MYANMAR BIANNUAL ENHANCED DUE DILIGENCE REPORT

BESTSELLER



MYANMAR BIANNUAL ENHANCED HUMAN RIGHTS RISKS DUE DILIGENCE REPORT (2025-2ND)

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I. EXECUTIVE SUMMARY

Introduction

This biannual report underscores BESTSELLER's commitment to responsible business conduct amidst the complex human rights landscape in Myanmar.

Since initiating operations in Myanmar in 2014, BESTSELLER has navigated the country's evolving socio-political context with dedication to uphold and respect human rights within our supply chain. Through risk-based due diligence, stakeholder engagement, and targeted interventions, we strive to ensure our business practices positively contribute to the well-being of the individuals and communities affected by our operations in Myanmar.

In response to the heightened human rights risks situation in Myanmar, BESTSELLER has instituted a comprehensive enhanced due diligence framework, designed to address and mitigate the adverse impacts associated with sourcing from the conflict-affected country.

This report details our historical engagement in Myanmar, our methodologies for enhanced due diligence, the most salient human rights risks identified, and the actions taken to address them. Furthermore, it outlines our commitment to continuous improvement through systematic review and refinement of our due diligence processes, close stakeholder collaboration, and adherence to international standards.

This report covers the period from April to September 2025, unless otherwise specified for particular data or information.

Heightened Due Diligence Status

RAND Europe, an NGO contracted by the European Commission Directorate General for Trade to identify conflict-affected and high-risk areas under European Union Regulation (2017/821), includes Myanmar in its list of Conflict-Affected and High-Risk Areas. Several organisations have reported human rights and international law violations in Myanmar since the coup by the military in 2021.[1]

Industry-focused reports on risks related to sourcing from Myanmar, such as the UNDP research report, the Ethical Trading Initiative-commissioned assessment, and EuroCham Myanmar's Garment Sector research, emphasise the responsibility of brands sourcing in Myanmar to implement enhanced due diligence.

Given BESTSELLER's existing business relationship with suppliers and factories in Myanmar, there is a need for enhanced due diligence to manage the country's evolving risk profile.

Yangon skyline



1: These organisations include the Office of the United Nations High Commissioner for Human Rights (OHCHR), Human Rights Watch (HRW), and the UN Office for the Coordination of Humanitarian Affairs (OCHA).

BESTSELLER's Historical Engagement in Myanmar

BESTSELLER commenced sourcing from Myanmar in 2014, during the country's transition from martial law to a quasi-civilian government. Under the EU's Everything But Arms (EBA) scheme, European businesses could engage in duty-free trade with Myanmar, contributing to the country's socio-economic development through increased international trade. Since that time, BESTSELLER has applied its global due diligence processes to its Myanmar business partners, conducting on-site and in-person Social & Labour and Chemical & Environmental assessments, and invested in local social impact initiatives to promote human rights in the industry.

In 2019, after reports on alleged human rights violations against the Rohingya population by the military and security forces, BESTSELLER increased its due diligence to ensure our business was not linked to any gross human rights violations via connection to the military. We mandated that all existing and new business partners provide evidence that their business is not connected to the military regime nor to companies owned by or affiliated with the military regime.

In April 2021, a Danish media outlet alleged that BESTSELLER was working with three Myanmar businesses that were affiliated with the military. BESTSELLER commissioned an independent investigation into this allegation, led by the former Director of the Danish Institute for Human Rights. Following the media coverage, the OECD's National Contact Point in Denmark opened an investigation into BESTSELLER's business practices in Myanmar from 2014 to 2021. Both the independent investigation and the NCP concluded that the allegations were unfounded and confirmed the efficacy of BESTSELLER's screening and human rights due diligence processes. The NCP decision (English Version) and the law firm's report on the case are publicly available.

In response to the devastating earthquake that struck Myanmar on 28 March 2025, causing widespread damage and casualties, BESTSELLER provided support to affected communities through a donation of USD 250,000 to the international organisation Save the Children. This contribution aimed to help deliver emergency assistance and provide vital support to children and their families as they cope with the disaster's impacts.

> As of this report, BESTSELLER has business relationships with 22 factories in Myanmar, including supporting units, which collectively employ 32,000 people, 85% of whom are female.









II. ENHANCED DUE DILIGENCE FRAMEWORK

Human Rights Commitments and Due Diligence Policies

BESTSELLER is committed to respecting all human rights across its supply chain, as defined in the International Bill of Human Rights and the ILO's core conventions.

We are committed to the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and we embed these guidance standards into our due diligence processes. These frameworks guide our efforts to respect and promote human rights, including identifying and addressing potential and actual adverse impacts in our supply chain.

A full list of our supply chain policies related to human and labour rights is publicly available on our website. We implement the standards articulated in these policies through a series of due diligence processes in our supply chain.

BESTSELLER employs a risk-based approach to due diligence for identifying, monitoring, and mitigating human and labour rights risks as well as environmental and chemical risks across all suppliers and their factories, remediating actual adverse impacts when they are identified.

All suppliers and their contracted factories commit to respecting and upholding BESTSELLER's supply chain policies, and we monitor their performance through desktop and in-person assessments.

Since the 2021 coup, a central component of BESTSELLER's strategy for minimising risks in Myanmar has focused on doing business with suppliers with whom we have strong relationships and sufficient leverage to operationalise enhanced due diligence requirements and processes. Factories where we did not have sufficient leverage or alignment with the values and priorities of factory management were offboarded from our supply chain, in line with BESTSELLER's Responsible Offboarding policy.



Governance and Oversight

BESTSELLER has established a Myanmar Task Force, which consists of executive and management representatives, including members from the Responsible Sourcing, Sustainability, Legal, Security, and Communication departments.

The Task Force is responsible for reviewing and approving significant commercial decisions related to BESTSELLER's sourcing practices in Myanmar and meets on a regular and ad-hoc basis, as per evolving risks. Decisions regarding due diligence processes are made by the Responsible Sourcing department, independent of BESTSELLER's commercial and buying functions. The Responsible Sourcing department provides regular updates on the salient human rights risks and efficacy of its due diligence efforts to the Myanmar Task Force.

