order left to ship in September and there are no plans to place future orders there.

With regards to the allegation ref Charming, please see below our response:

**Jan'22- More than 290 workers dismissed without notice after factory announces closure**

We did at the time a thorough investigation on the above incident from Jan'2022.

Our investigation concluded the following:

The owners of Charming factory were planning to gradually downsize the factory and reduce business there due to lack of orders. The factory building is too old and difficult and costly to upgrade and renovate.

In accordance to the Myanmar labour law the workers were notified of the redundances. As the factory did not give them a month notice, they however paid an additional month of full wage according to the local law.

All dismissed workers signed the pay slips in agreement after receiving the severance pay .

The factory kept the originals and sent a copy of each of the signed payment slips to the Ministry of Labour . Copies of all signed pay slips were sent to Regatta too.

There was no feedback from the Ministry of Labour with reference to the payment procedure or to advise of any complaints from the workers about a problem with the redundancy package or of any request for arbitration.

Calculation of each severance pay was detailed on each of the signed documents. It was based on the seniority of the workers in accordance with the labor law.

**March'21 : Military files arrest orders for labour leaders and June'21 -Charming garment factory accused of repressing union members and violating union agreement since the attempted military coup.**

We also carried out a detailed investigation at the time.

Our findings were as follows:

- The factory had a collective bargaining agreement in place at the time signed by both parties allowing the union leaders to take total 14 days paid leave for any trade union meetings or affairs or a short-term unpaid leave for emergency meetings, etc.
- In this instance there was an exchange of phone text messages where one of the trade union leaders asked for a 9-day unpaid leave via text without any explanation. The management advised they would not be able to accept the request without a reason, but the employee didn't provide one and still took the time off. According to the local labor law if a worker is absent without a reason for more than 3 days, they are automatically dismissed. Unfortunately, the factory management were not made aware of the actual reason for the absence.

We, at Regatta take our responsibility for a hightoned due diligence program for sourcing in Myanmar very seriously.

Our priorities are the welfare of the workers and Improving relationship and communication between management and workers , allowing for a more efficient grief and remediation mechanism where workers can freely and openly discuss any issues they face at work and the issues can be resolved promptly and efficiently. We have already engaged the MADE in Myanmar project for work with one of our suppliers and it is proving very effective. The

small number of remaining factories that we are still currently working with in Myanmar will be now all required to participate and successfully complete the SMART Factories Programme on social compliance which is run under the MADE project and a summary of their performance in the SMART programme will be shared at the conclusion in 2024.