



Shaping a Sustainable Garment Sector in Myanmar

Key Opportunities Built on Local Context

July 2014



About This Paper

BSR believes that **the garment industry has a substantial opportunity** to support and take advantage of the current crucial juncture of economic openness and democratic transition in Myanmar. **Now is the time for business to work proactively and collaboratively with a wide range of stakeholders to establish a comprehensive approach for responsible sourcing in Myanmar.**

About BSR

BSR is a global nonprofit organization that works with its network of more than 250 member companies to build a just and sustainable world. From its offices in Asia, Europe, and North and South America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. Visit www.bsr.org for more information about BSR's more than 20 years of leadership in sustainability.

This paper highlights key opportunities based on local issues currently relevant to the garment industry in Myanmar, as identified during collaborative sector-specific work in the country coordinated by BSR from January through June 2014. By independently publishing this paper, BSR wishes to set out preliminary ideas for a call to action to stimulate much-needed further discussion, partnerships, and programs aimed at building a sustainable garment sector in Myanmar.

The authors would like to thank everyone who contributed to this paper. Any errors that remain are those of the authors. Please direct comments or questions to myanmarresponsiblesourcing@bsr.org.

DISCLAIMER

BSR publishes occasional papers as a contribution to the understanding of the role of business in society and the trends related to corporate social responsibility and responsible business practices. BSR maintains a policy of not acting as a representative of its membership, nor does it endorse specific policies or standards. The views expressed in this publication are those of its authors and do not reflect those of BSR members. Any statements or observations contained herein do not constitute commitments or endorsements of BSR, its members, or any companies and stakeholders consulted through the drafting process of this paper and related initiatives.

Contents

2	About This Paper
4	Executive Summary Key Opportunities Built on Local Context Next Steps
6	Key Opportunities Built on Local Context Fundamental Labor Rights Industrial Relations Health and Safety Community Environment
18	Appendix Methodology List of Stakeholders Consulted Document and Events History Selected References

Executive Summary

This paper is a **preliminary, nonexhaustive** compilation of BSR's observations regarding **opportunities** to advance environmental, social, and governance (ESG) conditions within Myanmar's garment sector.

This paper represents the product of BSR's efforts to:

- » **Understand the specifics of Myanmar's context** through extensive research and triangulation of information shared by local stakeholders.
- » **Gather lessons learned from Myanmar and other countries**, while keeping internationally accepted industry standards in mind.
- » **Identify key issues and opportunities** to stimulate further work and action, both within the industry and with potential partners.

BSR believes that the garment industry has a substantial opportunity to support and take advantage of the current crucial juncture of economic openness and democratic transition in Myanmar. Now is the time for business to work proactively and collaboratively with a wide range of stakeholders to establish a comprehensive approach for responsible sourcing in Myanmar.

Key Opportunities Built on Local Context

BSR recognizes that there is great momentum around Myanmar's garment sector, with a number of initiatives already working in the country (including [BSR's HERproject](#)) to tackle many of the ESG issues outlined in this paper. These activities need ideally be supported by increased garment sector transparency and action in terms of human capital development, community engagement, and contributions to regulatory reform and enforcement. Ultimately, these opportunities also represent tremendous long-term business value because they support and accelerate the development of an efficient and sustainable garment manufacturing sector in Myanmar.

We wish to highlight the following **four key opportunity areas** as crucial for action to support the sustainable growth of Myanmar's garment sector. Further details and additional topics are covered in the main body of this paper.

- » **Strengthen industrial relations:** There is a significant opportunity for garment sector stakeholders to develop the capacity of in-factory human resources to improve industrial relations. The garment sector and its partners should also provide support to institutions, such as the Ministry of Labor, the International Labour Organization (ILO), and local labor rights organizations, to increase awareness, knowledge, and transparency around good industrial relations practices.
- » **Develop modern human resources practices:** Clarity and transparency around internationally accepted standards and modern HR management practices will help enable the establishment of a responsible sourcing environment. In-factory capacity building combined with advocacy for the adoption of relevant internationally accepted industry principles and best practices will boost the ability of Myanmar's garment sector to remain competitive and sustainable in the long term.
- » **Eradicate child labor:** The garment sector has a significant opportunity to foster improved HR recruitment and management practices to prevent children from being engaged in garment factory work in the first place. There is, moreover, a more systemic opportunity to support educational activities, such as vocational training, which can represent a viable alternative to

underage work. Providing Myanmar's future workers with the right skills and knowledge will support value-added growth in the local garment sector.

- » **Secure land rights:** Due diligence to ascertain land tenure through formal documentation verification and on-site community engagement will help ensure that land rights are respected. The garment sector needs further alignment on land rights best practices specific to Myanmar, which can be developed through focus groups and the drafting of guidelines for businesses active in the country's industrial zones.