Myanmar-Specific Supplier & Factory Requirements

To ensure respect for human rights and effective mechanisms for remedy, BESTSELLER has imposed a series of additional requirements and expectations on our brands in terms of order stability and forecasting, and factories in terms of Know Your Counterparty (KYC) requirements and human rights management to minimise the risk of human rights violations in our Myanmar supply chain.

BESTSELLER has the following specific processes and expectations for suppliers and their factories. Adherence to these requirements is monitored continuously. If suppliers and their factories are unable to satisfy these requirements, we do not do business with them.

Supplier set-up

All suppliers operating in Myanmar are required to have a team on the ground in the country to ensure proper management of labour and human rights and cooperation with BESTSELLER's team in Myanmar.

Having a physical presence in the country enables in-person monitoring of our factories, face-to-face engagement with workers, stakeholders, and other relevant rightsholders, as well as robust investigations into allegations of misconduct, and monitoring of remediation.

Factory management and transparency	— Factories must have no connection with or use services from military-owned companies or sanctioned individuals. — All factories must have a dedicated social & labour colleague on site who engages in continuous communication with BESTSELLER's local team. — Any human rights concerns raised in the factory must immediately be reported to BESTSELLER's Myanmar social & labour team.
Continued	— The supplier and factory need to confirm the monthly capacity and the number of lines dedicated to BESTSELLER production prior to order placement. — Suppliers and BESTSELLER brands' buying teams must collaborate to ensure the agreed capacity is filled monthly with no overbooking or significant underbooking.
Materials management	— Materials that are sourced from Myanmar must come from BESTSELLER's Approved Materials Manufacturers. — Sourcing materials from unapproved suppliers for materials, packaging, or trims is not allowed.
Occupational safety and labour rights	— Factories must report all compliance, health and safety, and labour rights issues to BESTSELLER directly, not solely through the supplier, and work with BESTSELLER to mitigate issues transparently and diligently. — If workers' safety during their commute is at risk, factories are required to provide safe and secure transportation for them.
Military affiliation	— BESTSELLER does not onboard new factories in high-risk industrial zones on our observation list. — BESTSELLER will not onboard new factories before verifying factory ownership and land ownership to determine no military affiliations. — Ownership structures of all factories and the land they occupy must be investigated by an international law firm with the local office in Yangon and nominated by BESTSELLER. The investigation report must conclude that there are no connections with the military or with any companies owned by the military through lease of land and factory ownership. — Factories must annually fill in a Self-Declaration disclosing company ownership and land ownership. — If the factory is affiliated with / owned by / leases land from the military, the factory must disconnect from the military affiliation (if possible). If not possible, it will be offboarded from BESTSELLER production.
Grievance reporting and management mechanisms	— BESTSELLER requires all factories to establish and maintain effective factory-level grievance mechanisms. — In case of disputes, dialogue is facilitated through bipartite mechanisms between factory management and worker representatives, such as Workplace Coordination Committees, trade unions and external labour rights organisations. Resolutions must comply with relevant national law and international guidelines. In scenarios where the available dispute resolution mechanisms are challenged, independent legal advice is sought and provided. — The efficacy of these additional due diligence processes undergoes continuous review, and they are updated based on consultation with our in-country team, rightsholders, industry experts and stakeholders.

III. ENHANCED DUE DILIGENCE IMPLEMENTATION

Factory Assessments & Monitoring

Through BESTSELLER's Factory Standards Programme, Social & Labour teams conduct factory assessments that are developed to monitor over 200 indicators of human rights risks. These onsite assessments cover the following areas of concern:

1. Management Systems & Licenses
2. Ethics & Transparency
3. Child Labour
4. Young Workers
5. Forced Labour
6. Discrimination
7. Employment Practices (Hiring, Contracts, etc)
8. Working Hours
9. Wages and Benefits
10. Employee Treatment
(Disciplinary Practices, Harassment & Abuse and Gender-Based Violence & Harassment)
11. Employee Involvement
(Freedom of Association & Collective Bargaining, Employee Dialogue and Grievance Mechanisms)
12. Health & Safety
(General Working Environment, Management & Training, Electrical safety, Building/structural safety, Emergency preparedness & Fire safety, Chemical safety & Management, Machine & Equipment safety, PPE, First aid, Health checks, Medical facilities and Dormitories)



Every factory in Myanmar is subject to a full Social & Labour performance assessment covering all aforementioned indicators at least once every 18 months, in addition to third-party verification.

Previously, all factories were subject to mandatory monthly visits. However, our experience showed that monthly visits offered limited added value for factories with consistently strong performance. For this reason, we have adopted a risk-based approach: factories at higher risk of violations or requiring greater support continue to receive monthly visits, while lower-risk factories receive frequent, though not necessarily monthly, visits. Regardless of their risk profile, and in addition to the formal verifications and third-party audits, all factories are engaged through multiple follow-ups within the 18-month verification cycle. These follow-ups address relevant risks and improvement areas, ensuring an up-to-date understanding of each factory's performance. This blended model maintains continuous oversight across all factories, with visit frequency calibrated to real-time risk developments and needs.

Besides scheduled visits, BESTSELLER conducts unannounced visits to further monitor labour and human rights conditions at the factories. The frequency of these visits is determined based on the efficacy of the factory's human rights management processes and whether there are any allegations of human rights violations that require immediate investigation.

Social & Labour factory assessments are conducted onsite, and include document review, worker and management interviews, and inspection of physical premises. Direct engagement with factory workers through confidential interviews during factory assessment is an important aspect of this monitoring because these interactions allow us to gather first-hand accounts of working conditions, worker treatment, and any potential rights violations, ensuring that our assessments are grounded in the lived experience.

When audits or assessments identify any concerns or non-compliance with our requirements, we work collaboratively with the factory to develop and implement a Corrective and Preventive Action Plan. These CAPARs are time-bound and include specific, measurable steps to address identified issues and their root causes. BESTSELLER teams closely monitor resolution in accordance with the agreed CAPAR, while providing clear feedback and training to support the factories in improving their practices.

Identified concerns are categorised as either minor, major or critical. Major and critical concerns must be remediated as soon as possible, and no later than within six months and three months, respectively. Any critical concern posing an immediate and severe risk must be addressed without delay. Minor concerns, while involving minimal or no risk, do not carry a specific remediation deadline but still contribute to the overall factory rating.

