

Survey on fashion brands and retailers' approach to human rights due diligence in Myanmar

Business & Human Rights Resource Centre (BHRRC) is collecting information on fashion brands and retailers' approaches to heightened due diligence in Myanmar as a sourcing country.

This survey provides you with the opportunity to detail your approach to human rights due diligence beyond any responses you have made to BHRRC's Myanmar Allegation [Tracker](#). Your answers will be analysed for our upcoming report on how brands have adapted operational strategies in Myanmar after the military takeover as well as their impacts on garment workers.

Please feel free to provide any supporting information on your practices in any of the questions below (including tick box questions).

The survey will take 15 minutes and will be open for 3 weeks, from the 6th April to the 27th April 2023.

We thank you for your time and cooperation!

Part I: General information

1. Company name: Auchan Retail
2. Your name: Valérie Bellu
3. Your role: Sourcing and Quality Director
4. Your department: DPW "Worldwide Product Direction"

Part II: Operation history in Myanmar

5. When did your company start sourcing from Myanmar? 2016
6. Do you still source from Myanmar, as of the 6th April 2023?

Yes

Yes, but we have announced that we plan to stop sourcing from Myanmar

No, we have now left and no longer have any ongoing production in Myanmar

Part III: Heightened human rights due diligence approach in Myanmar

This section will explore your approach and practices to human rights due diligence in the high-risk context of Myanmar.

7. Which of the below mechanisms do you currently utilise in the context of Myanmar?*

| | Yes | No | Not sure |
|---------------------------------------------------------------------------------|---------------------------------------------------------------|----|----------|
| Human rights due diligence guideline in conflict-affected contexts like Myanmar | No, but we carry out classic due diligence and in addition we | | |

| | Yes | No | Not sure |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------|
| | verify the absence of links with the junta. | | |
| Public disclosure of an up-to-date list of direct and indirect suppliers in Myanmar | No (up to date) | | |
| Requirement for suppliers' to undertake a human rights self-assessment questionnaire (SAQ) | No as it is viewed as insufficient to meet Auchan's expectations which prefers social audits | | |
| Supplier code of conduct that includes human rights | Yes (communicable if necessary) | | |
| Your company has its own field office in Myanmar | No, but by a duly mandated agent | | |
| Regular field visits/inspection to your suppliers in Myanmar | Yes | | |
| Requirement that third-party audit to be undertaken across your Myanmar suppliers | Yes | | |
| Involvement of the Factories and General Labour Laws Inspection Department | No | | |
| Institution of remediation and grievance mechanisms at each supplier site | Yes, in response to audit results | | |
| Training for suppliers on human rights | Yes (communicable if necessary) Auchan Retail provides its staff with training in responsible purchasing, in particular its buyers, product managers, negotiators and quality engineers in all countries and of the International Product Department (including the sourcing offices). The purpose of this training is to: • help the participants identify the main rules applicable in their business line; • implement the procedure and steps for listing and delisting Suppliers; • adopt appropriate positions on issues relating to CSR; • increase their | | |

| | Yes | No | Not sure |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------|
| | awareness of social and environmental issue. Responsible purchasing training is not limited to Auchan Retail staff: Supplier awareness-raising is carried out by the purchasing office teams and via e-learning training modules. In addition to training for Auchan-brand product Suppliers, training sessions are organised for importers and manufacturers of national non-food branded products. | | |

**Please feel free to add any further comments*

8. How often do you undertake field visits/inspection to your suppliers in Myanmar? Please tick as many as apply.

- Annually
- Regularly (more than once per year)
- In case of reported allegations
- Never
- Not sure

Please feel free to provide any further information on how you undertake field visits/inspection to your suppliers in Myanmar:.....

There are different types of checks and visits:

- annual audits
- quality controls (509 in 2022)
- Factories visits (regularly and when it's needed)
- Random Traceability Controls (18 in 2022)

A detailed response to all these points is provided in point 13.

9. How often do you have a third-party factory audit in Myanmar? Please tick as many as apply.

- Annually

- Regularly (more than once per year)
- In case of reported allegations
- Never
- Not sure

Please feel free to provide any further information on third-party auditing in Myanmar:.....

Working with SGS, AQM and ASIA INSPECTION....

Which stakeholders do you engage in your due diligence process? Please tick as many as apply.