Next Steps

As outlined in our [Principles of Responsible Sourcing](#), BSR recommends that garment sector businesses considering involvement in Myanmar take the following four steps:

- » Foster **industry-wide dialogue** by exchanging best practices, lessons, and information on the rapidly evolving context in Myanmar.
- » Sustain **engagement with key stakeholders** to inform sourcing practices and identify partners for further collaboration on key issues.
- » Conduct business, dialogue, and stakeholder engagement in a **transparent** manner to enable further accountability for transformation.
- » Activate **sustainability leadership** to foster the continuous improvement of ESG conditions across the sector.

To help companies understand the local dynamics and liaise with key stakeholders, BSR encourages interested parties to join our **Myanmar Responsible Sourcing Working Group**. Participation in the working group represents a unique opportunity for garment sector buyers, suppliers, and stakeholders to shape the industry's future. The group's activities include: roundtables, targeted stakeholder engagement, input into local policy, such as the drafting of the forthcoming national garment sector master plan, as well as the formation of donor and implementation partnerships for targeted in-factory capacity building. For additional information, please feel free to contact us at: myanmarresponsiblesourcing@bsr.org.

Key Opportunities Built on Local Context

Business Leadership for an Inclusive Economy

As the primary engine of the global economy, business has a fundamental role, responsibility, and self-interest in ensuring that the economy works for everyone. For this reason, BSR has kicked off Business Leadership for an Inclusive Economy, an initiative that catalyzes business action to enable and empower all segments of society to meet their needs, shape their futures, and achieve their potential.

In doing so, business can help build a more resilient economy that is capable of withstanding and mitigating financial, social, economic, and environmental shocks, and creating the conditions for healthy, thriving companies. For more information, visit www.bsr.org/en/our-insights/bsr-insight-article/business-leadership-for-an-inclusive-economy.

Following our initial research and in-country consultations, BSR identified five broad target areas: labor, industrial relations, health and safety, community, and environment. We explore below the key issues related to each of them that are most material to the sustainable development of Myanmar's garment sector.

Fundamental Labor Rights

NONDISCRIMINATION

The current national reconciliation and ethnic peace process provides an opportunity to further develop legislation, policies, and practices aimed at fostering a truly inclusive economy and society. However, religious and ethnic tensions periodically mount at both the national and regional levels in Myanmar. Workers and other stakeholders have reported discriminatory practices—especially during hiring and wage setting or payment.

Business operations should under all circumstances be guided by the principle of equality of opportunity and treatment, and nondiscrimination on such grounds as ethnicity, gender, religion, political opinion, age, pregnancy, sexual orientation, disability, union affiliation, or other personal status. Moreover, workplaces should be free of harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse of workers, and threat of any such treatment. Disciplinary policies and procedures in support of these requirements should be clearly defined and communicated to workers.

To ensure that business adheres to these internationally accepted industry standards in the context of Myanmar's emerging garment industry, we set out these preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are present in Myanmar for garment sector players and potential partners to advance ESG conditions.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
» Support capacity-building efforts for factory HR departments to strengthen nondiscrimination principles and adapt implementation practices.	» Advocate for and support policy aiming at translating generic constitutional principles of nondiscrimination, respect, and equal opportunity into specific, detailed laws enforceable at the workplace.
» In the context of developing nondiscriminatory hiring and labor policies and practices, garment sector stakeholders need to ensure that migrant workers have the same rights as local employees without distinction.	» Support programs that aim to integrate principles of nondiscrimination at all levels of society, both inside and outside the factory walls.
	» Explore the development and role of mobile communications devices and infrastructure as a means to provide workers with voice mechanisms to report episodes of discrimination or rights violations.

ERADICATING CHILD LABOR

Every child has the right to be protected from economic exploitation and from performing any work that could interfere with the child’s education and physical, mental, spiritual, moral, or social development. In accordance with the UNICEF (UN Children’s Fund) Convention on the Rights of the Child, anyone younger than 18 is considered a child. ILO Conventions 138 and 182 clearly set out the minimum age and conditions for employing young workers, with local regulations, company codes of conduct, and other laws often setting stricter limits aimed at protecting children.

