

“Auchan’s Response”, 10 October 2023

We have received your invitation to reply concerning alleged labour and human rights abuses of garment workers in Myanmar.

We are paying close attention to the situation in the country and have increased our focus since the military coup that occurred on 1st February 2021. The alleged events you are reporting are all the more worrying in that they concern two factories on Auchan Retail’s supplier panel in Myanmar.

We have therefore taken the time to examine each of these allegations in the light of our recent audits of these suppliers, and subsequent additional on-site checks.

It turns out that our various findings, summarised below, refute all these allegations.

Factory	Allegations	Auchan's statement after audit and additional verifications
Myanmar Guotai Huasheng Glory Fashion	No labour union	Based on the latest audit performed based on ICS standard on May 10, 2023 5.2 Workers are free to form or join independent trade unions. 5.3 Based on interview with workers and management, workers could submit their grievance to the workers representatives, directly to their supervisors and through suggestion boxes. The workers free to discuss workplace issues during breaks or after work.
	Some underage worker was forced to register.	There is a process that has been meticulously designed to guarantee that no young worker or child labourer gains unauthorized access to the factory premises. The policy of child labour is in accordance with the local law or ILO labour standards. Based on the latest audit performed based on ICS standard on May 10, 2023 1.1 The facility only employs workers above the legal working age. The youngest worker found during the audit was above 18 years and 5 months old. (DOB: 12th Dec 2004).
	Unfair dismissal	No unfair dismissal - Only voluntary departure, the factory can provide the resign records and salary settlement list. When the factory received instructions from the Myanmar Ministry of Immigration and Population Office to upgrade all workers' ID cards to smart cards, some workers resigned themselves. Because they used fake ID cards when they applied for jobs. The factory not accepted to resign and held a meeting with supervisors and the Worker Communication Committee (WCC) on July 26, 2023 to discuss this matter further and ensure that workers are fully informed about the process. But the factory's offer of two weeks of unpaid leave for workers to rectify their IDs with legitimate documents in their hometowns, some chose to resign. Based on the latest audit performed based on ICS standard on May 10, 2023 0.20 The employees could resign at their option and should offer 30 days notice in advance. 0.21 The termination records such as payrolls, letter of resignation for last 12 months were available
	The workers have reported instances of discrimination in the workplace (unfair treatment and a lack of consistency in work assignments, often resulting in frequent relocations with various pretexts)	During meetings with workers, it was found that there was no unequal abuse, unusual disciplinary practices, and there were no preferences on religion, origin, political affiliation or age, No discrimination was noted in the factory. Employees have equal access to the working conditions. They are familiar with filing complaints. In the process of promotion and salary increases, no discrimination, applied against religion, politics, sex and any other physical ICS on May 10, 2023 92% Grade B 3.1 Based on onsite observation, documents review, workers and management interview, no discrimination was identified in the factory during the audit. 3.3 Workers were paid equally for same work in the factory.
	Lack of dining facilities.	It was observed that all the boxes were cleared, and the dining area has since been spacious enough to accommodate all workers comfortably, without any crowding. The factory remains committed to taking preventative measures to avert reoccurrences of such situations. Based on the latest audit performed based on ICS standard on May 10, 2023 8.86 Based on site observation, it was noted that the facility had provided the clean and separate eating area for workers.
Lat War	No labour union	Based on the latest audit performed based on ICS standard on May 17, 2023 5.2 Based on document review, workers and management interview workers are free to join trade union.
	Discrimination practices	During meetings with workers, it was found that there was no unequal abuse, unusual disciplinary practices, and there were no preferences on religion, origin, political affiliation or age, No discrimination was noted in the factory. Based on the latest audit performed based on ICS standard on May 17, 2023 4.1 Employees are free from any form of harassment, mental, physical and/or verbal abuse, and corporal punishment. This was confirmed during worker interview and document review of to check absence of disciplinary practices.
	Mandatory overtime	There is a policy on overtime including the max hours possible, premium rates, the circumstances in which overtime will be applicable and the corresponding rates of pay. Accurate record. Overtime policy complies with local regulation. Based on the latest audit performed based on ICS standard on May 17, 2023 2.7 As reported by the interviewed employees, they worked overtime voluntarily.
	Wage theft	There is a policy on overtime including the max hours possible, premium rates, the circumstances in which overtime will be applicable and the corresponding rates of pay. Accurate record. Overtime policy complies with local regulation. Based on the latest audit performed based on ICS standard on May 17, 2023 7.13 According to document review confirm that the overtime was paid. 7.14 200% as per law.
	Excessive production targets	Factory was respected Minimum wages. All payments are made on time and directly to the employee. Accurate record of salary. The employee's entitlement to benefits and compensation be adhered under local Labour Law. The wage consisted of basic wage, overtime, premium, ferry allowance, full attendance bonus and performance allowance. Nothing deducted from workers' wages except the social security board withheld. No forced labour has been identified during floor visits and also confirmed during the audit. Factory does not retain any original documents from the workers. Employees can resign from the company at their option. No highlight of forced labour, but lack of documents to prove it. Employees can refuse overtime. Based on the latest audit performed based on ICS standard on May 17, 2023 7.15 There was no piece rate workers in factory.
	Lack of access to drinking water	In this case observation that factory-arranged temporary dining areas are placed around the factory yard, and the roofs are covered with green lace, due to construction of the new building during that period. After construction of the new building, the dining area has since been spacious enough to accommodate all workers comfortably, without any crowding. Factory was improved and the water purifiers were placed. Drinking water was available and it was clear and sufficient space Based on the latest audit performed based on ICS standard on May 17, 2023 8.85 All employees had access to portable water.
	Lack of medical suppliers in clinic.	The factory trains the clinic nurse to good communication when the workers come to the clinic and also arranged enough medical supplies. Based on the latest audit performed based on ICS standard on May 17, 2023 8.87 The facility has installed first aid kits at every production floor and are available at any time for workers. The nurse is in charge of maintaining the first aid kits filled up with non-expired stuff. 8.88 There is one clinic room onsite with one nurse. It's complied with local law.
	Denial of holiday rights	The supplier sets working hours and relevant policies that comply with national laws or benchmark industry standards and buyers' code of conduct or relevant international standards, whichever can afford greater protection. Based on the latest audit performed based on ICS standard on May 17, 2023 7.17 Factory provide Benefit records for all of workers.

I also want to highlight that we maintain strict vigilance over our supplier base and apply all the means of control at our disposal to ensure that no breach occurs or is tolerated without relevant action plans.

We also appreciate your continuous engagement and vigilance on his key topic.