



CSR REPORT 2019

2019 Social Responsibility Report



Contact information of China headquarter :
Address: Handa Industrial Park, DongBeitang,
Xishan District, Wuxi, Jiangsu, China
TEL : (0086) 0510-83776888
E-mail : handa@handa.com.cn

Contact information of Handa Enterprise (Myanmar) Garment Co.,Ltd. :
Address:Shwè Lin Ban Industrial Zone, Hlaing Thar Yar District,
Yangon Region, the Republic of the Union of Myanmar.
TEL : (0095) 01613934
E-mail : handa@handa.com.cn

HANDA ENTERPRISE (MYANMAR) CO. LTD.



SUSTAINABLE DEVELOPMENT GOALS

	1 NO POVERTY: End poverty in all its forms everywhere.		10 REDUCED INEQUALITIES: Reduce inequality within and among countries.
	2 ZERO HUNGER: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.		11 SUSTAINABLE CITIES AND COMMUNITIES: Make cities and human settlements inclusive, safe, resilient and sustainable.
	3 GOOD HEALTH AND WELL-BEING: Ensure healthy lives and promote well-being for all at all ages.		12 RESPONSIBLE CONSUMPTION AND PRODUCTION: Ensure sustainable consumption and production patterns.
	4 QUALITY EDUCATION: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.		13 CLIMATE ACTION: Take urgent action to combat climate change and its impacts.
	5 GENDER EQUALITY: Achieve gender equality and empower all women and girls.		14 LIFE BELOW WATER: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
	6 CLEAN WATER AND SANITATION: Ensure availability and sustainable management of water and sanitation for all.		15 LIFE ON LAND: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
	7 AFFORDABLE AND CLEAN ENERGY: Ensure access to affordable, sustainable, and reliable modern energy for all.		16 PEACE, JUSTICE AND STRONG INSTITUTIONS: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
	8 DECENT WORK AND ECONOMIC GROWTH: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.		17 PARTNERSHIPS FOR THE GOALS: Strengthen the means of implementation and revitalize the global partnership for sustainable development.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.		

HANDA IS LIKE THE SEA

Handa is like the sea. Only the sea can be so broad-minded to embrace all rivers and streams, and purify the polluted into clear water. That is why however difficult, the rolling Yangtze River, the turbid Yellow River, and the sluggish trickle of water vie with each other in rushing into the sea. They converge into an unparalleled spectacular with everlasting flowing green water!

Once they converge into the sea, every member will be closely together, forming a united whole on very intimate term. They follow the sea's principle and firmly struggle for the same goal, even if it means death. Therefore, there is the magic of the sea liberating.

The sea quietly does selfless dedication year after year. This is why it has been widely praised. It is its spirit of "creation without attachment, working without credit", and asking for nothing that helped the sea to achieve eternal existence. And this offers a perpetual living environment to all the creatures in the sea.

Handa should act like the sea. Since it has defined the magnificent goal as the sea, Handa should be open-minded like the sea. We should not only embrace the talents from all corners of the country, but also possess the self-purification ability as the sea, so as to enhance and sublimate the quality of each individual in such atmosphere. Members of Handa should be capable, not redundant or mediocre, because the development of Handa needs the support and assurance of talents in various fields.

We should unite all the members together in Handa to burst out our strength as powerful as the sea. This depends on a spirit of enterprise which we have always advocated---innovation, integrity, unity, responsibility. When we work together with one heart, we should forget we are separated individuals. And our value should be judged by our contributions, not only diplomas. In this way, lots of incredible in our hands can be reality, and the huge wave of Handa will break through all the obstacles and rolling forward!

We should make our contribution to the community and mankind like the sea. Like the sea, Handa would own its eternal existence. And every individual in Handa will receive generous rewards for their efforts to bring great benefits for the enterprise, and their outstanding contributions to the society. Thus, Handa will unite to be a whole with the community.

Handa is like the sea.

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United Nations' Sustainable Development Goals Table

REPORT PROFILE

This annual report is the third corporate social responsibility report of Handa Enterprise(Myanmar) Co., Ltd.

The main body of the report:Handa Enterprise (Myanmar) Co., Ltd.

Explanation: In this report"Company" and "We" refer to Handa Enterprise (Myanmar) Co., Ltd.The corresponding data and facts belong to Handa Enterprise (Myanmar) Co., Ltd.

Time period: January 1st, 2019 to December 31st, 2019, including some historical datas.

Reporting period: The company releases reports about the previous year's fulfillment of social responsibilities annually.

Compilation principles: Objective, standardized, honest and transparent.

Content: The company's performance of economic, environmental and social responsibilities.

Sources of Information: The data and cases in this report are from Handa Enterprise (Myanmar) Co., Ltd. unless indicated otherwise.

The report refers to: The United Nations' Sustainable Development Goals (SDGs 2030). It also refers to the China Textile Industry Federation's "Outline for the Sustainable Development Report of China Textile and Garments(CSR-GATEs)", the performance involved is measured, evaluated, and stated.

Report preparation: This report was organized and prepared by the Enterprise Management Department, reviewed by the Corporate Social Responsibility Leading Group, and approved by the Chairman of the company.

Getting this report: Website:www.handa.com.cn

MESSAGE FROM THE PRESIDENT

In 2019 Handa Enterprise (Myanmar) has achieved a further progress. During the year, the second CSR (Corporate Social Responsibility) report was published. The document fully interprets Handa' s oversea development philosophy, and promotes sustainable development with new concept, new vision and new method based on the 17 Sustainable Development Goals announced by the United Nations.

With the joint efforts of Chinese and Burmese employees and the support from the community, Handa Enterprise (Myanmar) Co., Ltd., had become a successful and continuously developing project. In October 2019, the third Myanmar garment factory had officially opened and started production.Thearea of the factoryis 16,000 sqm, which can accommodate 35 assembly lines and 1,500 employees. In November, the Myanmar knitting and dyeing factory had started the infrastructure. At the same time, the construction of the fourth Myanmar garment factory had finished and the factory was ready for recruitment and production afterwards. During the year, the second Myanmar garment factory was ready for renovation. The Factory 2 project was aimed to efficiently use the factory area and increase the number of sewing lines. After renovation, the sewing lines will be increased to a total of 82 lines, and the number of employees will be 3800 in total. Overall, Handa' s production capacity will be sufficiently increased and the development is booming.