Experience in other markets has shown that international brands can play a significant role in eradicating child labor and ensure compliance with these internationally accepted industry standards. Business has a significant opportunity to shift the national mind-set and practices through mitigation strategies that look beyond factory walls and address more systemic issues, such as many families’ lack of stable income and many workers’ low levels of technical skills. The approach business takes to eradicate child labor can be designed to combat the country’s historical underinvestment in public healthcare and education and the related chronic poverty that results in underage labor.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding that BSR believes are material actions that could contribute to the eradication of child labor.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Maintain wide stakeholder engagement to assess the prevalence of child labor in the garment sector, as well as identify locally appropriate mitigation strategies. » Support factory management to build a multistakeholder screening mechanism with a locally relevant means of age verification to help ensure children are not employed in Myanmar’s garment sector. » Help facilitate appropriate remediation in case child labor is found, in accordance with case-by-case evaluations of the best interests of the children and families involved. 	<ul style="list-style-type: none"> » Support the government’s efforts to define the parameters of child labor by harmonizing the existing laws with international conventions. » Develop specific policies and programs to address children’s needs, e.g., exploring the possibility of establishing vocational training as a complement to other forms of education and as a viable alternative for those children who previously worked in the garment sector.

FREELY CHOSEN EMPLOYMENT

The joint progress made by the government and the ILO on establishing a forced labor complaints process is worth recognition and continued support by garment sector stakeholders. Establishing such a process is an important step in eradicating the forced labor violations that Myanmar’s people have suffered in the past few decades.

To meet internationally accepted industry standards, it has to be secured throughout the garment sector that forced, bonded, or involuntary prison labor is unacceptable, and freedom of movement should be guaranteed at all times.

Workers should never be required to lodge their ID papers or deposits of any form with an employer and should be free to leave the workplace (including a dormitory, if provided) with an agreed-upon, reasonable notice period. The ILO considers all forms of compulsory overtime as forced labor. Both migrant and local workers employed through an agent or contractor are the responsibility of factory owners and other business partners and are thus covered by all applicable laws and international standards.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to ensure freely chosen employment for workers in Myanmar.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Work alongside existing ILO and government efforts, engage with more stakeholders, and further evaluate the prevalence of forms of forced labor in the garment sector, with a specific focus on migrant workers and other minority groups. » Advocate for the extension of disclosure requirements on hiring and contracting practices to all garment sector supply chain partners, including subcontractors, if applicable. 	<ul style="list-style-type: none"> » Support the development of Myanmar-specific grievance mechanisms, and determine a clear threshold at which remediation processes are warranted (e.g., cases of unpaid compulsory overtime).

Industrial Relations

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The recent enactment of Myanmar’s Labor Organization and Labor Disputes Settlement laws represents the first critical step to provide legal grounding for the right to freely associate and collectively bargain, as these were not recognized in Myanmar between 1962 and 2012. Further efforts are needed to support more transparent and efficient means of worker representation, combined with the active participation of factory management and owners in constructive negotiations. Additionally, further collaboration and resources are needed to ensure that an effective system of multistakeholder industrial relations is established in Myanmar.

In order to move expeditiously toward meeting internationally accepted industry standards, all sourcing partners must respect the right of workers to freely and peacefully associate, must facilitate and not hinder processes of collective bargaining, and must honor all decisions of official and legitimate arbitration bodies. Employers must communicate all the steps they take to address labor grievance procedures in a transparent and timely manner.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to support freedom of association and collective bargaining in Myanmar.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Strengthen awareness of freedom of association and collective bargaining rights by partnering with the ILO, labor unions, government entities, and broader civil society. » Encourage and develop programs to foster open communication and direct engagement between workers and management at production locations within the garment sector supply chain, primarily through well-functioning workers' committees. » Support broader social dialogue programs at the factory level in partnership with the ILO and select stakeholders. 	<ul style="list-style-type: none"> » Support the development of efficient formal and informal grievance mechanisms to ensure rights violations are addressed in a timely manner and by the relevant authorities. » Support the government to harmonize all national and local legislation to enable further means for workers to freely and peacefully associate, including considering revising current laws upon wider stakeholder consultation. » As part of the broader industrial relations framework, promote workers' active participation in multistakeholder dialogue by helping to build capacity and awareness of roles and responsibilities through targeted programs.

FAIR WAGE PAYMENT, CONTRACTS, AND BENEFITS

Workers should be provided with the best possible wage commensurate with their skills and the economic position of the enterprise they work for, subject to a minimum income that should at least satisfy basic needs (including those of their immediate family dependents). Overtime should never be compulsory and should be compensated at higher rates than a worker's base salary. Deductions from wages as a disciplinary measure are prohibited. All workers shall moreover be provided with a clear written contract in the local language outlining their rights and obligations, as well as a clear and detailed breakdown of their monthly salary components and deductions, including a transparent listing of the payment of all applicable taxes and social security contributions.

Such internationally accepted industry standards and transparent, fair wage payments are a high priority for responsible buyers and stakeholders alike.