Internal assessment training and experience sharing session, April 2025



During the reporting period from April to September 2025, we identified 14 major concerns in factories operating in Myanmar, 9 of which were remediated within the set timelines, while the remaining cases are progressing as scheduled, and 58 minor concerns, 53% of which have been remediated, with the rest currently under remediation. Factory assessments did not identify any critical concerns over the same period.

For violations that are too severe or complex to be managed by the standard verification and remediation procedures, we employ a clearly defined Escalation Protocol, universally applied across our supply chain.

Escalation protocol is applied when we receive a potential violation is identified through external channels, such as trade unions, labour rights organisations, media monitoring, or others, or when BESTSELLER's team identify a potential Zero-Tolerance violation of our Code of Conduct.

Remediation plans for these cases are mutually agreed upon between the supplier, factory management and BESTSELLER's team, and progress on remediation is monitored and verified. Failure to remediate concerns, considering the nature of the case, can ultimately, however rarely, result in the factory being offboarded from our supply chain.

The following table presents a comparative overview of escalated cases for the current and previous reporting periods:

Escalated Cases Status	Apr 25 – Sep 25	Oct 24 – Mar 25
Cases reported and investigated	36	10
Cases dismissed	16	8
Cases concluded with notification of concern	1	0
Cases concluded with an official warning letter	3	1
Cases concluded with the offboarding of the supplier or factory	0	0
Cases with other conclusions (e.g. no penalty assigned but training activities initiated, etc.)	8	0
Cases under investigation or resolution at the time of reporting	8	1

Data indicate an increase in the number of reported and investigated cases compared to the previous reporting period. This period coincided with the production peak season, during which factory operations and workforce levels are typically higher, resulting in a greater number of cases. Additionally, heightened media attention led to an increase in allegations requiring investigation. These developments reflect greater visibility of labour-related issues within the industry and increased activity from labour rights groups.

While factory assessments remain a core mechanism for identifying risks and concerns, we also recognise that important issues may arise outside formal assessments. Therefore, we take all allegations seriously, whether reported directly to us or identified through our proactive monitoring of public sources such as media and civil society reporting. Although information appearing in the media is not treated as substantiated in itself, each allegation is reviewed and investigated to determine its validity. This approach reflects our commitment to remain vigilant and responsive to all credible sources of information and stakeholder input. The table below shows the distribution of cases reported through each channel in the current period compared with the previous one:

Apr 25 – Sep 25		Oct 24 – Mar 25	
Media	91.7%	Media	80%
BESTSELLER Factory Standards Programme & colleagues	2.8%	Local NGOs	10%
Factory Representative	2.8%	Other	10%
Other	2.8%		

Most Common Types of Cases

As part of our ongoing monitoring, we track the types of cases raised across all channels. The table below illustrates the most common case categories and how their prevalence has evolved compared to the previous reporting cycle:

Apr 25 – Sep 25		Oct 24 – Mar 25	
Employment Practices	18%	Wages & Benefits	31%
Wages & Benefits	16%	Employee Treatment	27%
Working Hours	13%	Employment Practices	12%
Freedom of Association & Collective Bargaining	13%	Health & Safety	12%
Worker Unrest	12%	Working Hours	4%

Employment practices and wages & benefits remain the most frequent categories of cases, though a rise in working hours, freedom of association & collective bargaining and worker unrest cases indicates growing attention to broader labour relations and workplace management issues. These patterns underscore the importance of BESTSELLER's continued focus on social dialogue and proactive monitoring of factory-level employment conditions.

For example, a case was brought to our attention in September 2025, which included young Individuals below the legal working age who were found engaged in production activities.

Upon notification, as per BESTSELLER's zero-tolerance policy, BESTSELLER initiated immediate measures to safeguard the affected individuals. An unannounced investigation, supported by external social compliance experts, involved inter-

views with workers and the guardians of affected individuals, age and document verification, and review of personnel records. Findings confirmed the presence of two workers below the legal minimum age, as well as workers assigned to tasks that did not comply with age-related legal restrictions, supported by falsified identification documents. Gaps in recruitment and age verification systems were also identified. All findings were assessed against relevant ILO Conventions, the UN Guiding Principles on Business and Human Rights, and OECD Due Diligence Guidance.

Remediation was in collaboration with the Centre for Child Rights and Business, where BESTSELLER has implemented a comprehensive remediation programme to protect the affected individuals' rights and support their families.

Remediation measures included, among others:

— Immediate withdrawal of young individuals below the legal minimum age with continued household income support.

— Root cause remediation of the gaps identified in recruitment and age verification systems.

— Case management by the Centre for Child Rights and Business, including health and psychosocial assistance, and family follow-up.

— Educational reintegration and school-related support.

— Ongoing monitoring of each case until the legal working age is reached.

— Factory-level corrective and preventive measures and training.

Furthermore, BESTSELLER is coordinating with UNICEF Myanmar to ensure that the remediation plan is focused on the development and well-being of young individuals.

Another case involved issues with worker transportation, where ferries used to shuttle workers to and from the factory were frequently delayed and overcrowded, resulting in uncomfortable and inadequate conditions.

BESTSELLER's local team promptly initiated an investigation, which included management and worker interviews, a site visit, and a review of relevant documentation

The investigation confirmed workers' complaints regarding ferry arrangements, particularly route combinations and delays that affected working hours. A remediation plan was subsequently agreed upon with the supplier and factory management.

The remediation plan included:

— Revising and improving ferry arrangements.

— Enhancing the monitoring system to track ferry arrival times in both the morning and evening, verifying ferry capacity to prevent overcrowding, and reviewing records to address any emerging concerns.

— Strengthening the internal grievance mechanism by encouraging workers to use the established grievance channels and ensuring timely and effective responses to their concerns.

These cases show the importance of prompt and coordinated action to safeguard affected individuals and address risks effectively. We recognise that human rights risks can emerge from both serious and day-to-day operational contexts, reinforcing the need for ongoing vigilance throughout our supply chain. In addition to the value of strengthening verification processes, ensuring accessible and trusted grievance mechanisms, and engaging workers directly in identifying and resolving concerns. We will continue to apply these lessons to further enhance our human rights due diligence, with a focus on prevention, transparency, and continuous improvement.