We always abide by the rules and regulations in the business management, constantly standardizing corporate governance, strengthening risk management and social responsibility management of suppliers,protecting the rights and interests of employees, carrying out charitable public welfare activities, and taking responsibility for the environment, society and stakeholders. At the same time, we have integrated our development philosophy on the basics of the United Nations' sustainable development goals, contributing to the achievement of the 17 goals through diversified activities.

The good social responsibility practice and sustainable development concept have promoted the development of Handa Enterprise (Myanmar) Co., Ltd., and received recognition of more and more customers, and become the invisible asset of the company.

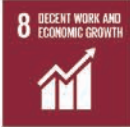









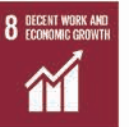
This year, we prepared the third annual social responsibility report of Handa Enterprise (Myanmar) and released it to the public. We solemnly promise that the data and information involved in this report came from the development facts of Handa Enterprise (Myanmar) in 2019, and is true and accurate. We are willing to accept supervision from relative sectors and continue to improve.

In 2020, we will continue to adhere to the United Nations' sustainable development goals and social responsibility. We would integrate the Sustainable Development Goals into company management. We would advocate, practice and influence supply chain partners to follow the path of green and low-carbon development and jointly support the goal of sustainable development.









Setting Goals

Setting Goals for 2020

Aspects	Goals	Corresponding United Nations' Sustainable Development Goals
Company Management	<ul style="list-style-type: none"> Increasing investment , production capacity and recruitment of staff From a simple CMT company gradually into the self import and export company Strengthening quality management and focus on quality control of each process Improving production efficiency, optimize process, control materials Controlling cost and reduce the “Eight waste phenomena” in the production process Using automation equipment to improve quality and efficiency Promoting corporate culture for enhancing staff cohesion, and pleasant working atmosphere Releasing CSR report and show the company's social responsibility management 	  
Employee Development	<ul style="list-style-type: none"> Developing skills and quality training for all staff, and conduct pre-job trainings for new staff Improving overall quality of the staff and train local workers who are suitable for the development of the company Assigning employees to China headquarters to learn various skills and management methods Further train the Myanmar management team and ensure that local employees accounts for more than 50% of management team 	 
Environmental Protection	<ul style="list-style-type: none"> Improving energy efficiency and use clean energy, reducing the impact on environment Continuing working on waste management, reduce environmental pollution and harm 	  
Society & Charity	<ul style="list-style-type: none"> Actively organizing and participating in charity activities for the benefit of the local community Actively participating in industry organization activities and respond to industry policies and initiatives 	  

Goals Completion for 2019

Aspects	Goals	Completion Situation	Corresponding Catalogue
Company Management	Increasing investment and production capacity	The third garment factory had started production, the fourth garment factory had finished construction and was on recruitment, the knitting and dyeing factory were in the stage of infrastructure construction	 Steady Operation
	Improving management rules, regulations and workflow	Improving the production and management rules, regulations and workflow in pace with domestic factories	
	Promoting corporate culture and staff cohesion	Holding cultural and sports activities to enhance staff cohesion and sense of recognition	
	Establishing standard operating procedures, offer training and guidance for employees to strictly comply with company procedures	Conducting staff training on a regular basis, new employees are required to go through the training of relevant operating procedures before working. Supervision and inspection are also required	
	quality management, efficiency improvement and cost control	Formulating and improve the company procedure, to collect relevant issues and make improvement measures, and indicate the relative workers' responsibilities	
	Releasing CSR report and show the company's social responsibility management	Releasing 2019CSR report of company in July 2019 and show the company's social responsibility management	
Employee Development	Developing skills and quality training for all staff	Conducting over 100 training sessions according to the annual training plan	 Employee Rights
	Implementing staff incentive mechanism to promote staff growth and promotion	Recognition and rewards for outstanding monthly and annual employees and teams	
	Establishing management personnel development plan, developing Myanmar management personnel	Training management team of the Myanmar side, by the end of 2019, Handa Enterprise Myanmar had 225 local workers in management team	
Environmental Protection	Improving energy efficiency and reducing the impact on the environment	Using environmental protection boilers to reduce coal use and harmful substance emissions in order to save energy	 Environmental Protection
	Reducing waste and strictly regulating waste disposal treatment	Strictly following compliance with local waste disposal regulations. In 2019, Handa Myanmar did not receive any complains	
Society & Charity	Promoting suppliers' social responsibility management	Incorporating suppliers' social responsibility performance into supply chain management	 Supply Chain Responsibility
	Respecting employees' freedom and safeguarding employees' rights and interests	Respecting local cultural customs and supporting employees to participate in various festivals; Holding monthly staff seminars, listening to staff opinions and suggestions, optimizing internal management	 Employee Rights
	Improving employee satisfaction	Paying attention to employee welfare and providing a safe and healthy working environment for employees	
	Actively participating in charity activities for the benefit of the local community	During the year, the company launched various donation activities for the Shwelingban industrial zone and temples	 Repaying Society

Steady Operation

1.1 About us

1.2 Company Management and Social Responsibility

1.3 Risk Management

1.4 Stakeholders' Participation



1.1 About us

Brief Introduction

Handa Enterprise (Myanmar) is a developing project of Handa Enterprise, established under the "One Belt and One Road" policy. The projects includes 4 subsidiaries: Handa (Yangon) Garment Co., Ltd., Hanboom (Myanmar) Garment Co., Ltd., Hengmao(Myanmar) Garment Co., Ltd., & Hengnuo(Myanmar)Textile Co., Ltd.