While the government is making efforts to define regional- and sector-specific minimum wages, many stakeholders have expressed doubts over the timeliness and enforceability of such a complex system, including the prospect for timely revisions. There is not yet an official minimum wage for private sector workers in Myanmar. Many stakeholders we consulted and the Parliamentary Commission

(set up in June 2013) reporting on factory conditions have also remarked that attendance and other bonuses are often not transparently paid; they agree that these bonuses should either be applied fairly or progressively phased out to protect employees' human and legally mandated rights.¹

Consequently, developing standards for paying workers, including periodic revisions to salary grids, with clear links between wages paid and skills, productivity, qualifications, performance, etc. (independent of absolute wage levels) is crucial.

Another avenue to address wage levels can be their fair negotiation as part of the industrial relations framework outlined in the preceding section.²

Additionally, the table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to supporting fair wage payment, contracts, and benefits.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Work with all sourcing partners to clarify overtime and benefits payment schedules. Wage levels are independent of these schedules and can be negotiated through a fair system of industrial relations (see earlier section), subject to a minimum safety net set by law. » Develop capacity-building programs at the factory level to support understanding of new laws and best practices, and develop modern HR management policies and tools to facilitate sustainable business relationships with global buyers. 	<ul style="list-style-type: none"> » Support the government, civil society, and nascent insurance sector to establish and provide appropriate social security mechanisms and other safety nets aimed at increasing labor security. » Enable the creation of a database and platform for the efficient sharing of HR best practices and updates on the evolution of regulations. This information could be incorporated into the database of member factories that the Myanmar Garment Manufacturers Association (MGMA) is designing.

¹ This recommendation is consistent with the standard outlined above, that is, that wage deductions (or the threat of withholding potential pay) for disciplinary measures should be prohibited.

² Once minimum wage levels are established by the committee set up by the 2013 Minimum Wage Law (most probably after September 2014), such minimum wages shall represent the minimum ("safety net") level designed to meet basic needs, as outlined in the accepted standards section above. This approach is compatible with the possibility of higher wage levels being negotiated as part of a fair industrial relations framework, as well as the development of a fair basis for the payment of wages as outlined above.

WORKING HOURS CONSISTENT WITH OPTIMAL PRODUCTIVITY

As the Myanmar garment sector modernizes, its technology and efficiency will improve, which will allow workers to be more productive. Achieving optimal productivity will allow the industry to align its workers' schedules with legal standards.

To further advance, Myanmar's regulations governing working hours should be harmonized to reflect internationally accepted standards. Improved enforcement and application can offer prospective garment sector investors and buyers appropriate guidance.

Across the industry, it is widely recognized that poor management of labor utilization may lead to excessive working hours and negative health impacts on workers, which can, in turn, lead to lower productivity, higher employee turnover, and increased injury and illness. The Ethical Trading Initiative (ETI) Base Code provides an example of the most widely accepted standard for this issue.³

Additionally, the table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to achieve working hours that are consistent with optimal productivity.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Support factory management to put mechanisms in place to track working hours and ensure that payment of wages is fair and transparent. » Increase communication and foster buyer-supplier communication and collaboration to ensure that orders do not result in excessively skewed peak and trough production seasons. » Support factory management to measure and evaluate the impact of changes in HR and production policies and practices on productivity and workers' health, to build a clear business case for more balanced working hours. 	<ul style="list-style-type: none"> » Support the government and stakeholders to ensure that laws and standards related to working hours—and to all working conditions more broadly—be harmonized and not compromised by any kind of exceptional or special arrangements, including avoiding the creation of double standards within Myanmar's special economic zones. » To increase efficiency and reduce working hours, support the development of localized training curricula and pedagogical methods. Training should be conducted widely within this and other industries to complement Myanmar's regular education system and ensure that manufacturing contributes to the long-term skills development of the country's human capital.

³ See the ETI Base Code: www.ethicaltrade.org/resources/key-eti-resources/eti-base-code.

Health and Safety

WORKER PROTECTION

Industry and other stakeholders need to support the government's efforts (especially through the Factories and General Labor Laws Inspection Department) to strengthen health and safety standards in Myanmar's industrial zones.

Additional collaboration and resources will help lift standards, conditions, and practices toward a safe, hygienic workplace that represents an intrinsic good for society and enhances the quality of products and services, consistency of production, and worker retention and morale. Industry actors must therefore establish and implement policies and programs to protect workers from exposure to chemical and physical hazards in the workplace and in any company-provided living quarters.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to ensure that measures to protect workers meet internationally accepted industry standards.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none">» Support investment in appropriate informational materials, signs, and standard operating procedures (SOPs), all written in the local language, in addition to well-maintained personal protective equipment (PPE), as per international standards.» Cooperate with the relevant authorities to apply existing regulations and provide input to facilitate the enactment of the national Health and Safety Law, now in the drafting phase.	<ul style="list-style-type: none">» Support the local capacity to assess, train, and educate factory management and workers on internationally accepted occupational health and safety standards (including best practices for their optimal implementation).» Support efforts to create a database for the efficient sharing of health- and safety-related information and inspections results, ensuring that workers' input is included and information is transparently made available to stakeholders.

