

“BESTSELLER’s response”, 9 October 2023

Thank you for bringing to our attention the allegations of labour and human rights abuses at factories in Myanmar. As you know, we take these allegations very seriously and want to assure you that we have already investigated each case and taken steps to address any violations that were found.

We appreciate the transparent and inclusive approach of the BHRRC team, and we welcome the opportunity to provide details of our investigations and remediation efforts.

Regarding the specific allegations, we would like to note that we were already aware of all the allegations due to our ongoing stakeholder engagement and media screening processes in-country. We investigated each case and engaged with the factory management and suppliers in remediation efforts prior to receiving your email. Please find below a summary of our actions regarding each factory over the past few months. We are happy to provide further details about the investigations and remediation steps taken by our team if needed. We are committed to ensuring that all factories in our supply chain meet our standards for labour and human rights, and we will continue to work with our suppliers and stakeholders to address any concerns that arise.

Thank you again for bringing these allegations to our attention, and please do not hesitate to contact us if you have any further questions or concerns.

- - - - -

Myanmar York

Allegation:

In June 2023, local media reported that workers at the Myanmar York garment factory faced a series of labour rights violations, including mandatory overtime, failure to provide workers with safe transport home after late shifts, pregnant workers denied maternity leave, excessive production targets, and that the Workplace Coordinating Committee (WCC) had been unable to respond to workers’ difficulties

BESTSELLER response:

In July 2023, we conducted an investigation constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigation found no evidence of excessive

overtime, or unrealistic and/or excessive production targets. Additionally, it found that the factory provided entitled maternity leave and annual leave in accordance with the law and regulations.

However, we did observe verbal harassment taking place at the sewing lines. Additionally, during interviews workers raised concerns regarding the provision of and conditions related to the overtime transport. Over July and August, we worked with the factory management to implement remediation measures that include establishing worker engagement protocols and systems, seeking support from an external certified third party to provide training on harassment and abuse, and strengthening internal awareness training for mid-level management related to harassment and abuse.

BESTSELLER issued a Notification of Concern regarding verbal harassment to the supplier. We have followed up the remediation process and note that the factory is currently engaged in training on Anti-Verbal Harassment, which is ongoing as of October. Related to this, in October, Myanmar York and a local union will be engaging in Social Dialogue regarding workers concerns.

Tianjin Fashion Milestone Garment

Allegation:

In February 2023, local news reported that workers at the Tianjin Fashion Milestone Garment factory faced abuses including excessive production targets, workers being robbed on the way home due to lack of worker transport being provided at night, and wage cuts for workers that did not agree to work overtime.

BESTSELLER response:

We conducted an investigation constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigation did not find any evidence of threats to workers' wellbeing during travel to and from work, wage cuts, or forced labour and workers confirmed that overtime was voluntary.

Workers confirmed during interviews that overtime was voluntarily, and that they had not been forced or pressured to work overtime. We continue to closely monitor all potential risks related to these allegations during our monthly visits and continue to work with the supplier and factory to ensure all factory practices meet both local regulations and BESTSELLER standards.

The factory has been enrolled in the SMART Tag programme (MADE), and both factory management, workers, and our local team have observed improvements in social dialogue at the factory. Additionally, all workers sampled during recent interviews were fully aware of the WCC representatives. Our documentary review of WCC minutes and suggestion box records found that the grievance handling mechanisms were working well.

Dishang Fashion Garment

Allegation:

In March 2023, it was reported that workers faced verbal abuse and excessive production targets. These allegations follow a similar allegation in February 2022 when it was reported workers faced mandatory overtime on Sundays and public holidays, and that the factory management was dismissing permanent workers and replacing them with daily labourers.

BESTSELLER response:

We conducted an investigation constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigation did not find evidence to support the allegations.

Nonetheless, we have provided guidance and support to the supplier and factory by offering suggestions for how to address these instances if they do occur. We continue to closely monitor indicators of discrimination and forced labour risks related to these allegations during our monthly visits.