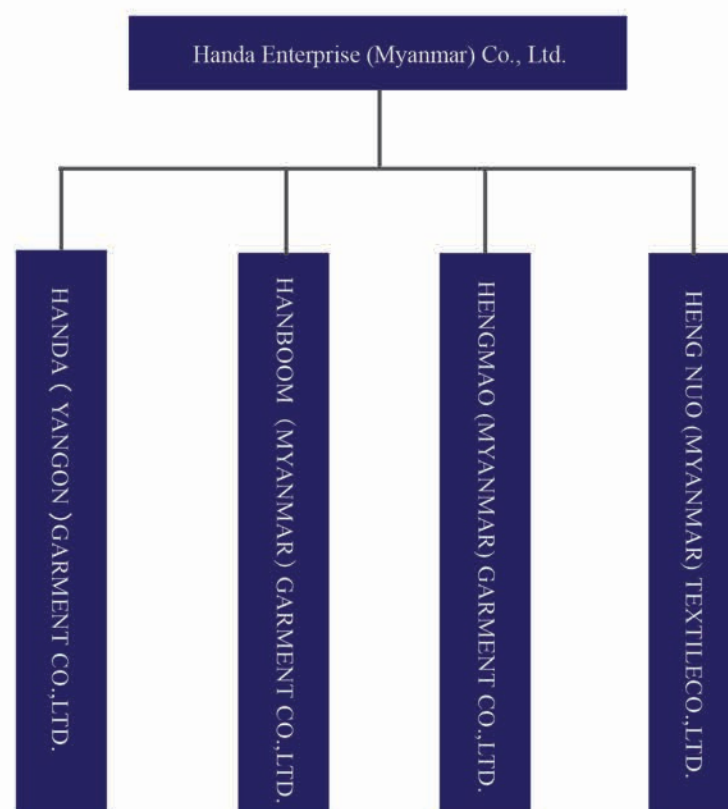
Handa Enterprise was established in 1995 and is a Hong Kong wholly-owned company. The company specializes in the research & development, production, dyeing, sales of knitted fabrics, garment design, production, and sales of garment. There are several subsidiaries and production bases in both China and Southeast Asia. Theheadquarter is in Wuxi, Jiangsu Province, PRC.

Handa Enterprise (Myanmar) Co., Ltd. opened four garment factories, as well as a knitting and dyeing factory, in Hlaing Thar Yar and Shew Lin Ban Industrial Zone, Yangon Region, Myanmar. The first garment factory has 25 production lines and 1050 employees. The second garment factory has 82 production lines and 3800 employees, with printing factory and embroidery factory on site. The third garment factory has 35 production lines and 1500 employees. The fourth garment factory has 48 production lines and 2000 employees. The knitting and dyeing plants are still under construction and are expected to open in July 2020.

Handa Enterprise (Myanmar) is a professional knitted garments manufacturer with spacious and bright working environment, advanced production equipment and excellent management system. The company has passed international standard certifications like BSCI, SEDEX, OEKO-TEX,GRS. We have build reputations from customers by always adhering to the quality principle of 'do not produce defect products, do not accept defect products, do not allow defect products to flow into the next process' and offering good quality products and services.

As a Chinese-funded company rooted in Myanmar, Handa Enterprise (Myanmar)will always remain true to our original aspiration. In the process of company operation and management, we always adhere to innovation, science and technology, green development. With responsible management we hope to achieve a win-win sustainable development among company, employees and local community.

Organization Structure



Company History



Brief introduction of production base in Myanmar

HANDA (YANGON) GARMENT CO.,LTD.

Handa (Yangon) Garment Co., Ltd. is in Shew Lin Ban Industrial Zone, Hlaing Thar Yar District, Yangon Region, Myanmar. The first factory is located at No.288 SeikKanThar Street, the building area is 11000 m², There are 25 production lines, and about 1050 employees. The second factory is located at the corner of U Shwe Pin Road & U Myu Road, Shwe Lin Ban Industrial Zone, no. 13.14.15, with a construction area of 42,000 square meters, with 82 production lines, and 3,800 employees. Additionally there is a printing and embroidery factory on site.



HANBOOM (MYANMAR) GARMENT CO.,LTD.

Hanboom (Myanmar) Garment Co., Ltd. was established in July 2019, located at Plot NO.480, Watt Mar SuttWunHtauk Road And Matt KhaYar Min Thargyi Road Shwe Lin Ban Industrial Zone, Hlaing Thar Yar Township Yangon Myanmar, the building area is 16000 m², with 35 production lines, and 1500 employees.



HENGMAO (MYANMAR) GARMENT CO.,LTD.

Hengmao (Myanmar) Garment Co., Ltd. was established in November 2019, located at Plot NO.93 ThanLwin Road ShweThanLwin Industrial ZongHlaingTharyar Township Yangon Myanmar, the building area is 25000 m², with 48 production lines, and 2000 employees.



1.1.1 Corporate Culture

Corporate Spirit

Innovation, Integrity, Unity, Responsibility

Three principles of quality

No flaws accepted, no defects produced, no blemishes allowed

Corporate Philosophy

The development of company is based on providing customers with better services

Working order

PLAN→DO→CHECK→ACTION

Company's goal

To become one of the largest and strongest knitted apparel factories in Myanmar

Three principles of working

Perfect work, Complete work, Self-improvement

HENG NUO (MYANMAR) TEXTILE CO.,LTD.

Hengnuo (Myanmar) Textile Co., Ltd. was established in October 2019, located in Shew Lin Ban Industrial Zone, Hlaing Thar Yar District, Yangon Region, Myanmar. The knitting factory is located at Plot NO.484, Watt Mar Sutt Road, the building area is 12000 m², with 120-150 knitting machines, 4 processing equipment and 100 employees. It is expected to open in July 2020. The dyeing factory is located at Plot NO.447, 447 (A), 448, Seik kan Thar Street, the building area is 12000 m², with 21 dyeing tanks, 10 chambers * 6 setting machines, 2 processing machines and 300 employees. It is expected to open in July 2020.



The knitting factory



The dyeing factory

1.1.2 Economic Indicators

Handa Enterprise (Myanmar), a project aiming for long-term development, is constantly improving its own management, expanding investment, production line and capacity. Under the support of duty-free policy, the sales continues to grow in the last three years, which brings value for customers, employees and investors.