- Workers
- Trade unions in Myanmar
- Workplace Coordinating Committee (WCC)
- Global union federations (eg IndustriALL Global Union)
- Multi-stakeholder initiatives (MSIs)
- Civil society organisations
- SMART Myanmar
- MADE in Myanmar
- Other. Please specify:.....

Please detail how you engage with the above stakeholders: We are member of ICS and Amfori BSCI

10. Do you have a grievance mechanism that workers in Myanmar can access? Please tick as many as apply.

- Yes, through our company's grievance mechanism
- Yes, through Myanmar's Dispute Resolution system
- Yes, through multi-stakeholder grievance mechanisms
- No
- Not sure
- Other. Please specify:.....

Please provide further details on how the grievance mechanism (if any) is communicated with workers:.....

Auchan Retail makes available to its internal and external Stakeholders. This system is based on a dedicated and secure website "auchan-retail.com/speakup", free of charge, accessible 24/7, which allows a confidential and anonymous alert to be recorded. Alerts are processed by identified and trained persons, recognised for their in-depth knowledge of Auchan Retail's activities. This approach

ensures fair treatment, better knowledge of the risks within each entity and adequate support for teams that manage few alerts. Information are provided as part of vendors annual training

11. How are you made aware of human rights concerns in your supply chain? Please tick as many as apply.

- Through factory owners
- Through existing grievance mechanism (audits + alerts system)
- Through civil society organisations
- Through trade unions (UNI Global Union)
- Through Workplace Coordinating Committee (WCC)
- Other. Please specify:.....

12. When an allegation is raised, what is your standard procedure to address the issue?

Alerts are processed by identified and trained persons, recognised for their in-depth knowledge of Auchan Retail's activities. This approach ensures fair treatment, better knowledge of the risks within each entity and adequate support for teams that manage few alerts.

Incidents are analysed and then used to improve the company's control and raise staff awareness of the risks, particularly in areas relating to human resources or attempted fraud, as well as to make adjustments to the risk mapping

As of the initial supplier listing, the responsible purchasing approach incorporates social and environmental criteria. The suppliers are subject to audits prior to any listing. Auchan Retail also monitors production at supplier sites. The people who work in the sourcing offices draw on the findings of each audit to shape improvement strategies with the supplier and their production site(s). Auchan Retail reserves the right to terminate the commercial relationship in the event of non-compliance with the values promoted by the Group and international standards, for example: the absence of employment contracts; discrimination; child labour; forced labour; disciplinary practice(s) (physical punishment, harassment, etc.); non-compliance with minimum wage levels or non-payment of wages for two consecutive months; evidence of infrastructure failure(s); security issues; use of sandblasting ; dormitories located in the same building as the production unit or a warehouse; consecutive refusals to submit to an audit; document falsification; corruption cases. Factories cannot be listed if one or more of these elements is identified. Those that are already listed are de-listed. Depending on the severity of the breaches, Auchan Retail also grants itself the right to de-list the supplier. In 2022, a factory and a supplier were de-listed for serious compliance breaches.

Aware of the importance of collective work to sustainably change the social, societal and environmental practices of production methods, Auchan Retail participates in several international programmes: Initiative for Compliance and Sustainability (ICS) ICS is a multi-sector global supply chain initiative that brings together retailers in the textile, footwear, electronics, food and furniture sectors. This initiative aims to improve the working and safety conditions of supplier employees in a collaborative approach with them. As part of this initiative, the following were established: guidelines: support and advisory tools made available to the factories that supply ICS members, and to ensure their compliance in a sustainable manner; a common platform: ICS members share, using this tool, the results of audits conducted in thousands of factories, with each brand being able to access information about the factories and the suppliers to which they are commercially related; the online corrective action plans: they allow the audited factories and associated players to upload to

the ICS platform the documents related to the non-compliance identified during the audit (for example a non-renewed permit, a discrimination policy missing, etc.). The best practices and the results of audits are shared among member brands in order to avoid redundant audits on the same site.