Kfine International Garment (Myanmar)

Allegation:

In June 2023, it was reported that workers at the factory were facing a series of violations, including the denial of permanent contracts for day labourers, who face poor working conditions such as reduced overtime pay, mandatory overtime or else they face dismissal without payment, verbal abuse, and excessive production targets. It was also alleged that day labourers were 13-15 years old. Workers also reported pregnant workers being illegally fired without reason.

BESTSELLER response:

We conducted an investigation constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigation found that some of the allegations made on social media reflected workers' experiences, including hiring daily workers, providing wages lower than the minimum wage, and concerns regarding night shift working. However, we found no evidence of termination of pregnant workers, hiring workers aged between 13-15, and workers not getting access to food due to excessive overtime.

We have taken the confirmed allegations very seriously and have placed both the supplier and the factory under heightened observation until significant improvements are made. For the remediation, we mandated the factory to transfer the daily workers to permanent workers and provide them with Employment Contract and their entitled benefits as permanent workers. Overtime records found that workers were not receiving their entitled premium overtime payments. As remediation, we required the factory to compensate the former daily workers (now permanent) as per requirements under permanent salaried worker requirements.

Regarding instances of excessive overtime, we mandated factory management to find a long-term solution to the frequent high levels of working hours at the factory. We have also reiterated that the factory must warn BESTESLLER of any forecast surges in production that would require workers to work overtime and provide assurance that any overtime is done by freely consenting workers.

While no instances of verbal harassment and pressuring workers to meet production targets was confirmed, as a precautionary measure, we have requested training for the factory middle management on appropriate workplace communication and that such training takes place during working hours.

Zong Hong Garment

Allegations:

In May 2023, it was reported that workers at Zong Hong Garment factory faced a series of violations, including excessive production targets, verbal abuse, denial of leave, mandatory overtime, and reduced wages if workers refused to work overtime, and that the WCC was not engaging with the workers on their issues.

In August 2022, it was reported that workers faced a series of labour rights violations at the factory, including daily labourers receiving pay below minimum wage and denied overtime pay, the reduction of workers on permanent contracts and non-compliance of COVID-19 regulations in the factory.

BESTSELLER response:

Regarding the August 2022 allegations, BESTSELLER's investigation confirmed allegations regarding improper wages, working hours, and payment of benefits. Therefore, a warning letter was issued to the supplier regarding the violations of workers' rights. The instances were remediated as per BESTSELLER's standard procedures.

In May 2023, we conducted an investigation into the new allegations, constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigation did not find evidence of any of the reported allegations. Nonetheless, we continue to monitor conditions at Zong Hong Garment closely to ensure that all workers are treated fairly and in accordance with local regulations and BESTSELLER standards.

Huabo Times

Allegations:

In July 2023, it was reported that workers at Huabo Times were facing a series of rights violations, including physical and verbal abuse inflicted by a supervisor and an employer-run union that required workers to pay a fee to join. In April 2023, it was reported that workers were experiencing health problems due to mandatory overtime work and denial of leave. It was also reported that female workers faced safety risks returning home from late overnight shifts due to the political situation and military checkpoints. In February 2023, it was reported that trade union leaders were being blacklisted from the factory.

BESTSELLER response:

For each of the reports, we conducted an investigation constituting an unannounced site visit, worker and factory management interviews, and documentary review. Our investigations found evidence of verbal harassment by one supervisor and excessive, although not forced, overtime.

We sent a Notification of Concern related to the excessive working hours to the supplier, reminding them of their duty to ensure that any overtime be done so on a voluntary basis and be compensated as per the law. BESTSELLER is also working with the factory to improve working hours monitoring systems and ensure that workers are duly paid. The factory's management team has issued a warning letter to the supervisor and enrolled their middle management team in training (the SMART Social Compliance Programme (MADE project)) to mitigate the risk of such harassment happening in future.