Major economic conditions of the year

Unit: Burmese Kyat (Ten thousand)

Item	2017	2018	2019	Growth rate (2019:2018)
Processing and sales	1164348	1763681.92	2400777	36.12%
Total profit	-14356	121860.96	178124	46.17%
Total wages	637032	859851.2	1037515	20.66%
Per capita income	216	305	359	17.7%

1.1.3 Products and Customers

Our company mainly produces knitted fabrics and garments, always adhering to the quality principle of "do not accept bad products, do not produce bad products, not to allow bad products to flow into the next process" in the production process, to provide customers with quality products and services.

In 2019, with the further enhancement of the production capacity of Handa Enterprise (Myanmar) Co., Ltd, we have always maintained good cooperation with important customers such as Mizuno, Lidl, Honeys, Shikibo, Adastria, Sankyo, KOMERI, Toyoshima, Toyota, Tsusho, SBP, Teijin, ACTIVE BRANDS, CAB, FILA, NEXT, OVS, WILL, and the customer satisfaction rate has always remained at a high level.

During the year, various cooperation merchants frequently came and visited, inspected and negotiated cooperation projects. Handa Enterprise (Myanmar) won the trust of many international companies with our strengths and industrial chain advantages.

In 2019, Handa Enterprise (Myanmar) received ten inspections held by customers and institutions like DESCENTE, M&S, Yakato, Decathlon, Toyoshima, OVS and international organizations like SEDEX, BSCI, GRS and passed successfully.

▼ Certificate meeting scene



▼ Certificate reports



During this year, we maintained close communication and relationship with our customers. While striving to meet customers' requirements and to win customers' respect with quality and service, our company also pays great attention to the respect of customers and the protection of their information, only to safeguard customer rights and interests of both parties.

Major partner customers and brands



Processed products



1.2 Company Influence and Social Responsibility

Handa Enterprise (Myanmar) understands that implementing the company's management and social responsibilities is the key to enhance the competitiveness. Therefore, Handa Enterprise (Myanmar) follows Handa Enterprise's culture and social responsibility development strategy, integrating social responsibilities into the company's development plan, trying best to improve corporate awareness of social responsibility, in order to become a socially responsible overseas company.

1.2.1 Company Events

In March, Handa (Yangon) company received GRS certification audit. The auditor evaluates the company's quality management, social responsibility system and management materials.

Handa (Yangon) was recognized by the auditor and successfully passed the GRS certification.



In May, a Lancang-Mekong investigation delegation led by Xu Yingxin, vice chairman of China Textile Industry Federation and President of Textile Branch of China Council for the Promotion of International Trade, visited the Handa (Yangon) Garment Co., Ltd. The leaders of the company warmly welcomed the delegation and led them to visit the production and storage sites of the materials warehouse, cutting workshop, sewing workshop, and finished products warehouse.

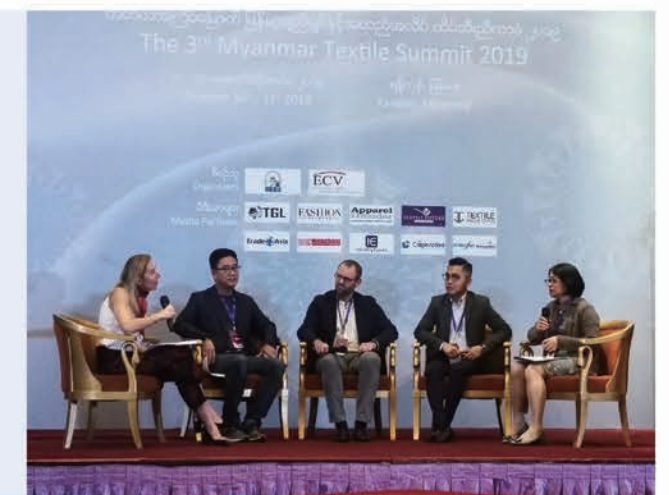
In July, Handa Enterprise released its second social responsibility report. The report is translated into English, Burmese, and Chinese. It is edited based on the sustainable development goals of the United Nations (SDGs 2030), and the CSR - GATEs report on sustainable development of China's textile and apparel. Handa Enterprise (Myanmar) has systematically and objectively showed its positive actions in fulfilling its economic, social, and environmental responsibilities in overseas operations.



In October, the opening ceremony of Hanboom (Myanmar) Garment Co., Ltd. was held in Shew Lin Ban Industrial Zone, Hlaing Thar Yar District, Yangon Region, Myanmar. The opening ceremony was attended by leaders of the Yangon Region, Myanmar provincial government, as well as partners and guests of Handa Enterprise from all over the world.

From October 30th to 31st, Handa Enterprise (Myanmar) as an influential garment manufacturer in Myanmar, was invited to attend the third Myanmar Textile Summit. The summit is jointly organized by the Myanmar Garment Association (MGMA) and ECV. We gave a keynote speech on "Efficient, Intelligent and Innovative Textile Technology for Myanmar Textile and Apparel Manufacturing".

At the same time, participated in the symposium, which was organized by European and American professional buyers and representatives of multinational textile and garment enterprises investing in Myanmar. In view of "how to set up a textile industry chain in Myanmar", we exchanged experiences on government policies, raw material supply, labor, challenges and countermeasures.