BUILDING AND FIRE SAFETY

The government's current effort to draft a provisional National Building Code in cooperation with expert stakeholders is important and deserves further support in order to continue to improve fire and building safety conditions.

The sector agrees that industry actors must extend to all their workers the right to refuse to work in hazardous conditions, including buildings that they deem unsafe, without punishment or loss of (potential) compensation. Moreover, there should be clear communications channels in place to ensure safety issues are rapidly escalated to management and relevant authorities for timely, effective remediation. Factory management and owners are held accountable for any violation of the prevailing national and international standards, and they are responsible for ensuring that employees regularly undergo emergency evacuation and fire prevention drills.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to ensuring building and fire safety for Myanmar’s garment industry.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Prepare for the National Building Code’s implementation phase by conducting preliminary safety inspections, and aim to engage workers as much as possible in the process of building safe workplaces. » Ensure that fire safety signs and procedures are in place (clearly posted and communicated in the local language). 	<ul style="list-style-type: none"> » Explore opportunities, analyze risks, and understand the extent of the investments needed to build a collaborative, accountable, and transparent mechanism to prevent fires and strengthen building safety standards. » Adopt and implement emergency plans and response procedures to reduce the risk of disasters (including involving the national Fire Services Department and boosting its capacity to respond in case of fire, accidents, or other calamities).

WORKER HEALTH

In the past in Myanmar, the national government’s healthcare spending has been low by international standards, resulting in large gaps in terms of healthcare infrastructure, medical staff training, and general knowledge and awareness of health issues. Given that the majority of garment factory workers are women, the garment sector has a critical opportunity to highlight gaps in knowledge and access to healthcare specifically related to women’s health issues, including maternal and neonatal care, to achieve a healthy, prosperous workforce, which in turn is beneficial to business and society.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to promote worker’s health in Myanmar.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Support efforts to ensure that the legally mandated factory clinics are staffed by qualified medical personnel who are present during factory operating hours (including any overtime hours) and equipped with the necessary tools and medication. » When a dormitory is present, enable first-aid training for one or more security guards on after-hours duty, and ensure that workers know about and have access to nearby health centers and/or hospitals. 	<ul style="list-style-type: none"> » Seek local, collaborative opportunities and programs to facilitate health training, targeted in particular to women workers. Work with factories to ensure that such training is integrated into factories’ HR policies and management systems. » Support further investment in water and sanitation infrastructure both within and around factories.

Community

DECENT LIVING CONDITIONS

Myanmar has been experiencing rapid development. Workers seeking jobs have spurred a significant internal migration to new industrial zones. Focusing on the living conditions in these new areas is important to counteract the expansion of large slum and squatter areas surrounding industrial zones, where living standards are low by international health, safety, and sanitation standards.

It is in the garment sector's best business interests to ensure that it can retain the workforce over the long term by making sure they live in safe, prosperous communities.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to promoting decent living conditions.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
» Understand the communities in which garment sector supply chains operate by keeping an open dialogue with local civil society and community representatives, as well as conducting community impact assessments specific to living conditions and sanitation (this is aligned with the United Nations Guiding Principle on due diligence).	» Facilitate greater investment in the assurance of clean and safe accommodation for garment factory workers (including factory-provided dormitory facilities, where needed). » Focus on improving the availability, efficiency, and safety of public and/or factory-provided transport, which has been found to be a difficulty for workers, especially women and migrants. » Collaborate with other industries active in industrial zones, especially on advocating for the implementation of systemic solutions that would prevent slums from arising in the first place.

SECURING LAND RIGHTS

The political and legal transitions in Myanmar are allowing the important issues of land rights to be reexamined. Insecure land tenure has had well-known socioeconomic implications on Myanmar's people, especially migrant garment workers and their families coming from agricultural areas.

Industrial zones and special economic zones, where most garment factories are located, have generally been created from farmland since 1988, during the now-defunct military regime. Therefore, the land that factories occupy may not have been acquired in line with international practices, nor can its acquisition be viewed as past history, particularly as post-1988 land seizures are a focus of a Myanmar parliamentary committee. Businesses involved with processes entailing land acquisition need to establish the history of their factory site at least back to 1988 through research and community engagement.

