

Since the coup in Myanmar which displaced the democratically elected government of Aung San Suu Kyi in February 2021, there have been many widely reported human rights violations both in the garment sector where Montane operates and in the country at large. The United Nations (UN) continues to condemn the violence in response to the civil unrest which led to civil war, and expresses grave concerns surrounding the repeated extensions of the military enforced State of Emergency. The UN and its Member States, including the UK, support an all-stakeholder approach in promoting a Myanmar-led process, reflective of the will of the people to end the suffering.⁽¹⁾

The decision making process for how to proceed with Montanes' business relationship in Myanmar has been formulated around the workers' rights, health and well-being with reference to UN Guiding Principles⁽²⁾ and OECD Due Diligence Guidelines⁽³⁾. At the start of the coup, Montane made a conscious decision to continue production in order to support continued stable employment for the workers who make our products. This was considered possible as the factory used is a privately owned facility with no links to the military, which is also used by other Fair Wear member brands working towards shared goals. However, in light of the ongoing violence and the extreme violations of human rights present in the country as a result of the military take-over, we feel that it has become impossible to conduct heightened due diligence; we cannot safely or responsibly visit the factory ourselves or in good conscience arrange for external auditors to visit. We have seen an increased number of worker complaints through the Fair Wear grievance mechanism in place at the factory since the outset of the coup. Details of these will be included in our annual Social Report. While our supplier works to make improvements in response to these complaints, the top management and merchandising teams we communicate predominantly with are not based in Myanmar, and as we do not directly employ staff in our manufacturing locations, it can be difficult to verify the situation in the area.

As a result, Montane has been considering responsible disengagement throughout 2022. The decision to responsibly disengage has been taken through talks with the supplier in August 2022, repeated brand consultation with Fair Wear (resulting in their published Business in Myanmar Policy),⁽⁴⁾ through monitoring the advice of other aligned bodies such as the Ethical Trading Initiative⁽⁵⁾ and IndustriALL,⁽⁶⁾ and through our commitment to operate within OECD guidelines and the UN Guiding Principles. In support of the workers and in agreement with the supplier, Montane will fulfil our existing orders, including a final order placed to use up Montanes' material inventory, but have not placed any new orders since our disengagement plans were initiated. We are maintaining our relationship with the factory parent group and some of the production from the Myanmar factory will move to their facility in Viet Nam. Together with the parent group, we have arranged for this new facility to be audited by Fair Wear. The other products which cannot be made at the Viet Nam factory are moved to a factory in Bangladesh who have already worked with other Fair Wear brands for some years. This facility is also subject to the requirements of the International Accord in Bangladesh of which Montane are signatories.

Fair Wear continues to support Montane as we work with the factory and its workers on the disengagement process, including the further development of the responsible disengagement plan. We consider it essential to engage with the workforce and local stakeholders in Myanmar as far as is possible, to ensure that the adverse impacts of the ongoing military presence are minimised.

(1) <https://news.un.org/en/story/2023/03/1134682>. Accessed 20.03.2023

(2) <https://www.business-humanrights.org/en/big-issues/un-guiding-principles-on-business-human-rights/> Accessed 20.03.2023

(3) <http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm> Accessed 20.03.2023

(4) <https://www.fairwear.org/stories/fair-wears-business-in-myanmar-policy> Accessed 20.03.2023

(5) <https://www.ethicaltrade.org/blog/eti-fully-supports-industrialls-framework-principles-responsible-disengagement-myanmar> Accessed 20.03.2023

(6) <https://www.industriall-union.org/framework-for-a-responsible-business-disengagement-from-myanmar> Accessed 20.03.2023