

Code of Conduct

for the member companies of the

Myanmar Garment Manufacturers Association

Preamble

The Myanmar Garment Manufacturers Association (MGMA) and its member Companies ¹ (hereafter referred to as the “Companies”) acknowledge their corporate responsibility. With the responsible awareness of contributing to a socially, environmentally and economically sustainable textile supply chain, MGMA and its Board have drawn up the present Code of Conduct.

The present Code of Conduct is provided to the Companies as a voluntary instrument and as a set of guidelines for responsible business behaviour. It outlines areas of corporate responsibility and suggests relevant values and principles which should become part of the business practices and policies of the Companies. Recognizing that full implementation of this Code of Conduct ought to be a step-by-step process, the MGMA member companies are nevertheless expected to uphold the values of responsible business conduct expressed within this document using reasonable and economically feasible measures as they reach towards full implementation. More still, the Companies shall demand the same standards of conduct from their direct suppliers and subcontractors.

This Code is inspired by internationally recognized human rights and labour standards, such as defined by the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, UN Global Compact and the OECD Guidelines for Multinational Enterprises. Whereas enforcement of these international agreements is the duty of states, companies can contribute to this objective, by aligning their corporate actions to the values formulated therein to the extent that this is possible for a private commercial enterprise. Relevant provisions of existing national laws and regulations that provide higher levels of protection for workers than these international agreements shall prevail.

1) Compliance with national laws and regulations

The Companies observe all applicable national laws, rules and regulations in force. In areas not or only weakly regulated by national law, the Companies strive to act according to the values and principles laid down in this Code.

2) Basic understanding of responsible corporate behaviour

The Companies consider themselves as part of the society in which they operate. Through their business activities they contribute to their community's wellbeing, promotion and development.

¹ The majority of MGMA's more than 300 member companies are manufacturers, but the organization also includes and welcomes affiliate members, including several design firms, inspection companies, a fashion school & other affiliates.

The Companies shall consider the economic, social and ecological conditions which are directly or indirectly influenced by their business actions. The Companies promote the principles of responsible management, such as transparency, accountability, sincerity and integrity. No form of bribery or corruption practiced by management or workers shall be tolerated. The interests of the company and the private interests of workers on both sides shall be kept strictly separate. The principle of fair and honest dealings with workers, business partners and customers shall be followed at all times and under any conditions. Business contracts shall be honoured, assuming that underlying conditions do not fundamentally change. The Companies preserve the confidentiality of information received as a consequence of any commercial relationships.

3) Respect for human rights

It is the duty of a State/National Government to protect human rights within its borders. It is the responsibility of private enterprise to take all possible and economically feasible measures within their sphere of influence to assume their responsibility to respect human rights. According to the UN Guiding Principles on Business and Human Rights², the Companies strive to avoid violating human rights through their own activities or contributing to a rights infringement by their direct business relationships. Regarding their business activities, the Companies endeavor to exercise due diligence to detect, assess and mitigate risks to human rights. In case of human rights infringements caused directly by the Companies, they shall take necessary and reasonable steps for their remediation. In case of infringements on human rights that are directly related to a company's business activities, including its products or services, the Companies shall use their influence to encourage the responsible actors to mitigate risks or remedy rights violations in the supply chain.

4) Labour rights and working conditions

The Companies uphold the eight core labour standards of the International Labour Organization (ILO)³ and shall commit to create a safe and humane working environment.

4.1 Effective remediation of child labour

The Companies commit to work towards the effective remediation of child labour. Companies agree upon a minimum acceptable working age of not less than 15 years. In order to reduce the

² Based on the concept of human rights defined by the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights At Work.

³ This Code of Conduct is inspired and influenced by the eight fundamental conventions of the ILO which cover:

- Forced Labour (Convention 29)
- Freedom of Association and Protection of the Right to Organize (Convention 87)
- Right to Organize and Collective Bargaining (Convention 98)
- Equal Remuneration (Convention 100)
- Abolition of Forced Labour (Convention 105)
- Discrimination, Employment and Occupation (Convention 111)
- Minimum Age (Convention 138)
- Worst Forms of Child Labour (Convention 182)

risk of hiring under-age workers, the Companies make all reasonable efforts to implement effective age-verification procedures during recruitment. A worker's age must be determined before employment.