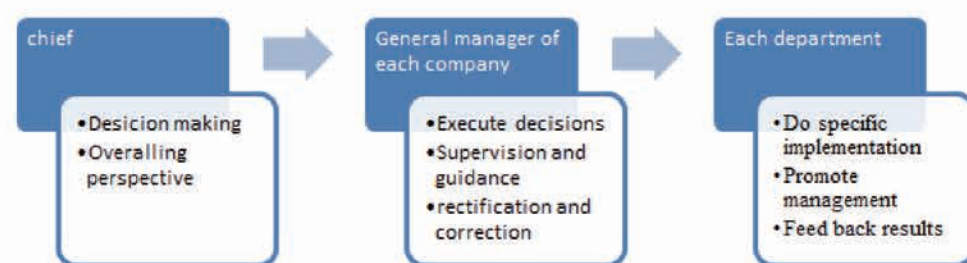


1.2.2 Construction of Social Responsibility

Management of Social Responsibility

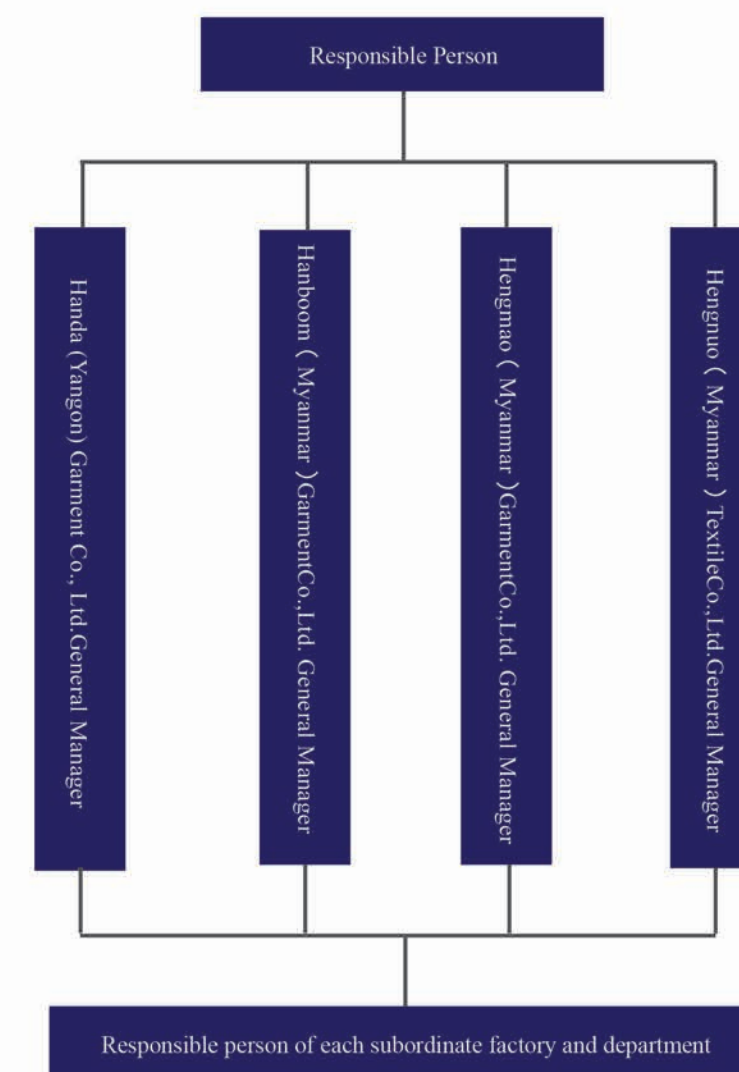
In the business operation process, HandaEnterprise (Myanmar) strictly follows the requirements of CSC9000T to establish a social responsibility system and actively improves its social responsibility management system, in order to let the company have the ability to undertake more social responsibility, thus forming a positive sustainable development cycle.

In order to strengthen social responsibility construction, our company established a social responsibility management system and a leading group to make it running effectively. The president of HandaEnterprise (Myanmar) is the responsible person of the leading group. The general manager of each subordinated company specifically follows the president's decisions & goals, tracking tasks, and giving supervision and guidance, and correction. At the same time, the general managers are in charge of collecting social responsibility report data and editing under the guidance of enterprise management department. Company's subordinated departments managers are responsible for following, assessing and managing of the social responsibility construction work based on the company's instruction; and assisting on the collection and preparation of social responsibility report materials. Each department must follow the objectives and tasks of social responsibility construction, and gives feedback. At the same time, on-site guidance, supervision and inspection will also be performed. The departments should continuously improve the performance of the implementation.



Social responsibility management system process

In the process of social responsibility management, the social responsibility leading group must ensure that the company's management system and behavior are in line With not only international social responsibility standards But also national & local laws and regulations. Meanwhile, our company actively cultivates employees' awareness of social responsibility, gradually incorporates the content of social responsibility into the company's daily management system, establishes a set of internal organizational systems and rules and regulations, and strives to establish a sound social responsibility information disclosure system. What's more, we communicate and publicize corporate social responsibility policies to employees, suppliers, and other stakeholders to stimulate their sense of social responsibility and participation. It encourages them to perform due diligence, keep safe production, guarantee quality and quantity, and pays attention to environmental protection at any time, so they may join us with social responsibility as a partner.



Social Responsibility Leading Group Organization Chart

In order to further improve corporate social responsibility management, fulfill social responsibility, and establish a good image of Chinese-funded enterprises, HandaEnterprise (Myanmar) Co., Ltd actively participates in the training of social responsibility construction.

Social Responsibility Strategy

HandaEnterprise (Myanmar) Garment follows social responsibility concepts and goals based on company development philosophy and strategic objectives, strives to achieve the corporate social responsibility goals, and company development goals in the long-term. In addition, responsibilities related to market, human, and environment are incorporated into daily management to achieve a win-win relationship between responsibilities and benefits, to promote a successful development of the company.

Social Responsibility Strategy Highlights

Responsibility Level	Highlights
Market responsibility	Fully consider factors such as the industry situation, market environment, price trend and labor costs. Develop responsible technologies, products, services, business models and management innovations.
	Study and understand local laws and regulations for legal business.
	Support fair competition, resolutely oppose unfair competition such as market monopoly, and prevent and punish bribery.
	Use the CSR Code of Conduct as a standard for selecting suppliers, and supervise and assist suppliers to meet requirements.
	Improve supply chain transparency, reduce conflicts between social responsibility goals and business goals.
	Strengthen quality management, strictly follow quality internal control standards, strengthen inspection of manufactured products, ensure product qualification rate and customer satisfaction, and maintain the interests of both parties.
Human-based responsibilities	Comply with local labor laws and regulations, protect the legitimate rights and interests of employees, and resolutely not recruit child laborers. To ensure zero discrimination in company's policy on gender, age, religion, ethnicity, marital status, etc.
	Respect employees' rights, never discriminate, harass, abuse, threaten employees, never unlawfully restrict employees' personal freedom, and never use illegal means to force employees to work and comply with management systems.
	Sign labor contracts on the basis of equality, voluntariness, consensus, and honesty, and respect the rights of employees to terminate labor relations according to contracts and laws.
	Provide employees with a safe and healthy working and living environment to prevent potential health and safety accidents, injuries and diseases.
	Emphasis on the growth of employees. Help employees grow and progress through vocational education and skills training. People-oriented care for employees, and actively train Myanmar managers and provide them with the stage and space for their talents.
	Enrich the life of employees, organize various cultural and sports activities on a regular basis, care for employees and their families, and actively help employees solve difficulties.
	Respect the basic rights of local community residents, participate in or support projects and activities that help the development of communities and residents.

