“LPP’s response”, 13 September 2024

Below you will find our response to the allegations.

1. Yoyika Garment Ltd., Myanmar Sinyoung Fashion, Bohua Fashion, E&P, New Fubon, Bofei Garment, S.M Myanmar Garment, Su Zhong Garment, Huitai Manufacturing, Fuu Baii Houng Industrial, Synergy Garment, Hengrun Garment Company Ltd. and Dishang Kenny are not a part of the LPP supply chain.

2. **Rong Da Garments Company Ltd.**

LPP conducted an investigation into Rong Da Garments Company Ltd. in the very beginning of June 2024. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment the following conclusions were made in regard to the allegations:

- documents the factory presented prove the workers agree on overtime (Sunday work and extra work), however it is the line clerk who signs papers, not the workers;
- During checking and interviewing no case of termination was identified. One case of termination as a result of a fight was found in the cutting section;
- there is a WCC committee maintained by the factory, however voting was missing in forming the committee. Workers could not remember if there was any voting in order to form the WCC committee. Its members are not known to the general workers.

The factory was confronted with the above information together with the audit results, received scopes of improvement report and summary of the score. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

3. **Tianjin Fashion Milestone Company Ltd.**

LPP conducted an investigation into Tianjin Fashion Milestone Company Ltd. at the end of May 2024. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment the following conclusions were made in regard to the allegations:

- in March 2024 employees worked overtime but the indication of forced OT was not confirmed;
- supervisors and clerks are trained not to create any situation that may force workers to perform additional work; workers are also advised to go to the WCC committee if they feel uneasy about denying additional work;
- there was a shortage of dining seating capacity, in order to solve it the factory divided workers and introduced two lunch breaks, sometimes workers finish lunch quickly and start production without a full break. Management already added 80 additional seating arrangements and follows power shutdown to prevent work during the lunch break;
- there are 31 ferries for workers, a schedule with instructions was introduced so that workers avoid crowds on their way home;
- as per workers' feedback, workers come to WCC representatives to find solutions;
- indications were not evident that the photos of workers are taken on the way to the toilet. Management admitted that it happens in case someone is identified taking drugs, then photos serve as evidence during the investigation.

The factory went through a full audit in December 2023 and is under observance during the execution of a corrective action plan. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

4. **Myanmar Bestex Garment**

LPP conducted an investigation into Myanmar Bestex Garment at the very beginning of June 2024. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment it was evident that the number of OT is high and the mechanism for obtaining consent for OT from workers is needed.

The factory went through a full audit in November 2023 and is under observance during the execution of a corrective action plan. Further cooperation with the factory would demand that its management applies

necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

5. **Lucky Fortune**

In cooperation with experts affiliated with MADE in Myanmar project, the audit was conducted in Lucky Fortune factory in November 2023.

According to the corrective action plan the factory management should establish a social compliance team structure with clear responsibility to cover all areas of labor rights, analyze the root cause and make a plan to reduce OT, revise the protection policy which includes maternity benefits and protection measures to pregnant workers in accordance with the law, revise the working hour policy to include the information of overtime working hours, the overtime application process and public holidays, revise and communicate the leave policy and renumeration policy to all workers not only to supervisors and leaders, communicate and explain to all workers about grievance handling procedures. Moreover, the factory should ensure that supervisors do not to use abusive language during communication with workers. The supervisors should be disciplined for using abusive language in workplace communication.

The factory will be monitored in order to ensure that these issues are addressed satisfactorily. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

6. **ZYZ Apparel**

In regard to the allegations, audit performed in the factory in December 2023 did not give enough evidence of unfair practices taking place at the factory. The supplier was informed about the allegations and LPP is going to monitor the situation. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

7. **MaiyiBei**

LPP conducted an audit in MaiyBei Garment Manufacturing factory in March 2024. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment the following conclusions were made in regard to the allegations:

- the factory is working additional hours and during the weekends. During the worker's interview, we received feedback that most of the workers prefer additional work as it creates an opportunity to earn more. Factory is maintaining a procedure of prior notification for overtime work;
- workers are getting sick leaves and casual leaves. During the investigation we found out that both types of leave forms are reflected on the wage sheets;
- the factory is paying contributions to the Social Security Board: 2% from workers' wages and 3% by employers from August 2023. As per factory management before August 2023, owners paid the whole payment for themselves.

The factory was confronted with the audit results and received scopes of improvement report and summary of the score. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with the audit results and received scopes of improvement report and summary of the score. The factory is going to be assessed during the follow-up and issues mentioned in the allegations are going to be investigated.

8. **Wai Hua Garment**

LPP conducted an audit in Wai Hua Garment factory in December 2023. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment no evidence was found in regard to the employment contracts, disciplinary actions or discrimination. The factory is going to be assessed during the follow-up and issues mentioned in the allegation will be investigated. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP

Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

9. **Huiyuan Garment**

LPP conducted an audit in Huiyuan Garment factory in the end of February 2024. Information was gathered and considered from records review, worker interviews, management interviews & visual observation. During the assessment no evidence was found in regard to working continuously for seven hours without a break, workers being forced to work late at night despite security issues and verbal abuse. The factory is going to be assessed during the follow-up and issues mentioned in the allegation will be investigated. Further cooperation with the factory would demand that its management applies necessary corrections to guarantee LPP Code of Conduct. The factory was confronted with audit results and received scopes of improvement report and summary of the score.

10.