AMFORI BSCI Amfori is the first association to promote sustainable supply chains. Bringing together more than 2,000 members from various countries around the world, it makes it possible to exchange information and share best practices observed in supply chains. The AMFORI BSCI initiative) is based on a common code of conduct that promotes key principles such as fair compensation, the fight against child labour and which encourages a step-by-step approach enabling companies to monitor, engage, hold themselves accountable and receive support to place sustainable commerce at the heart of their business. The AMFORI BSCI code of conduct is inspired by the principles established by the International Labour Organization (ILO), the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the OECD guidelines for Multinational Companies. Through its adherence to this type of initiative, Auchan Retail shows its concern for the protection of the safety and health of workers by its suppliers, particularly in the textile industry.

Traceability improvement on manufacturing sites is a major objective of Auchan Retail's purchasing policy. The company ensures that it can trace its suppliers' production in order to guarantee the manufacturing conditions. With the help of a special web portal, each supplier is required to report its production sites and whether it is using a subcontractor, for every order fulfilled. Unannounced checks are carried out to verify compliance with this obligation. Suppliers are immediately de-listed if they are found to have used a subcontractor and not reported it. The company has also rolled out this control approach through the use of a geolocated traceability system.

Auchan Retail provides also its staff with training in responsible purchasing, in particular its buyers, product managers, negotiators and quality engineers in all countries and of the International Product Department (including the sourcing offices). The purpose of this training is to: help the participants identify the main rules applicable in their business line; implement the procedure and steps for listing and delisting Suppliers; adopt appropriate positions on issues relating to CSR; increase their awareness of social and environmental issue. Responsible purchasing training is not limited to Auchan Retail staff: Supplier awareness-raising is carried out by the purchasing office teams and via e-learning training modules. In addition to training for Auchan-brand product Suppliers, training sessions are organised for importers and manufacturers of national non-food branded products.

13. Please feel free to provide any further information on how you undertake human rights due diligence that you would like us to know.

Please refer to the previous question

Part IV: Business decision in Myanmar

14. We understand that the decision as to whether to remain or to discontinue sourcing from Myanmar is complex. Please provide any information on how your company has reached its current business decision in Myanmar.

The company organised a multidisciplinary meeting with the sourcing teams, the compliance department and the risk department. Various criteria relating to the duty of vigilance ((French law related to sustainability in supply chain) and human rights/fundamental freedoms, with a rating of these risks and a list of mitigation actions deployed or to be developed, were studied.

This decision to continue working in Myanmar was taken collectively and will be monitored at least every six months.

It should also be noted that by maintaining a part of its sourcing in Myanmar, Auchan Retail is able to provide a fair wage for the workers in the factories of the suppliers it works with. Leaving the country would mean abandoning these workers who would then be in a very precarious financial, social and even sanitary situation. Auchan Retail ensures decent work conditions for the workers of these factories in Myanmar by the deployment of its responsible purchasing policy. The company is fully aware of the negative consequences of the termination of its activity in the country.

Part V: Responsible exit from Myanmar

*We are asking brands to answer this section if you have either already stopped sourcing from Myanmar, or have announced that you will stop sourcing from Myanmar in the future. **If you plan to continue to sourcing from Myanmar, please skip this section.***

- 15. Final order placement and final shipment dates (Anticipated if you are planning your exit)
- 16. Total number of workers being laid off in all suppliers (Anticipated if you are planning your exit)
- 17. How long in advance have you let your suppliers know about the exit before stopping your orders?
- 18. Which stakeholders do you engage in your decision and preparation of the exit? Please tick as many as apply.

- Workers
- Trade unions in Myanmar
- Workplace Coordinating Committee (WCC)
- Global union federations (eg IndustriALL Global Union)
- Multi-stakeholder initiatives (MSIs)
- Civil society organisations
- SMART Myanmar
- MADE in Myanmar
- Other. Please specify:.....

19. How do/did you mitigate the impacts of the exit on workers? Please tick as many as apply.

- Maintain open lines of communication with relevant supply chain partners
- Require suppliers to report their plans for terminations in advance to review these in line with your Codes of Conduct
- Seek evidence of payment of workers at the end of the exit plans, including all severance and benefits payable for those affected
- Other. Please specify:.....

Thank you for your continued engagement with BHRRC on our work in Myanmar!

Please contact Hanh Nguyen - Senior Labour Rights Researcher at nguyen@business-humanrights.org and Natalie Swan - Head of Labour Rights Programme at swan@business-humanrights.org if you have any questions following this survey.