Responsibility Level	Highlights
Human-based responsibilities	Establish a variety of internal communication and grievance mechanisms, such as employee forums, suggestion boxes, regular union meetings, etc. Properly handle the relationship between employers and labor or labor organizations, and protect employee rights and interests.
Environmental responsibilities	Comply with local environmental laws and regulations, obtain and maintain necessary environmental permits and qualifications according to the law, and minimize the company's negative impact on the environment.
	Improve processes and facilities to reduce the use and generation of hazardous substances.
	Strictly regulate the disposal of wastes, regularly do a good job of recycling wastes, and uniformly recycle them by government agencies.

Social Responsibility Policy

To ensure a safe, efficient, and green development, HandaEnterprise (Myanmar) integrates the expectations and needs of stakeholders into daily management and operation of the company. At the same Handa Enterprise (Myanmar) is responsible to ensure that the company's management system and behavior are in line with international social responsibility standards, and national & local laws and regulations.

Keep integrity , no fraud
Never produce or sell inferior goods or shoddy, and never use fraudulent means to seek self-interest. Beneficiaries: consumers, customers, employees
Fair competition, no monopoly
Win the market with strength, never engage in vicious competition, maintain market order. Beneficiaries: Peer companies
Honest cooperation, no bribery
Against the behavior of corruption, standby the standard business practices and refuse commercial bribery. Beneficiaries: suppliers, customers, consumers

Law-abiding, no malicious violations
Being law-abiding and perform corporate & citizenship obligations according to law. Beneficiaries: government, industry, employees, consumers
Healthy development without damaging the environment
The development of the company is not at the cost of damaging the environment, and strictly regulates the disposal of waste and wastewater. Beneficiaries: community residents, government, society
Perform duties, being responsible
Being responsible for employees, customers, consumers, investors, and society. Beneficiaries: all stakeholders

1.3 Risk Management

HandaEnterprise (Myanmar) , as an oversea company faces various complicated risks. We continuously develop the risk prevention management, improve risk management capabilities, and effectively prevent and evade risks in various business operations, in order to maintain the security of overseas assets during business operations.

Major categories of risks and their control measures

Aspects	Risks	Control Measures
Operations	Market changes	Regularly conduct market analysis and analysis on periodic trend, establish long-term cooperation with suppliers and customers.
	Quality risks	Establish a testing center to strengthen product testing and improve the quality management system.
	Safety and health risks	Regular monthly safety inspections and employee health checkups.
	Fire safety risks	Implement fire risk responsible personnel, improve fire-fighting facilities, conduct a total smoking ban on the factory site, and regularly carry out fire safety training and drills.
	Legal risks	Hire a local professional legal advisor to prevent unfavorable results of legal regulation violation due to the lack of legal understanding.
	Personnel risks	Strengthen people-oriented management, established and complete labor contract system, improve staff communication channels and strengthen employees' professional ethics education.
	Corruption risks	Formulate penalties and improve related systems.
	Financial risks	Strengthen internal accounting control, internal management control and exchange rate risk management.
Environment	Policy changes	Adjust investment and business strategies, and negotiate with the local government.
	Economic fluctuations	Pay attention to the economic development of Myanmar and predict the impact on the company. The headquarter enterprise adjusts its investment strategy in time.
	War or Social turmoil	Apply for overseas investment insurance and personal accident insurance.
	Natural disasters	Apply for assets accidental loss insurance and personal accident insurance.

Emergency response

The occurrence of unexpected events can bring certain risks to the company. In order to respond and deal with emergencies in a timely manner, and to minimize losses and avoid serious consequences; HandaEnterprise (Myanmar) has formulated a contingency system for emergencies to ensure a quick response when crisis occurs.

Aspects	Treatment procedure
Fire accident handling	<ol style="list-style-type: none"> 1、Arrive at the scene of the fire immediately, and pay attention to the safety of the plant. Meanwhile notify Administration Department and EHS Committee members to the site. The security should still stick to the post. 2、Immediately extinguish the fire with a fire extinguisher when the flame is found. 3、If a fire extinguisher is still unable to extinguish the fire, the fire department should be called. Notify the company's obligatory firefighters and security personnel to help through telephone or walkie-talkie. 4、Inform the factory staffs (with telephone or walkie-talkie) and supervisors to gather employees to put out fire. 5、In case of serious situation, the fire chief should organize employees to rescue of the company's valuable property. 6、Managers guide employees to evacuate to safe areas. 7、Assist firefighters to do the necessary work. 8、After the fire is extinguished, make an inventory of personnel and goods. Save the complete site for the police or insurance company to handle.
Fighting incidents handling	<ol style="list-style-type: none"> 1、Employees' fighting or threatening the company's management personnel should be promptly stopped. The parties are referred to their department heads and the administrative department. If the parties do not stop, one may join forces with other company personnel to stop them. 2、If there are other employees watching on the scene of the fight, both parties should be taken from the scene to the appropriate place for handling in order to prevent onlookers from clamoring or complicating the scene. 3、In severe situation cases, call the police immediately. 4、Keep fairness in mind when dealing with incidents, never take sides or join one of the parties, stay sensible.
Robbery and Stolen Events handling	<ol style="list-style-type: none"> 1、Suspicious person should be monitored and management personnel should be contacted immediately. 2、Report to the management personnel in time if materials in the factory area were stolen. 3、Protect the scene and it is up to the higher authorities to decide whether to call the police and to assist the local police department in the investigation.