Where underage workers are already employed or discovered, the Companies strive to support reasonable remediation measures that promote social integration of children and enable them to enroll in school or alternative education programs⁴.

4.2 Protection of Young Workers and Skills Development

The Companies protect young workers and take reasonable measures for their promotion. Young workers shall not carry out work in dangerous, unsafe or hazardous conditions or work which is harmful to their safety and health. Young workers may not work during night hours and shall avoid working with potentially harmful machines or substances, including (but not limited to) fabric cutting machines or toxic chemicals. Workplace training for the educational benefit of young workers shall be welcomed and encouraged.

4.3 No forced labour

The Companies do not tolerate any form of forced or compulsory labour. Workers shall have sought work on their own free will. All work or service which is demanded under the threat of penalty, violence or intimidation and for which the said person has not offered him or herself voluntarily shall be objected. Workers shall not be required to make any kinds of deposits, such as identity cards or other personal documents or belongings. Their right to resign after the notice period defined by national law must be respected.

4.4 No discrimination in occupation and employment

The Companies do not tolerate any distinction, exclusion or preference made on the basis of race, gender, religion, political opinion, national extraction or social origin, which has the effect of undermining equality of opportunity or treatment in employment or occupation. Moreover, the principle of equal pay for men and women workers for work of equal value shall be respected.

4.5 Freedom of association and right to collective bargaining

The workers' rights to establish and to join work organizations of their own choosing without previous authorization shall be respected and the right to collective bargaining shall be observed.

The Companies adopt an open and collaborative attitude towards the activities of trade unions. Workers' representatives shall be protected against acts of anti-union discrimination in respect of their employment and shall be allowed to carry out their representative functions in the workplace according to national law. The exercise of these rights will neither be subject to retaliation nor impeded.

⁴ Myanmar is regarded by the World Bank as a "Least Developed Country". Educational opportunities and schools for young workers in the garment sector are, unfortunately, often nonexistent. As such, MGMA is strongly committed to supporting underage labour remediation programs and seeking out educational solutions for young workers.

4.6 Humane treatment of workers

Management at all levels treat their workers with respect and dignity and shall not engage in abusive or inappropriate behaviour towards workers. Disciplinary measures may not involve physical punishment or psychological harassment.

4.7 Wages and Benefits

The wage level for regular working hours shall not fall below contractual or legal minimum wage rates.

Wages and benefits are paid on time and disbursed in a way that is convenient for the workers. For each pay period, the Companies provide their workers with written, detailed and understandable information about the composition of their wages. Illegal and unjustified wage deductions, in particular for disciplinary measures, shall not be tolerated.

4.8 Working hours and overtime

The maximum number of regular weekly working hours for the garment industry shall not exceed 44 hours (8 hours per weekday, 4 hours on Saturday), such as defined by national law⁵. Overtime hours are allowed only with permission granted by the Companies and General Labour Law Inspection Department, and as standard practice limited to a maximum of 3 hours per day on weekdays and 5 hours per day on Saturday. However, in order to promote the well-being of their employees, MGMA's members further commit to strive to reduce working hours to a maximum of 60 hours per week as defined by the ILO.

Overtime shall be compensated-at the rates defined by national law.

Workers are granted at least 1 day off every 7 calendar day period⁶. The Companies provide annual paid leave and legal holidays as stipulated by national law.

5) Occupational health and safety

The Companies commit to provide their workers a safe and healthy working environment. In cases where Companies provide dormitories, the same health and safety obligations should apply to those facilities.

Existing laws and regulations regarding safe and healthy working conditions shall always be observed. The Companies adopt reasonable measures that minimize the risks of accidents and health hazards. In particular, personal protective equipment as well as regular trainings on matters of health and safety are provided at no cost to all workers. Adequate ventilation and temperature regulation must be provided. Access to potable water, a canteen area and sanitary toilet facilities shall be granted.

