Regarding allegations linked to New Wave Group in Myanmar

To whom it may concern,

New Wave Group ("**NWG**") have been invited by the Business & Human Rights Resource Centre to address reports of alleged labor and human rights abuses involving garment workers in Myanmar. These reports pertain to two factory units where NWG and its fully owned subsidiaries Clique and Craft have been listed as a buyers.

Firstly, NWG is greatly concerned about the reports from media and civil society organizations regarding the situation in Myanmar following the military takeover in February 2021. Our primary concern is the impact on workers' safety, but we are also concerned about the long-term viability of sourcing Ready Made Garments (RMG) from Myanmar.

NWG is a member amfori BSCI and have consequently adopted the amfori BSCI Code of Conduct. NWG works systematically with supervising social conditions in the supply chain, including due diligence in order to identifying and addressing risks and follow up the Code of Conduct through third-party audits. We work in the same way with all our Business Partners in all markets to ensure that they follow our Code of Conduct and comply with national laws.

amfori BSCI have recommended that members should intensify their due diligence processes, especially for the situation in Myanmar, which NWG have done. At NWG we do everything we can in order to uphold responsible purchasing practices. This includes pro-active and close communication with local producers to understand the challenges they are facing in order not to make unilateral purchasing decisions. Being a member of the European Chamber of Commerce in Myanmar, NWG receives regular updates on the situation in Myanmar.

In the text below, we intend to respond to the allegations and also provide information on the actions being taken.

Kseng (Myanmar) Apparel (for Clique)

Outline of allegations:

- In December 2023, it was reported that workers at Kseng (Myanmar) Apparel are facing a series of violations, including denial of workers' forming a union, cuts to overtime wages, lack of transportation provided to workers working overtime shifts, denial of social security benefits, including for pregnant workers and workers who require medication, workers fired for no reason or for refusing overtime, lack of clean toilets or water facilities, lack of air conditioning, and verbal abuse if workers do not meet targets.
- In February 2024, it was reported that workers at Kseng (Myanmar) Apparel are facing a series of violations, including workers forced to go without toilet breaks or drinking water to meet excessive production targets, denial of leave for those with ill health, the Workplace Coordination Committee acting according to the will of the employers, lack of meals provided for workers working and sleeping overnight at the factory, and workers forbidden to use their phones during work.

Allegations previously linked to Kseng (Myanmar) Apparel:

- In July 2023, it was reported that workers at the Kseng (Myanmar) Apparel were facing a range of violations including forced overtime, physical abuse and intimidation.

Response from NWG:

Immediately after NWG were informed regarding the allegations, NWG put pressure on Kseng (Myanmar) Apparel to act on the raised allegations. Kseng (Myanmar) Apparel takes the allegations seriously, they are cooperative, and they have applied for a new amfori BSCI audit. NWG have a frequent dialogue with the factory owner, and NWG also have personnel on-site doing frequent inspections and controls.

An amfori BSCI inspection was conducted on Kseng (Myanmar) Apparel in April 2024. The overall rating was B. The rating on, amongst other, *The Rights of Freedom of Association and Collective Bargaining, Decent Working Hours, No Discrimination, Violence or Harassment, Fair Remuneration, Occupational Health and Safety* were A, indicating that the work on the workers' wellbeing and rights are improving. A SMETA Sedex Members Ethical Trade Audit was also conducted on Kseng (Myanmar) Apparel in November 2023.

Handa (Yangon) Myanmar (for Clique and Craft)

- In February 2024, it was reported that workers at Handa (Yangon) Myanmar are facing a series of violations, including verbal abuse if workers don't meet excessive production targets, physical violence, photos taken of workers if they get up to drink water and unfair dismissals.
- In February 2024, it was reported that workers at Handa (Yangon) Myanmar are facing a series of violations, including pregnant women hidden during inspections, unclean water and toilets, and mandatory overtime.

Allegations previously linked to Handa (Yangon) Myanmar:

- In October 2023, it was reported that workers at Handa (Yangon) Myanmar faced a series of violations, including poor ventilation in the factory, denial of leave incl. if workers feel unwell, wage cuts, unpaid overtime if workers don't meet targets and limited access to medicine at the clinic.

Response from NWG:

As soon as NWG were informed of the allegations, NWG put pressure on Handa (Yangon) Myanmar. Handa (Yangon) Myanmar takes the allegations with great seriousness and have understood and accepted their mistakes. Handa (Yangon) Myanmar have joined the MADE project organized by the European Chamber of Commerce in Myanmar in where they take part in activities including training, social and environmental factory assessments and advisory support for factory managers and workers on such topics as workplace safety, labor law compliance and environmental practices, as well as facilitating dialogue between workers and employers.

An amfori BSCI inspection was conducted on Handa (Yangon) Myanmar in February 2024, with the overall rating C. The Workplace and Labor Law Inspection Department have also conducted a field inspection on-site at the factory. NWG have frequent dialogue with the management team in Handa (Yangon) Myanmar, and also personnel on site to follow up the improvements needed.

In conclusion, NWG wants to emphasize that we take these allegations seriously and continue our frequent dialogues with our Business Partners in order to ensure that the wellbeing of the workers is maintained and that the workers' rights are respected and not violated.

If any questions, please contact Anni Sandgren, CSR and Sustainability Manager at New Wave Group AB, anni.sandgren@nwg.se.

Sincerely,

Anni Sandgren

CSR and Sustainability Manager

New Wave Group AB