Aspects	Treatment procedure
Strike event handling	1、Contact local police and labor department immediately. 2、Administrator from each department should send personnel to assist. 3、Prevent any physical and verbal conflicts. 4、Master the overall situation so as not to increase the dispute. 5、Use peace negotiations to deal with strikes.
Epidemic emergency	When an epidemic event occurs, the administration department should promptly contact the local health department and learn relevant knowledge. Train employees on preventive measures, or ask health department to do the training course. Meanwhile purchase related medicines and take preventive measures.
Natural disaster emergency	The administration department should contact the local administration to obtain relevant information, and take preventive measures based on the type and nature of natural disasters to prevent or reduce the loss of company personnel and property. Arrange personnel to do job of safety maintenance in the factory area.

HandaEnterprise (Myanmar) Garment joined the Textile and Clothing Branch of the Chinese Chamber of Commerce, which is established under the guidance and organization of the Economic and Commercial Department of the Chinese Embassy in Myanmar. It helps the company to understand Myanmar policies, communicate with government agencies, and solve problems.

HandaEnterprise (Myanmar) continuously strengthens its own risk awareness in the business management. Meanwhile Handa Enterprise regularly investigates and analyzes the operation of HandaEnterprise (Myanmar) and its financial situation. Violations with national or local regulations would be corrected and dealt immediately. Local social-economic and political environment would be monitored as well.



1.4 Stakeholders' Participation

Support from customers & investors is important for company's development. Meeting the expectations is conducive to promote corporate social responsibility work. HandaEnterprise (Myanmar) communicates with various sectors through interviews, meetings, various compliant ways, visit and on-site inspection.

Stakeholders	Content of attention	Communication channels and methods
Employees and labor organizations	Basic rights protection of employees Crisis management and disaster prevention Occupational health and safety Training and Development Growth incentives Employee care, benefits, treatment Democratic management	Morning meetings and regular meetings Staff seminar Corporate management meetings Union meetings Suggestion mailbox Collective bargaining Normalized training
Customers and consumers	100% compliance with the contract Improve customer satisfaction Ensure product quality, safety and delivery Risk Management International standard certification Provide good after-sales service for customers and consumers	satisfaction survey Feedback via phone Email and Fax Instant messaging platform Meetings between two parties Factory inspection Visits and Inspections
Suppliers	Supplier qualification review Honest cooperation and refusal of commercial bribery No batch quality problems and safety issues for purchased goods Fair competition, homogeneous goods purchased at the lowest price Preventing contract disputes	Contracts and agreements Supplier forum Technical seminar
Shareholders/Investors	Business performance Preventing contract disputes Business Strategy and Future Planning	Financial Statements Board meetings Investors' visit

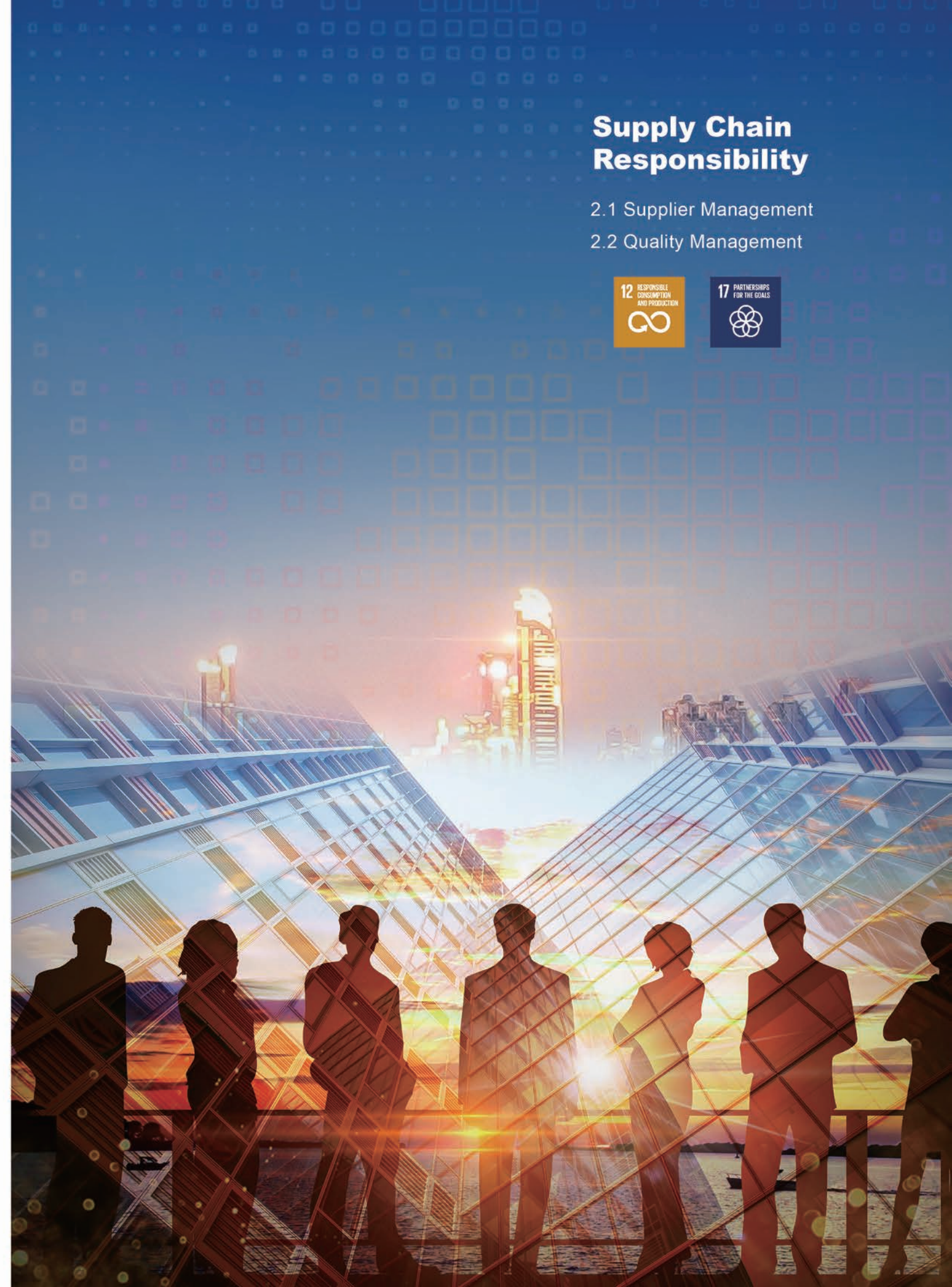
Stakeholders	Content of attention	Communication channels and methods
Local community	Promote local employment and economic development Promote local employment Improve the quality of life Environmental pollution management Public welfare activities	Community activities Announcements Public welfare activities
Environment	Save energy and reduce emissions Ecological Protection	Meeting standards and accepted by local environmental protection agencies Daily supervision and inspection
Media	Information disclosure Maintain a good relationship with media	Interview coverage Actively keep in touch with media
Government	Regulatory compliance	Meetings Notifications Inspection and instructions
International organizations/ NGOs	Improve labour conditions in developing countries Achieve thorough social compliance and social dialogue	Formulate international standards, agreements and guidelines
Local industry authority	Industry information Industry activities Responsible and sustainable development of the garment industry in Myanmar	Industry meetings On-site instructions Daily communications