Factory Ratings

Following each assessment, factories are provided with a rating. We use a grading matrix to ensure consistent ratings globally and differentiate between high, acceptable, insufficient, and critical performance levels.

The rating levels reflect the social & labour performance of the factory, including how effectively a factory mitigates risks proactively, how it addresses and remediates adverse impacts when they occur, and how transparent, collaborative, and proactive it is in engaging with BESTSELLER. The rating is updated every 18 months, as part of the assessment cycle. In the event of any critical performance issues, the rating may be updated sooner than the scheduled 18-month cycle.

A factory's Social & Labour rating, together with its Chemical & Environmental rating, form part of the Supplier Sustainability Evaluation, a rating system developed to encourage and recognise sustainability efforts across our suppliers and their factories. This evaluation promotes high performance and strong, responsible business conduct, with highly rated suppliers receiving increased order placements and favourable financing terms.

BESTSELLER surpassed its target of placing 75% of orders with highly rated suppliers by 2025, achieving an overall level of 86%. Over the past 12 months, 77% of orders by volume were placed with highly rated suppliers sourcing from Myanmar.

Salient Human Rights Risks and Mitigation Measures

Alongside factory monitoring and managing of escalated cases, we continuously observe broader trends and challenges in our supply chain. In line with this ongoing oversight, BESTSELLER applies a structured risk identification and mapping process to assess human rights risks. This process involves a continuous review of six separate streams of input regarding human rights risks related to our tier 0 and tier 1 supply chain partners. These streams are:

1. Developments in global legal human rights regulations
2. Developments in local legal human rights regulations
3. Global and country-specific human rights risk assessments
4. Local emerging critical human rights risks
5. Global emerging critical human rights risks
6. Factories' human and labour rights performance data

For FY24-25, BESTSELLER has identified the following issues as the most salient human and labour rights risks in its supply chain in Myanmar. Please note this assessment reflects not only the salient risks but also accounts for the impact of our existing and referenced Myanmar-specific due diligence processes, which are described in more detail later in this report.

Risk	Risk Level
Military Government	Low
Restricted Freedom of Association	Very high
Low Wages	Very high
Volatile Orders	Low
Excessive Working Hours	High
Gender-Based Violence and Harassment	High
Occupational Health and Safety and Extreme Temperatures	High

1. Military government

1.1 Links to

Considering the minimal economic involvement of the military in the garment sector overall, and with our enhanced due diligence measures in place, we assess that the risk of ownership or economic connections between our supply chain partners and the military government remains low.

Since 2020, BESTSELLER has maintained a continuous Know Your Counterparty (KYC) requirement to safeguard its supply chain from inadvertently supporting gross human rights violations by contributing to the military. These measures have been assessed by an independent human rights law firm and Denmark's national contact point for the OECD (NCP Denmark).

1.2 Intervention

BESTSELLER recognises that under military rule in Myanmar, there is an inherent risk of military intervention in factory-level industrial disputes. While such incidents remain rare in the garment industry, the potential severity of harm to workers in the event of intervention represents a significant risk that requires careful mitigation. We currently classify the risk of military intervention in factory operations as low in our supply chain.

To mitigate this risk, BESTSELLER prioritises strong social dialogue as a key mechanism for preventing industrial disputes. We actively engage with worker representatives and encourage factory management to respond proactively to workers' concerns, facilitating early and effective resolution before issues escalate to the attention of authorities. To support this, we consistently emphasise that BESTSELLER's Social & Labour teams should be informed of any potential issues or concerns, enabling us to provide timely support in addressing them effectively.

While challenges remain, factory-level disputes within our supply chain have so far been resolved effectively, with no indications of requiring intervention by government authorities.

1.3 Conscription

BESTSELLER continues to closely monitor the enforcement of the People's Military Service Law in Myanmar, which mandates conscription for men between the ages of 18 and 35 and women between the ages of 18 and 27. To understand the implications of this legislation for workers in our supply chain, we have engaged with factories, stakeholders, and legal advisors to seek expert guidance on appropriate mitigation measures.

Based on our current assessment, the risk of forced labour related to conscription in BESTSELLER's supply chain remains low. We have identified one potential risk related to conscription, which is that workers in our supply chain may seek to avoid conscription by making payments to agents, potentially exposing them to coercive conditions that could lead to situations of forced labour. To mitigate this, we maintain proactive monitoring and direct engagement with workers on the topic.

In the event of conscription, BESTSELLER's responsibility is to ensure that affected workers receive their full, legally entitled compensation. According to current regulations, conscripted individuals are entitled to two months' salary as compensation, but there is no requirement for employers to continue salary payments beyond this period. During the reporting period, our team has not observed any cases of military conscription in the factories we work with.

2. Restricted Freedom of Association

Restriction on Freedom of Association (FoA) is a significant concern in Myanmar. The fear of arrest or retaliation for union affiliation has led to a decline in union activity in the country. Workers who engage with unions in Myanmar may face the risk of discrimination and unfair dismissals based on union membership. Additionally, unions can be perceived as disruptive by factory management, and the absence of a national forum for addressing FoA-related grievances under the current political regime is aggravating this challenge.

Given this broader context and the systemic barriers to collective worker representation in Myanmar, we assess the risk related to Freedom of Association (FoA) within our supply chain as very high.

BESTSELLER remains committed to upholding Freedom of Association (FoA) across our supply chain. Our Code of Conduct requires that workers' right to organise is fully respected and supported. We monitor factories for the presence of effective workplace committees that represent workers' voices and encourage constructive dialogue, recognising that their strength and functionality vary across sites. In some factories, committees work closely with management to address workplace issues, while in others, engagement remains limited or inconsistent. Our goal is to strengthen social dialogue mechanisms in all their forms, including workplace committees like WCCs and effective trade unions, so that concerns can be resolved internally without depending on external brand involvement.

Besides factory assessments, our teams conduct onsite training for factory management to support them in fulfilling their role in fostering effective social dialogue in their factories. Additionally, we request that factories improve their committee structures where they are not functioning adequately. Furthermore, based on identified needs, factory management teams are enrolled in MADE's social dialogue training, and monitoring frequency is increased where additional follow-up is required to track progress.

When workers raise concerns about respect for their human and labour rights, whether through interviews, trade unions, labour rights organisations, or other reporting tools, our Social & Labour team engages to support and guide factory management in resolving and remediating issues.