Should resettlement of resident peoples be required for business purposes, such procedure should fully comply with the principles of free, prior, and informed

consent. The IFC (International Finance Corporation) Performance Standards (especially 5 and 7) set guidance regarding land acquisition and transfer.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to helping secure land rights in Myanmar.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Communicate to existing and potential business partners clear expectations for processes that entail factory land acquisition. » Conduct due diligence on land tenure for factory sites and surrounding areas. Formally, companies must check all available documentation, but it is important for them to engage thoroughly at the community level to flesh out their picture of land tenure history, especially from 1988 onward. 	<ul style="list-style-type: none"> » Extend support to the government for the implementation of harmonized legislation on matters of land rights protection and assurance of effective mechanisms for redress and compensation. » Collaborate further with stakeholders to enable the establishment of remediation guidelines for land that is found to be the subject of land rights disputes.

ZERO TOLERANCE FOR CORRUPTION

The economic and democratic transitions in Myanmar present both a challenge and an opportunity in the fight against corruption and graft, which remain pervasive at all levels of society and bureaucracy in the country. In particular, existing laws governing foreign investment often mandate that business be conducted in partnership with local companies and that their representatives can enable the development of a transparent, accountable business culture.

There is no question that garment sector sourcing partners shall abstain from all forms of bribery, avoiding giving or promising facilitation payments or other benefits—however small—in exchange for the actual or suspected potential performance of improper activities.⁴

⁴ See definition provided by the UK Bribery Act 2010.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to enforce a zero tolerance approach to corruption.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Conduct extensive stakeholder engagement to help de-institutionalize all forms of corruption. » Support a general increase in the levels of transparency and disclosure of all relevant practices and payments within the sphere of control of garment sector buyers and suppliers, especially when required by existing or forthcoming legislation aimed at preventing corruption. 	<ul style="list-style-type: none"> » Build capacity to ensure that bureaucratic processes and institutions are further streamlined to discourage corrupt practices. Support the strengthening of transparency, including the establishment of efficient electronic platforms for data storage and sharing to boost reliance on rules and systems rather than on individuals in positions of power. » Support the role of the judiciary system to meet society’s demand for good rule of law.

Environment

The rapid development of the Myanmar garment sector highlights the needs for comprehensive environmental regulations to safeguard the country’s considerable environmental assets. Stringent environmental standards are necessary to enable the environmentally responsible development of a comprehensive garment value chain in Myanmar, including sourcing of raw materials, milling, dyeing, manufacturing, packaging, and other processes that can enhance the industry’s value, level of employment, and sophistication. However, the country’s lack of comprehensive environmental regulations has prevented the industry from focusing on its potential negative environmental impacts.

Therefore, on the international level, the industry agrees that it should proactively seek to minimize negative impacts on the environment, biodiversity, and ecosystems. This task entails ensuring that sourcing partners fully adopt accepted international policies and standards governing mitigation and remediation of environmental impact. At minimum, businesses must obtain all legally required environmental permits for each garment sector–related facility.

The table below outlines some preliminary, nonexhaustive, nondefinitive, and (at times) aspirational observations regarding the opportunities that BSR believes are material to ensure minimal environmental impact.

Potential Opportunities for Action and Partnerships	
Garment Sector Action	Partnership Opportunities
<ul style="list-style-type: none"> » Adopt international environmental standards, while ensuring localized solutions are implemented through consultation with the communities involved. » Ensure the translation of SOPs into local languages. » Apply internationally accepted water source mapping and wastewater treatment standards to facility evaluations and management. » Apply internationally accepted solid waste management standards. » Promote an internal culture of reduce, reuse, and recycle, which aligns business and environmental interests. 	<ul style="list-style-type: none"> » Support further work to turn drafts into enforceable laws and regulations for water management. » Put in place a shared energy and water efficiency plan. A similar program could also be developed for solid waste management and disposal. » Develop innovative, cost-effective solutions to promote good chemical and water practices, including milling, dyeing, washing, etc. Do so in collaboration with local stakeholders, and apply lessons learned in other countries, including the application of internationally accepted relevant standards and guidelines. » Support investments in energy-efficient equipment and new technology (e.g., lighting, ventilation, and sewing machines). » Welcome and support the involvement of the World Bank in the financing of electricity infrastructure, including renewable energy sources. » Support the development of good transport infrastructure to shorten transit times. » Support wider engagement of stakeholders for the formulation of national and local strategic plans and laws for solid waste management and other types of emissions, elevating awareness among decision-makers, as well as the general public.

