

## **Article Myanmar Labour News, June 2023**

<https://www.myanmarlabournews.com/posts/769>

Response to Business and Human Rights Resource Centre, 11<sup>th</sup> of October 2023

### General comments:

Thank you for the commitment of “Business and Human Rights Resource Centre” to continuously survey the working conditions in the garment industry; in Myanmar and globally. Blåkläder appreciate that reports of suspected misconduct have come to our attention, to enable us to investigate the situation. Furthermore, we also welcome the opportunity to provide the conclusions of our research.

Blåkläders ambition is to produce workwear and safety garments in a transparent and controlled supply chain, characterized by a high level of health, safety and with great respect for labor law and human rights. This is realized through our long term commitments to suppliers contacts and close cooperation with all partners in our supply chain.

Our cooperation with Amava Apparel Ltd, Ayeyarwady Division Pathein, was initiated when the factory first started up in 2017.

The establishment of Amava Apparel Ltd was preceded by thorough investigations and during the establishment an extensive dialog was held with both international and national initiatives. These contacts includes, but are not limited to, Responsible Business Myanmar, ILO Yangon, SMART Myanmar, EuroCham Myanmar and more. Everything to enable the establishment in the country to be carried out with regard to high demands on health/safety and human rights.

Our ambition is to drive positive development in connection with the production of our products, even though in a limited perspective. We are firm in our belief that the drives behind change and progress only can become efficient through engagement and presence, not from boycott and exclusion.

In terms of 2<sup>nd</sup> Tier suppliers, and upstream supply chain, our general protocol is to nominate all ingoing material and component suppliers. We aim to work on long term basis with all our suppliers and our eldest supplier contacts dates 30 years back in time. The main objective is to know exactly where, and under which circumstances, each and every part of our products are manufactured. This can only be achieved through long term and close relationships with our supply chain contacts

All fundamentals in terms of cooperation with Blåkläder is laid down in Blåkläder Suppliers Guide including, but not limited to, our Code of Conduct.

Post dated June 2023, Myanmar Labor News

*Allegation:*

*Discrimination of union leaders/members, labor activists and elder workers connected to the closing of production lines due to decreasing orders, with dismissal of workforce as a result. Also when rehiring, discrimination of the same groups were claimed.*

*Dayworkers are said being laid off one day prior six month of service, for the company to avoid having to offer a contract. Furthermore, dayworkers has little or no possibility to call for overtime compensation and are actively instructed not to join the union.*

Blåkläder response:

In cooperation with Amava Apparel, we have conducted an investigation and believe that we have identified the events that could have lead to the allegations in the Myanmar Labor News post.

Due to decreasing orders over time, the factory had to close production lines to adapt to the lower production demands. In December 2022, April 2023 and in July 2023 lines were stopped, with the consequence that workforce had to be dismissed. Since then, 14 employees has been rehired, based on skill tests conducted by the IE Department.

Concerning day labors, all depending on current work force needs, day workers are sometime only requested to come for a few days at a time. However, in Amava Apparel any day laborer that has worked for six month are automatically promoted as a permanent employee. Even so, the majority of day laborers are promoted as permanent employees within three months of work.

There is no evidence of discriminating acts to be found, but instead documentation supporting a correct and regular process both when decreasing the workforce and rehiring personnel.

There are also records providing evidence that day laborers are promoted to permanent employees within three month or even earlier.

*Allegation:*

*Union leaders, member of the union and union line representatives are discriminated in various ways and kept separated from other employees, whom are told not to address or talk to any union representatives.*

Blåkläder response:

Amava Apparel is committed to the Amfori BSCI Code of Conduct, which includes Freedom of association and the right to collective bargaining. This is honored in the daily business of Amava, and it is made sure that all employees are treated with respect and equity, regardless if union members or not.

Some key features of this commitment;

- WCC, Workplace coordination meeting every second month. Participants are worker representatives, union leaders and employer representatives. Meeting minutes, replated actions and continuous improvement plans etc. are documented
- All employees are offered the same opportunities and privileges, for examples to receive donations from the company, advanced salary in connection to major holidays, leave allowance and more.
- Work assignments, labor organization and similar are all based on the skill matrix system used in the factory, to keep an updated overview of every employees' competence development and to identify the need for additional training.

These are just a few of the actions taken to provide a safe and respectful workplace, characterized by the strive to continuously improve and develop the conditions for all employees.

Furthermore, the everyday business in the factory is a joint activity; the work is conducted with colleagues side by side, during lunch- and snack breaks all employees are gathered in the canteen and the at the end of the day a majority of coworkers travel home together, using the complimentary busses. There is a lack of evidence to support the allegations concerning isolation of union representatives in everyday operations and, perhaps even more relevant, it is an impossibility.

*Allegation:*

*On July 29, 2019, labor rights were violated. Because of being oppressed and sexually harassed in the workplace, about a thousand workers gathered in front of the factory to negotiate 19 demands. The employer, workers and the local government signed a contract agreeing to these demands. The employer was accused of violating the terms of the contract, on May 4, 2023.*

Blåkläder response:

Amava is following the agreement of 19 demands which was set on July 29, 2019. In May of 2023, management decided to introduce the new attendance bonus which will benefit the workers even further. Previously hired workers are free to choose which attendance bonus system their agreement should refer to.

Worth noting in this context is that the original event in 2019, that led to the agreement including the 19 demands, was addressed with highest concern by the employer. The situation was isolated to an individual, which was dismissed without further a due when the abuse and misconduct was revealed.

There is zero tolerance in Amava Apparel for the type of transgressions that was uncovered during the events in July, 2019. In the aftermaths, this area has been given even further attention in the preventive health/safety work in the factory.

*Allegation:*

*The employer told the Social Security Board not to provide employees with medical allowance in case of sick leave.*

Blåkläder response:

The factory has not engaged in dialog with the Social Security Board in the attempt to prevent employees from receiving medical allowance. All sick leaves are approved and attendance records supports this.

General amendment:

Blåkläder is committed to a close and transparent cooperation with Amava Apparel Ltd. Dialog is conducted daily and visits to the factory are conducted on a frequent basis over the year.

The factory conducts employees surveys to measure employee well-being in the workplace and to identify areas for continuous improvements.

Meeting Minutes, employment records, labor work force overviews and other documentations are available to support the events and actions described in this response from Blåkläder, with the support of Amava Apparel Ltd.

Noted, in connection to the allegations in question, is that the established Whistleblower function has not been used in order to highlight the alleged deficiencies and irregularities.