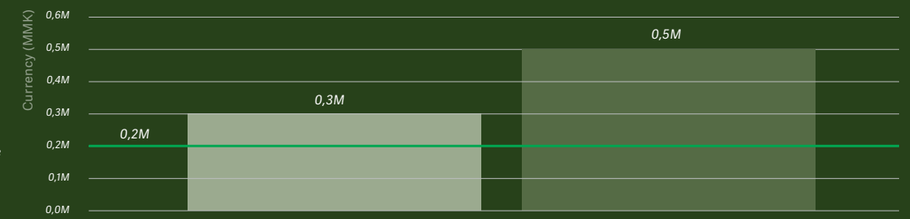
3. Low wages

Reports indicate that the legal minimum wage in Myanmar remains insufficient to meet the basic needs of an average family. BESTSELLER classify the risk of low wages as very high in our Myanmar supply chain. In the latest revision, the National Minimum Wage Committee (MoL) maintained the base rate of 4,800 MMK per day, with an additional 2,000 MMK top-up.[2] This gives a monthly minimum wage of 204,000 MKK.

BESTSELLER monitors wage payments to ensure that workers receive their legally due income, including bonuses and overtime. To address the risk of low wages in the country, we have strengthened our wage data collection methodology and expanded the head-office resources dedicated to leading and implementing these processes. While the methodology is being rolled out globally, Myanmar has been prioritised given its elevated risk context. All factories in Myanmar are now fully covered under this system, enabling a more accurate understanding of wage levels and providing stronger foundations for follow-up and continuous improvement.

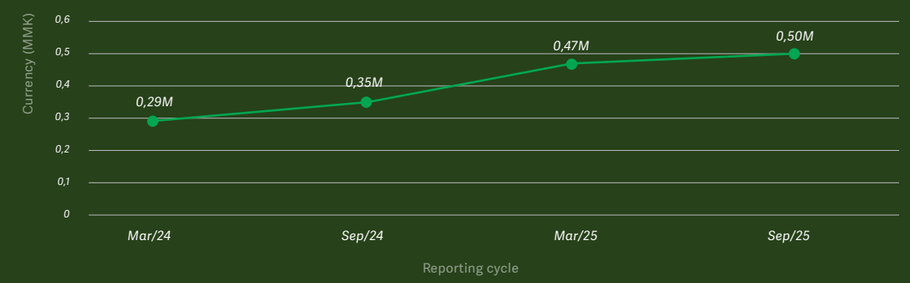
Over the reporting cycle, factories in our supply chain paid an average monthly take-home wage, inclusive of overtime premiums and bonuses, of approximately 400,000-600,000 MMK. The chart below shows wages in Myanmar factories compared to the national minimum wage level:[3]

Average Monthly Wage



The following trend line in monthly take-home wages highlights changes over time and provides insight into overall income levels for workers in our Myanmar supply chain: Wages in Myanmar factories producing for BESTSELLER remain well

Monthly Take-Home Wage



2: The data presented in this report reflects information collected up to 30 September 2025; as such, the 1,000 MMK adjustment to the national minimum wage, effective from October 2025, is not captured.

3: Based on the 4,800 MMK per day, with the additional 2,000 MMK top-up.

above the legal minimum and have shown consistent, significant growth over the years, driven by active efforts to promote higher wages both directly with suppliers and collaboratively with industry peers and stakeholders. However, weak national wage-setting mechanisms and persistent inflation continue to exert downward pressure on real income levels. Consequently, wages remain classified as a very high-risk area requiring ongoing focus and proactive management. We will therefore continue to prioritise wage data monitoring and strengthen our advocacy for fair and higher wages across Myanmar's garment sector, reaffirming our commitment to driving sustainable improvements in workers' livelihoods.

BESTSELLER endorses the statement issued by EuroCham Myanmar's Garment Advocacy Group in April 2025, which highlights the urgent need for a substantial increase in the minimum wage in Myanmar's export-oriented apparel sector, where inflation has severely eroded purchasing power, acknowledging that raising the minimum wage is essential to ensuring fair working conditions and to strengthening the long-term resilience of the country's garment industry.

During the reporting period, three BESTSELLER-producing factories in Myanmar experienced strikes demanding higher wages, in response, our head office and local Social & Labour team engaged closely with key stakeholders, including the Delegation of the European Union to Myanmar, the Myanmar Garment Manufacturers Association (MGMA), and labor advocacy group together with factory management, to facilitate peaceful dialogue and support a constructive resolution. These efforts led to a formalised agreement with factory management to implement wage increases. Subsequently, similar social dialogue initiatives were successfully implemented in several other factories without the need for strikes, reflecting a growing proactive focus on wage issues across Myanmar's garment sector. These efforts resulted in an average increase of 18% in daily wages and 8% in overtime premiums across factories between March and June.

4. Volatile orders

Volatile or unstable order volumes represent an operational risk with multiple human rights implications, including irregular employment, excessive overtime, wage insecurity, and risks of union discrimination, all of which are highly relevant in Myanmar's context. Therefore, we have included this as one of the identified salient risks.

In Myanmar's garment industry, production levels fluctuate significantly throughout the year, creating a complex and unstable operating environment. During peak seasons, high order volumes and extensive overtime are observed across factories, while in low seasons, factories face reduced orders or temporary closures. While unstable orders are a common and salient risk across garment-producing countries, Myanmar is particularly exposed due to its political and economic instability, which amplifies the impact on workers.

These seasonal fluctuations pose significant risks, including temporary layoffs, rehiring cycles, and sudden or unfair dismissals. Union members may potentially be disproportionately affected, as factories may use seasonal downturns as an opportunity to dismiss active union representatives or members under the pretext of reduced orders.

At BESTSELLER, our brands strive to stabilise order volumes throughout the year within the complex operating environment of Myanmar, which presents industry-wide challenges beyond the direct control of individual buyers. Despite these challenges, our teams have observed that our order volume in Myanmar has remained relatively stable. Hence, we currently assess this risk as low in our supply chain.

