

**Business & Human Rights Resource Centre,
London**

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Dear Mayisha Begum and colleagues at BHRRC (Business and Human Rights Resource Centre),

Thank you for bringing to our attention the allegations of labour and human rights abuses at factories in Myanmar. We appreciate the transparent and engaging 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 on the following page 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, articulated in our supply chain related policies and specific requirements regarding Myanmar, all of which are publicly available on BESTSELLER.com. Please note that our local team in Yangon visit each factory every month to monitor performance (including worker interviews), raise awareness of salient human rights risks, and support factory management in improving areas where they need assistance.

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.

Best regards,

Responsible Sourcing
Global Supply Chain

BESTSELLER

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Allegations and response

GTIG HUBO

Allegation: In August 2023, it was reported that workers were forced to work overtime and threatened with dismissal if they refused or asked for breaks. There are also allegations that workers did not receive proper remuneration for overtime.

Response: BESTSELLER conducted an unannounced onsite investigation, including document reviews, workers interview, meetings with factory management and supplier top management. We observed that there were instances of overtime, however, a document review found that the factory had provided full premium payments for all overtime. Additionally, after interviewing several randomly selected employees, we found no instances of forced or coerced labour.

Nonetheless, given the severity of the allegations, the factory was placed under increased observation. BESTSELLER visited the factory twice in the following months, during which we did not observe any evidence of involuntarily overtime. Additionally, during these visits we observed that factory management's transparency improved in terms of provision of records of overtime hours and payment details.

BESTSELLER's local team continues to closely monitor this factory's performance. Additionally, the factory is being enrolled in the SMART Factories Program under MADE project and "Ulula" worker voice tools as well.

Kfine International Garment

Allegation: In September 2023, it was alleged that four female employees were dismissed following raising complaints about factory conditions to the Ministry of Labour. In October 2023, there were allegations of multiple rights violations, including the non-payment of pension contributions, verbal abuse from HR management, sexual harassment by factory interpreters, mandatory work during holidays without appropriate compensation, and allegations of bribery during factory inspections. In November 2023, there were further allegations of enforced unpaid overtime following a flood-induced closure, wage and attendance bonus reductions for employees taking leave, verbal abuse of female workers, warnings, and potential dismissal for not meeting production targets, inadequate provisions for drinking water, toilets, housing safety, and medical care.

Response: Due to similar allegations published in local media in June 2023, BESTSELLER investigated and had increased monitoring to this factory and supplier prior to these allegations. The severity of Code of Conduct violations meant that BESTSELLER had communicated to the factory and supplier that this factory was facing offboarding unless they remediated and dramatically improved their performance. A corrective action plan was agreed upon by all parties. Since then, BESTSELLER has seen improvement in the factory management's transparency, cooperation, and their commitment to build the strong workplace dialogue during the observation period. This factory is now enrolled in the SMART Factories Program under MADE project to maintain their improvement and to develop stronger management systems.

Regarding the specific allegations of individual instances of abuse, our local team investigated in person, interviewing workers on and offsite, and conducted a thorough document review. Of the

instances that were verified, BESTSELLER has instructed and observed the factory management's remediation of all cases.

Huabo Times

Allegation: As of August 2023, the factory was reported to have engaged in multiple infringements, including denying social security benefits, enforcing wage cuts for leave, including maternity and sick leave, denying overtime work for missing a day, blocking factory entrances, inadequate working conditions, such as non-functional fans, and restricted lunch breaks. Additionally, it was noted that the factory's union was not operating independently but according to the employer's directives.

Response: After conducting on site announced and unannounced factory visits, BESTSELLER confirmed allegations related to this factory for social security benefits, workers being discriminated for not working overtime, and other inadequate working conditions. As part of the agreed Corrective Action Plan, all supervisors have been enrolled in the Supervisory Skill Training delivered by MADE. BESTSELLER continues to closely monitor all indicators of labour rights risks and violations related to these allegations during our monthly visits. We continue to work with the supplier and factory to ensure that the factory has the capacity to adhere to local regulations and BESTSELLER's Code of Conduct.

Sheng Mei

Allegation: There were reports in November 2023 of a series of violations at Sheng Mei factory, including the dismissal of all union members, discrimination against workers, and undue pressure on employees. In the same month, there was a case reported of a worker who, after filing a complaint about being denied medical leave, faced frequent relocation within the factory, public verbal abuse, and coercion by HR management to sign a statement committing to no absence from work.

Response: BESTSELLER's unannounced onsite investigation found a communication gap between the factory management and worker regarding to the medical leave. Factory management did not sufficiently communicate requirements regarding applying for medical leave, lead to this case. On 1 December 2023, factory management and the affected employee went to the township conciliation body and both parties signed a mutual agreement that the worker can apply the leave in accordance with the law, for the employer to provide the requested leave and for the employer not to ask the worker to sign the warning letter if workers applied leave.

BESTSELLER's investigation was not able to verify the other allegations, but nonetheless, we continue to closely monitor the factory and interview workers as part of our monthly assessment process for this factory.