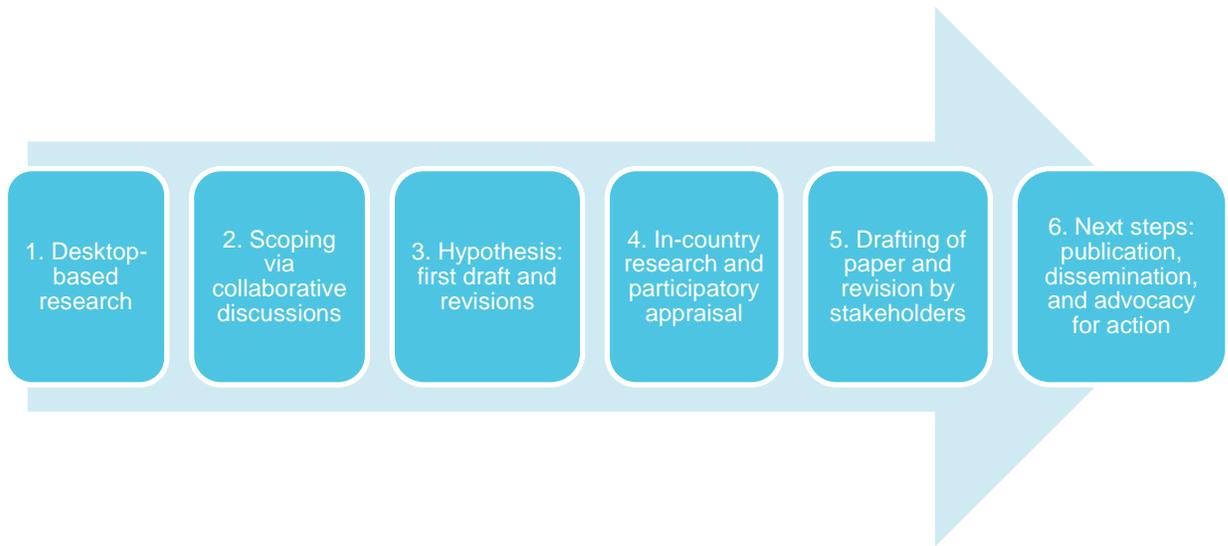
Appendix

Methodology

This paper is based on a literature review and the lessons learned and best practices shared by representatives of garment sector stakeholders during a series of in-person and virtual meetings facilitated by BSR, as well as findings from an in-country consultation with key local stakeholders. (See the “Document and Events History” section below for a complete list of these sessions.)

We followed the precepts set out in the [Principles of Responsible Sourcing](#) BSR has published: continuous improvement, dialogue among industry players, stakeholder engagement, and transparency.

This figure illustrates our methodological flow:



List of Stakeholders Consulted

LOCAL INSTITUTIONS AND ORGANIZATIONS

1. Ministry of Labour: Factories and General Labour Laws Inspection Department (MoL/FGLLID)
2. Myanmar Garment Manufacturers Association (MGMA)
3. Federation of Trade Unions of Myanmar (FTUB/M)
4. Labour Rights Defenders and Promoters Network (LRDP)
5. Action Labour Rights (ALR)
6. 88 Generation Peace and Open Society
7. Pyoe Pin
8. HamsaHub
9. KT Care Foundation

LOCAL FACTORIES

1. Myanmar S.M.C. Garment Limited (Myanmar-Thai joint venture)
2. Maple Trading Company Limited (locally owned)
3. Startex Manufacturing Co. Limited (Taiwanese-owned)

INTERNATIONAL BUYERS

1. Gap, Inc.
2. H&M
3. Marks & Spencer

INTERNATIONAL ORGANIZATIONS

1. ILO Myanmar Liaison Office
2. Myanmar Centre of Responsible Business (MCRB), Myanmar representative of the Institute of Human Rights and Business (IHRB) and Danish Institute for Human Rights (DIHR)
3. Swedish International Development Cooperation Agency (SIDA)
4. Oxfam Myanmar

Document and Events History

No.	Date	Event	Details
1	January 16, 2014	Kick-off	In person in BSR's Hong Kong office
2	January 28, 2014	Follow-up webinar	Assessing materiality of specific issues to Myanmar and the garment sector
3	February 12, 2014	Draft 1.0	Draft submitted by BSR for stakeholder review
4	February 20, 2014	First virtual meeting	Discussion of Draft 1.0
5	March 10–14, 2014	In-country consultation	Meeting with stakeholders, discussions, and alignment
6	March 26, 2014	Draft 2.0	Draft 2.0 submitted by BSR for stakeholder review
7	May 8, 2014	Second virtual meeting	Discussion of Draft 2.0
8	May 30, 2014	Draft 3.0	Draft 3.0 submitted by BSR for stakeholder review
9	June 25, 2013	Third virtual meeting	Finalization of paper
10	July 2014	Publication	Live on BSR's website