To mitigate the risk of volatile orders and its implications, BESTSELLER works closely with brand buying teams to maintain more consistent order volumes and requires them to provide production forecasts for factories to help reduce the likelihood of abrupt workforce adjustments. These measures encourage more responsible employment practices and help bring greater stability to workers' livelihoods. However, since BESTSELLER brands seldom represent the entirety of a factory's production capacity, our influence has natural limits. Factories typically supply to multiple buyers, meaning that fluctuations and cancellations can still result in sudden layoffs or unfair dismissals. While this risk cannot be fully eliminated, we continue to use our leverage to promote greater stability and protection for workers.

BESTSELLER's supply chain policies require that any necessary layoffs be carried out fairly, taking into account factors such as length of employment, relevant skills, and compliance with legal obligations. To monitor this, suppliers must provide at least one month's notice of planned dismissals, allowing BESTSELLER's local teams to review and assess the fairness and legality of these decisions before their implementation. In addition, our teams' regular engagement with factories allows us to closely track workforce changes and identify potential concerns.

In cases of alleged unfair dismissal, we carry out on-site investigations to assess both the proportionality of the decision and its compliance with our standards. When violations are identified, we work directly with factory management and worker representatives to ensure that appropriate remediation measures are implemented.

5. Excessive Working Hours

Another risk arising from unstable orders is excessive working hours. Myanmar is one of our sourcing countries where this risk is considered salient.

A recent report published by UNDP shows that excessive working hours remain a widespread issue in the garment sector. The study found that 55% of respondents were required to work overtime, with total working time averaging 12 hours per day, including both regular and overtime hours. Although Myanmar's labour law permits a maximum of 44 regular hours and 20 hours of overtime per week, the UNDP findings show that many garment workers routinely work well beyond

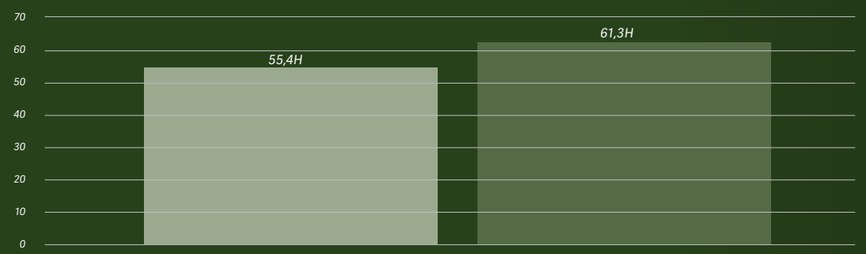
these legal limits. The data highlights that long working hours and involuntary overtime remain deeply embedded in the industry, particularly in factories operating under high production pressure and weak regulatory enforcement.

Given the structural nature of this risk across the industry, addressing it fully requires coordinated, industry-wide efforts involving all stakeholders in the labour market. Consequently, BESTSELLER classifies excessive working hours as a high-level risk.

This risk of excessive working hours can be exacerbated by several factors, fluctuating orders and variations between peak and off-peak seasons may lead factories to require illegal overtime. In other situations, workers may voluntarily take on extra hours for higher pay, and they might leave the factory or seek additional employment when legal working-hour limits are strictly enforced. Limited awareness of legal working hours and leave entitlements further contributes to this risk.

The chart below illustrates the average weekly working hours in BESTSELLER's factories in Myanmar during the reporting period, providing a clear view of how the aforementioned factors translate into actual working patterns:

Average Weekly working hours BESTSELLER's Factories Myanmar



- *Low Season: 9.2 hours per day*
- *High Season: 10.2 hours per day*

The data highlights the widespread occurrence of overtime in factories operating in Myanmar. During peak production periods, average working hours regularly near the legal maximum of 64 hours per week. Even in the low season, workers typically perform around seven hours of overtime each week.

Worker interviews and engagement forums indicate that when overtime occurs, it is generally voluntary, and separate factory assessments confirm alignment with BESTSELLER policies. Workers are informed of their right to decline additional hours. However, given the reliance on overtime pay as a significant part of earnings in Myanmar's garment sector, this remains an important consideration for ongoing advocacy and engagement on fair wages and minimum wage reform, and BESTSELLER acknowledges that 100% compliance with working hours may not always be immediately achievable.

Our factory assessments monitor the presence of consistent timekeeping systems that accurately record all hours worked. In cases where manual systems are

WCC election with MADE, July 2025







used, records must be regularly verified through worker signatures. It is essential that procedures are in place to ensure overtime remains within reasonable limits, is always voluntary, and does not undermine worker welfare. We monitor commitment to these requirements and implement appropriate remediation when issues are identified.

6. Gender-Based Violence and Harassment

We identify Gender-Based Violence and Harassment (GBVH) as a salient risk in Myanmar, where international reports continue to point to its prevalence across the country, including verbal, physical, and sexual harassment forms. In light of the broader context, we categorise it as a high-level risk in our supply chain.

To address these risks, BESTSELLER employs multiple measures to identify, mitigate, and respond to GBVH across its supply chain. GBVH is assessed through factory evaluations under the Employee Treatment risk category, which covers all forms of mistreatment, including verbal, physical, sexual, gender-based, and ethnicity-based harassment or abuse. Worker interviews form an essential part of these assessments to capture issues that may not appear in documentation.

Recognising that gender-based violence and harassment a highly sensitive issues and may not always be disclosed through formal assessments, BESTSELLER places strong emphasis on providing workers with accessible, anonymous, and trusted channels to raise concerns, such as Ulula's Worker Voice Survey and Grievance Mechanism, designed to ensure workers feel safe to report misconduct. All allegations received through these or external channels are carefully reviewed and investigated.

BESTSELLER also supports training and capacity-building programmes that raise awareness of this risk and strengthen workers' understanding of their rights.

7. Occupational Health and Safety (OHS) and Extreme Temperatures

Occupational Health and Safety (OHS) is recognised as one of the Fundamental Rights at Work by the ILO, which encompasses employers' responsibilities to identify and mitigate workplace risks, provide necessary training and protective equipment, and establish procedures for reporting and addressing hazards.

In Myanmar, OHS risks extend beyond the factory floor, where many factories provide ferry or bus transportation for workers that can carry higher accident risks than the workplace itself. Limited worker awareness of OHS hazards and insufficient knowledge of appropriate response measures further increase vulnerability. Extreme temperatures also pose a significant concern, raising the risk of heat-related illness for workers.

We currently classify occupational health and safety and extreme temperature risks in our Myanmar supply chain as high-level risks.

