

## Statement

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Manchester, United Kingdom, April 2023

### Myanmar Disengagement

Mountain Equipment, as part of OSC, has taken the decision to disengage from production within Myanmar and is following the Fair Wear Foundation's guidance<sup>1, 2</sup>, underpinned by the UN Guiding Principle on Business and Human Rights<sup>3</sup>, and the OECD Due Diligence Guidelines for Responsible Supply Chains<sup>4, 5</sup>.

In 2015, the Military was voted out of power when the NLD party had a landslide victory in democratic elections. This sparked a wave of overseas businesses building up their operations in the country. In 2020, there was another general election that the NLD party won. However, the military demanded a re-run of the election, citing irregularities. In January 2021, the military warned that it would intervene, and on February 1st, 2021, they retook power.

We have been closely monitoring the situation in Myanmar, working alongside the Fair Wear Foundation and other brands manufacturing in the country. Unfortunately, conducting human rights due diligence (HRDD) has become quite challenging for us. As a result, we have decided to follow the Fair Wear Foundation's guidance on responsible disengagement<sup>1, 2</sup>, and have decided to withdraw from two factories in Myanmar. This decision was made after careful consideration by our Director team, industry stakeholders, and the management of both factories.

The two factories we work with in Myanmar are privately owned by foreign companies and have no direct affiliation with military groups. Both factories were existing suppliers but moved production from China to Myanmar. We will be completing our final production run with both factories in 2024. Factory A will not produce anything for us after this time, and we will transfer our business with Factory B to their production location in Bangladesh. During this period, we will fulfil all our orders and take ownership of all raw materials.

We have maintained weekly contact with both factories, but due to limitations on visiting the country, we have had differing levels of monitoring for workers' welfare since 2021. However, we maintain a direct business relationship with both factories and have been engaged in detailed discussions with them about the possibility of ending our collaboration. Our factories have provided us with all the requested information in a timely and detailed manner.

Both factories have confirmed that our disengagement will not directly affect their workforce and the production gap is minimal due to the low volume. Additionally, communication has been open and transparent, and both factories have had the opportunity to discuss our disengagement.

Mountain Equipment continues to work with the Fair Wear Foundation, other brands and our suppliers to monitor the situation within Myanmar.

-ENDS-

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<sup>1</sup> Fair Wear's member brand guidance on business in Myanmar – responsible disengagement (April 2023)

<sup>2</sup> Fair Wear's policy on business in Myanmar (October 2022)

<sup>3</sup> [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>4</sup> <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

<sup>5</sup> [https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector\\_9789264290587-en](https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en)