⁵ For textile production ("continuous work") up to 48 hours constitutes the legal regular work week under the 1951 Factory Act. Under this law, up to 12 hours of additional overtime is allowed in textile factories.

⁶ Employees can be asked to work on Sunday, but such work must be compensated at the premium rates required by law and an alternative day off must be substituted such that workers still have at least one day off in seven.

Companies shall appoint at least one designated responsible person in matters relating to occupational health and safety. Prevention, as well as first aid measures in case of emergencies, must be practiced. In emergency situations workers have the right and the duty to leave their workplace immediately and without prior consent. Sufficient emergency exits and escape routes clear from debris must be available at all times, as well as a suitable number of fire extinguishers and other relevant fire suppression equipment.

6) Environmental impact and wastewater management

The Companies are committed to protect the environment and to preserve natural resources. They take all reasonable measures to keep their impact on the environment and the climate as low as possible. This may include the promotion of environmentally friendly and energy-efficient production and the implementation of a waste management system.

Recognizing the precious and fragile nature of Myanmar's rivers and water supplies, MGMA members strongly commit to protecting the local environment. Within washing and dyeing facilities, a robust and suitable procedure for wastewater treatment and testing must be utilized. Further, MGMA's other member companies shall refuse to conduct business with washing and dyeing facilities (in Myanmar or abroad) which fail to put in place effective effluent treatment systems.

Hazardous and toxic substances shall be disposed of only at appropriate and designated waste disposal sites by persons trained in handling such materials.

7) Subcontracting policy

Assuming their responsibility to influence a transparent supply chain, the Companies refrain from unauthorized subcontracting to third parties. Whenever subcontracting workloads, the Companies appeal to these third parties to respect the values and requirements outlined in this Code of Conduct.

8) Adoption and scope of application

The adoption of this Code of Conduct is recommended by MGMA on a voluntary basis. Wherever possible and economically feasible, each Factory shall commit to observe the Code and make every appropriate and reasonable effort to work towards its compliance and to rectify related shortcomings.

The Code of Conduct applies to all business units of the Companies who choose to adopt it. To the extent that this is possible, the Companies appeal to suppliers or subcontractors with whom they have entered contractual relationships to observe the principles set forth in this Code.

9) Corporate Governance for implementation and monitoring of the Code

The Companies shall embed the values and principles of corporate social responsibility into their operative management. To facilitate implementation and monitoring of this Code, the Companies shall put in place suitable management and control systems with clear responsibilities, structures and processes. Transparent and accountable monitoring also means to allow for external controls and to provide procedures for complaints. Suitable preventive and remedial measures shall serve to redress shortcomings of Companies implementing the Code.

The Companies are free to implement as well as internally and externally monitor this Code with the help of suitable stakeholders.

10) Disputes, grievances and complaints

Every worker shall have the opportunity to raise concerns and to complain about factory policies, practices or working conditions. A suggestion box shall be made available within each factory in order to receive anonymous comments. The Companies shall develop other relevant grievance mechanisms for workers at factory level and inform them of such possibilities. Individuals filing complaints shall not be subject to reprisals or disciplinary action of any kind.

Complaints about violations of this Code of Conduct and requests for information may be addressed to MGMA at any time and anonymously, via telephone or in person.

11) Amendments and communication

This Code shall be provided to every factory in Myanmar language and should be prominently displayed at the workplace in highly visible locations. The Companies should communicate, explain verbally and if necessary provide training to workers about the values and principles included in this Code of Conduct.

The Companies shall communicate about this Code of Conduct to their business partners, members of the public, job-seekers and other stakeholders. This Code expresses the core values of Myanmar's garment producers.

To increase visibility of the industry's commitment to the principles set forth in this Code of Conduct, the Code is also made publicly available on the MGMA website.

The Code shall be reviewed annually by the MGMA Board with the possibility of amendments if deemed necessary.

Ratified, January 2015