To address these risks, BESTSELLER requires all factories to provide a safe, healthy, and legally compliant working and living environment. Our OHS assessments and monitoring cover a broad range of areas, including but not limited to the general working environment, building and structural safety, first aid, and medical facilities. Suppliers and factories are also required to conduct and participate in regular training to strengthen overall OHS practices.

Additionally, BESTSELLER has developed an Extreme Heat Guideline that outlines recommended measures to manage risks associated with high temperatures, particularly relevant in contexts such as Myanmar. Furthermore, we are actively working to refine our specific extreme heat requirements and develop a clearer system for grading concerns. This process is conducted in close consultation with relevant industry partners and stakeholders.



Article 33

In June 2025, at its 113th International Labour Conference, the ILO adopted a resolution invoking Article 33 of its Constitution against Myanmar. This is only the third time in ILO history that Article 33 has been triggered, reserved for the gravest cases of non-compliance with labour standards.

Article 33 of the ILO Constitution allows the International Labour Conference to recommend measures against a member state that fails to comply with a Commission of Inquiry's findings, the strongest action the ILO can take. In the case of Myanmar, this measure was invoked in response to ongoing and severe violations of workers' rights in respect of freedom of association and forced labour. The situation in the country remains critical, with widespread human rights concerns, compounded by economic instability and, most recently, the devastating impact of the earthquake in March 2025.

The ILO has called on its constituents (governments, employers, and workers) to continue supporting activities that directly benefit the people of Myanmar and their communities. In line with this, the EU delegation has underlined that the draft resolution acknowledges the importance of securing sustainable livelihoods under decent working conditions. It also stresses the need to avoid measures that could inadvertently harm Myanmar's people.

EuroCham Myanmar has echoed these perspectives, emphasising that international trade and business have an important role to play in supporting employment and income opportunities for vulnerable communities. This view is shared by a range of national governments, including those of the UK, Canada, Australia, and New Zealand. Businesses that remain in Myanmar should be allowed to continue their operations, provided they uphold responsible business practices and respect human rights.

BESTSELLER fully aligns with this approach. We believe that companies operating in Myanmar carry a responsibility to mitigate risks and uphold international standards while continuing to support workers and local communities through responsible business practices. For BESTSELLER, this means maintaining enhanced due diligence, engaging with stakeholders, and strengthening systems to ensure that our presence contributes positively to livelihoods without reinforcing risks or negative impacts.

Additionally, while Article 33 refers to forced labour risk in a sector-agnostic context, our ongoing engagement with stakeholders, workers, and other rightsholders has not highlighted it as a particularly pressing issue within the factories producing for BESTSELLER in Myanmar. Nevertheless, we continue to monitor all potential labour-related risks as part of our human rights due diligence.

Stakeholder Engagement

Amid heightened human rights risks, BESTSELLER actively engages with a wide range of stakeholders across multiple areas, including risk identification and analysis, fact-finding related to specific cases or allegations, and collaboration on social improvement programmes.

These formal and informal interactions are essential for developing a thorough understanding of supply chain risks and for guiding updates to BESTSELLER's due diligence processes.

The following is a summary of the stakeholders with whom BESTSELLER engages on an ongoing basis concerning human and labour rights risks in Myanmar:

Stakeholder	**Type of engagement**
Workers employed in our supply chain	As part of routine factory assessments, BESTSELLER's Social and Labour specialists conduct interviews with random samples of workers, structured to give a good representation of the workforce population. We also engage with workers through the Ulula Worker Voice survey and Ulula Grievance Mechanism.
Workplace Coordinating Committees (WCC)	Factory WCC members are consulted during assessments, involved in investigations of labour rights violations, and engaged in remediation efforts. When functioning effectively, these committees serve as a powerful mechanism for promoting and safeguarding workers' rights in the workplace.
BESTSELLER suppliers and factory management	During the reporting period, BESTSELLER conducted 80 onsite visits (a combination of assessments, follow-up, remediation and verification visits), 74 of which were conducted by BESTSELLER's local team and 8 by third-party auditors. In addition, we conduct regular meetings with factory management teams.
Local Trade Unions	Local trade unions play a vital role in identifying concerns and raising issues related to factories. We actively engage with them at various stages, including risk assessments, the development of worker-focused programmes, and the resolution of factory-level grievances through bipartite social dialogue.
Local Labour Rights Organisations	Regular communication with labour activist groups provides valuable insights into BESTSELLER's supply chain in Myanmar, as well as broader industry developments and specific worker rights concerns. BESTSELLER engages with stakeholders such as the Capacity Development Institute (former Action Labour Rights - ALR), Migrant Worker Rights Network, and Future Light Centre, among others.
Global Union Federations	BESTSELLER's Responsible Sourcing team engages with global union representatives both directly and indirectly, such as IndustriALL Global Union, a member of the Ethical Trading Initiative (ETI), which we also join. We also participate in other settings, such as the OECD Forum on Due Diligence in the Garment & Footwear Sector, providing opportunities for candid conversations and valuable feedback from worker representatives.
European Chamber of Commerce Myanmar (EuroCham)	EuroCham serves as a key partner in the MADE in Myanmar initiative. BESTSELLER is a member of the European Chamber of Commerce in Myanmar and has been working with other brands in the Garment Advocacy Group to support the sustainable development of the garment sector.
Danish and EU Embassy Representa-tives	BESTSELLER actively engages with both Danish and EU embassy representatives to stay informed on the broader political and geopolitical developments affecting Myanmar. Their insights into the security situation, regulatory environment, and diplomatic context support our human rights due diligence efforts. We maintain regular dialogue with these parties through scheduled meetings and ongoing communication, both at a general level and more intensively during periods of heightened risk or conflict. The EU Delegation to Myanmar plays a key role in overseeing sanctions and policy measures that affect businesses in the region. BESTSELLER engages with the delegation on multiple levels. Our local team maintains consistent contact, and we collaborate through EU-funded initiatives such as the MADE project, in which the delegation is actively involved in oversight and implementation. Furthermore, BESTSELLER participates in EU-hosted industry forums and public advocacy discussions, ensuring that our actions and positions remain closely aligned with broader industry efforts and EU policy priorities.
International and Burmese human rights experts and legal service providers	We engage with legal and human rights experts to reinforce our due diligence processes and align with both local and international standards in Myanmar. This includes consulting law firms on land rights and ownership issues for all our factories, as well as drawing on their expertise to review complex or sensitive allegations.
Local news and media	Our local team have a news and social media screening system which flags any mention of BESTSELLER or the factories we are working with in Myanmar. This enables us to react quickly to allegations of labour rights violations or concerns. In the past six months, BESTSELLER's local team identified 20 allegations in local news and/or social media (all of which were investigated and are reported on later in the report).