Selected References

- Asia Monitor Resource Centre et al., “Occupational Safety and Health Training for Burmese Garment Workers,” March 2005.
- BSR, “Protecting the Rights of Garment Factory Workers: A Train-the-Trainer Resource,” Levi Strauss Foundation, 2011.
- Business and Human Rights Resource Centre, “Myanmar Briefing,” August 2013.
- DLA Piper, “Myanmar Rule of Law Assessment,” March 2013.
- Electronics Industry Citizenship Coalition, “Code of Conduct V4.0,” 2012.
- Ethical Trading Initiative, “Base Code,” latest revision, 2013.
- , “Principles of Implementation,” February 2009.
- German Agency for International Cooperation, “Sustainability Strategies for Doing Business in Emerging Markets: The Case of Myanmar,” September 2012.
- Government of Myanmar, The Child Law, July 1993.
- , The Labor Organization Law, October 2011.
- , The Minimum Wage Law, March 2013.
- , The Settlement of Labor Disputes Law, March 2012.
- , The Social Security Law—Draft, 2012.
- Impactt, “Project Support for the Myanmar Garment Sector Development Programme Pyoe Pin,” November 2013.
- Institute for Human Rights and Business, “Responsible Investment in Myanmar’s Garment Sector—Summary of Meeting at the ILO Geneva,” March 2013.
- , “Submission to the U.S. State Department on U.S. Reporting Requirements on Responsible Investment in Burma,” October 2012.
- International Finance Corporation, “Guidance Notes: Performance Standards on Environmental and Social Sustainability,” January 2012.
- , “Performance Standards on Environmental and Social Sustainability,” January 2012.
- International Labour Organization, “Decent Work in Myanmar—ILO Programme Framework, November 2012 to April 2014,” November 2012.
- , “Freedom of Association Newsletter,” June 2013.
- , “Joint Government of the Republic of Union of Myanmar/International Labour Organization Strategy for the Elimination of Forced Labour,” March 2012.
- International Organization for Migration and Asian Research Center for Migration, “Assessing Potential Changes in the Migration Patterns of Myanmar Migrants and Their Impacts on Thailand,” December 2013.
- Jones Lang LaSalle, “Myanmar Property Investment Guide,” 2013.
- Keane, J., and D. W. te Velde, “The Role of Textile and Clothing Industries in Growth and Development Strategies,” Overseas Development Institute, May 2008.
- Kudo, Toshihiro, “Myanmar: Promised Growth with Restored Market Access?” Chapter 8 in *The Garment Industry in Low-Income Countries: An Entry Point of Industrialization*, edited by Takahiro Fukunishi and Tatsufumi Yamagata, IDE-JETRO, 2012.

- , “Myanmar’s Apparel Industry in the New International Environment—Prospects and Challenges,” IDE Discussion Paper, no. 430, September 2013.
- Myanmar Centre for Responsible Business, “Sector-Wide Impact Assessment Approach,” August 2013.
- Myanmar Fire Brigade, “Guidelines by the Focal Ministry for Fire and Disaster Management,” 2011.
- Myanmar Legal Ltd., “Doing Business in Myanmar,” June 2013.
- Myanmar Parliamentary Commission, “Report on Factories,” April 2013.
- OECD, “Guidelines for Multinational Enterprises,” 2011.
- , “Investment Policy Review of Myanmar,” October 2013.
- Oo Hlaing, L. L., “Current Experiences on Social Security Scheme in Myanmar, 2012.
- PwC, “Myanmar Business Guide,” August 2012.
- Rieffel, L., and J. W. Fox, “Too Much, Too Soon? The Dilemma of Foreign Aid to Myanmar/Burma,” Nathan Associates Inc., March 2013.
- Sustainable Water Group, “Water Quality Guidelines,” BSR, June 2010.
- The Coca Cola Company, “Responsible Investment in Myanmar,” December 2013.
- UNICEF, “Children Are Everyone’s Business—A Guide for Integrating Children’s Rights into Policies, Impact Assessments, and Sustainability Reporting,” December 2013.
- UN Office of the High Commissioner for Human Rights, “Guiding Principles on Business and Human Rights—Implementing the United Nations ‘Protect, Respect, and Remedy’ Framework,” 2011.
- U.S. Department of State, “Responsible Investment Reporting Requirements,” July 2012.
- Various authors, “Labor Unions: A Study of Labor Conditions in Yangon’s Industrial Zones, 2012-2013—Modern Slavery,” April 2013.
- Women and Child Rights Project, “Children for Hire—A Portrait of Child Labor in Mon Areas,” November 2013.