Multistakeholder industry organisations

We engage with multiple multistakeholder organisations such as the UK, Danish and Norwegian Ethical Trading Initiatives (ETI) organisations, Action, Collaboration, Transformation (ACT) as part of our global and Myanmar-specific due diligence. These forums provide useful information and guidance on best practices.

Collaboration

Ulula's Digital Worker Voice Survey and Grievance Mechanism

Building on the 2024 Ulula Worker Voice Survey pilot, BESTSELLER continues its partnership with Ulula across three key sourcing countries, Myanmar, Pakistan and China, with the number of participants in Myanmar reaching 4,711.

The survey provides workers with a confidential channel to share their perspectives, accessible via mobile or landline through interactive voice response in local languages, ensuring broad accessibility regardless of technology or literacy levels.

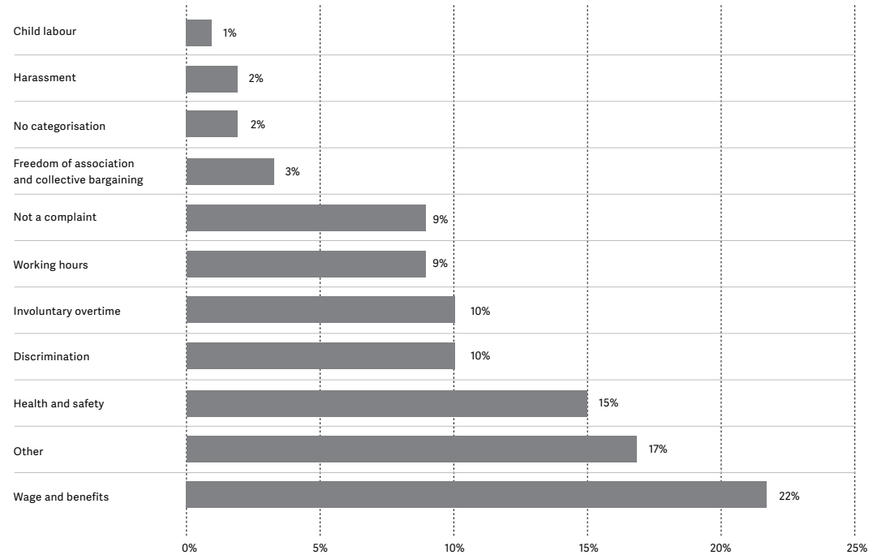
The results from this tool highlight both strengths and areas requiring attention. Importantly, the survey's design allows feedback to be disaggregated by gender, age, contract type, or migration status, offering nuanced insights into how risks are experienced differently across worker groups.

Findings from the survey serve as a crucial input into BESTSELLER's human rights due diligence, guiding more targeted action. By listening directly to workers' experiences, particularly in a context where formal worker representation remains limited or challenged, BESTSELLER will be better positioned to shape meaningful improvements.

In addition to the worker survey, BESTSELLER piloted Ulula's digital grievance reporting tool in four factories in Myanmar. The tool provides workers with a direct and anonymous way to raise concerns, which are then visible to both BESTSELLER and a Ulula-trained case manager within the factory, who facilitates the initial review and handling of grievances, supports follow-up with factory management, and ensures that workers receive feedback on the progress and resolution of their cases. This process ensures that grievances are handled systematically while maintaining worker trust and confidentiality. The mechanism complements the work done by existing Workplace Coordination Committees (WCCs), helping factories develop their own effective grievance handling systems.

The chart below illustrates the categories of cases reported since launching the grievance reporting tool:

Reported cases



Building on the positive results of the pilot, the tool will be rolled out to seven additional factories over the coming year to further strengthen worker voice and grievance handling capacity.



Ulula seminar, July 2025

MADE Programme

BESTSELLER is a signatory and co-financer to the MADE Programme in Myanmar, an EU co-funded initiative aimed at promoting social dialogue and improving labour relations in the country's garment industry.

Participating factories undergo comprehensive baseline studies to assess their performance and identify gaps in social compliance, labour rights, and health and safety. Based on these findings, each factory receives a tailored support and training plan, including on-site follow-up by the MADE team and joint training sessions within the MADE curriculum. The programme also provides clear recommendations with follow-up timelines to ensure timely implementation and accountability.

Participating suppliers highlighted several key benefits of the MADE Programme, emphasising its effectiveness in strengthening factory compliance and capacity. We have received feedback from factories commending the comprehensive assessments and structured follow-up process, which identify root causes, provide clear guidance, and set deadlines that enhance accountability and time management in remediation.

Suppliers also noted that the programme supports long-term sustainability, particularly for factories with limited compliance resources, where step-by-step guidance and annual assessments help maintain progress and embed improvements. Furthermore, the training components, on social dialogue, health and safety, supervisory skills, and social compliance, were described as highly effective, especially in improving middle management's understanding of worker perspectives and expectations.

Overall, factories reported stronger performance, greater confidence in managing social compliance, and improved preparedness for third-party audits. While suppliers view the MADE Programme as a practical initiative that fosters factory ownership, builds competence, and drives continuous improvement.



Key Learnings

Our experience in Myanmar highlights several important lessons for responsible sourcing in high-risk contexts.

Local presence is essential to understanding on-the-ground realities and providing targeted support to factories and workers. Collaboration with qualified local stakeholders, including industry associations, labour rights groups, and civil society organisations, offers critical insights and strengthens the effectiveness of mitigation efforts.

Human rights due diligence in Myanmar remains complex, requiring a balanced approach informed by diverse stakeholder perspectives and, where possible, direct engagement with rightsholders.

Linking business decisions to factory-level performance has proven to be an effective driver of progress.

Continued dialogue with the country's active labour rights movement and monitoring their activities in various media outlets enables early action on potential violations and helps prevent unnecessary escalations.