Supply Chain Responsibility

2.1 Supplier Management

2.2 Quality Management





Handa Enterprise (Myanmar) actively improves the company's supply chain management program, enhances the supply chain management capabilities, and strengthens the competitiveness.

At the same time, we are actively investing a vertically integrated supply chain in Yangon, Myanmar. Once we open the knitting and dyeing factory and develop local suppliers of accessories in Yangon, we can realize the local procurement of most raw materials. It further deepens the business cooperation with local market, and promotes the economic development of Myanmar.

2.1 Supplier Management

Handa Enterprise (Myanmar) Co., Ltd. has always focused on cooperative relationship with suppliers. During the process of choosing and auditing suppliers, we focus on the suppliers' overall qualities and their corporate social responsibilities. Handa Enterprise (Myanmar) Co., Ltd. brings supplier's social responsibility into Supplier Management, making sure suppliers understand BSCI standards and follow accordingly. By doing so, we will also help to improve suppliers' management and look for a long-term cooperation relationship.

The company manages suppliers by the procurement department. Procurement department conducts audits based on the supplier's social performance status or documentation, only companies that are judged as conditionally acceptable by the on-site audit can become qualified suppliers.

Procurement Department establishes social-responsibility files for suppliers and subcontractors and maintains evidence and records of suppliers' and subcontractors' assessment results and improvement measures. All suppliers and subcontractors should sign a social responsibility letter before getting an order or contract, promising to comply with local labor laws and social responsibility standards, and are willing to accept the company's on-site audit.

In terms of supplier selection, Handa Enterprise (Myanmar) Co., Ltd. conducts quality assessment, social responsibility assessment and second-party audit on the suppliers and subcontractors. Qualified suppliers would be reasonably regulated. The supply chain department would arrange an on-site audit at least once a year, to assess the social responsibility performance and action plan improvement of suppliers and subcontractors with records. Once the supplier or subcontractor are found to use child laborers, prisoners, forced laborers, or violate BSCI standards during on-site audits, all Handa Enterprise's departments would be informed to stop partnership with such supplier or subcontractor.



The company regularly looks into the business relationship between subcontractors and their sub-suppliers, to prevent its sub-suppliers from seriously violating standards, such as the using child laborers, prisoners, forced laborers, and discrimination. The new subcontractor must accept the on-site audit before accepting the order. Only if the on-site audit result is accepted or conditionally accepted, can our company establish a business relationship with the subcontractor.



Suppliers who refuse on-site audits will not be considered. For suppliers that have obtained certifications such as BSCI, and are evaluated and accepted by internationally recognized customers, the company is free to check its social responsibility status. However, relevant certificates or assessment reports must be collected. If there are no bad records for on-site audits for three consecutive years, the audit cycle may be extended appropriately.



For finished goods' storage and delivery which are from suppliers and subcontractors, the product's product name, category, quality and quantity must be strictly controlled, and the merchandiser must make sure that the country of origin records are correct. When there are errors in product quality, quantity, and identification, coordinate with suppliers and subcontractors to solve problems immediately.

2.2 Quality Management

Product quality and safety are the foundation for the company's survival and development. For that reason, we have established a complete quality management system. From the procurement of raw materials to the delivery of finished products, every activity is strictly controlled with high access standards. Materials that do not meet quality and safety standards will never be stored, unqualified products will never be sent.

In order to unify the company's internal quality standards, and to standardize them, combined with the actual situation of the company the 'Quality Manual' was formulated and promulgated. The manual identifies the company's quality management system, clarifies quality policies and goals, helps the company keep abreast of the operation of the quality management system for management review and as a basis for quality management system improvement. It is the company's quality management guidelines and regulatory documents, and also proof to win trust from customers and certification organizations.



Sewing



Needle shipment

Parts of Quality Manual

Control of production process

To ensure that the products delivered meet customers' requirements to the greatest extent possible and comply with laws and regulations, the company strictly controls the production, release, and delivery of products. In the production process, the company keeps strict process management, the workshop is responsible for the technical handover with technical support personnel from the Technical Department according to the Production Notice. The workshop team leader combines the technical documentation provided by the Technical Department with the actual situation of the team and arrange the production process. The first product from the first package would be sent to the Technical Department for checking and sealing, the mass production would not start before it's qualified. Any deviation from the process requirements must be corrected immediately once it's discovered. The workshop must strictly implement the requirements in the production process, and stick to the process list. The process change must be modified and signed by the Technical Department personnel on the original process list if necessary, then related departments may perform the changed process requirements. The quality inspection personnel (workshop manager) conducts inspections on the implementation of the technical documentation provisions of each team, records the situation and immediately corrects the problems if there is any. Inspectors of the team should inspect all semi-finished products and finished products one by one. Unqualified products must be clearly marked and immediately returned to the original process for reworking, related records should also be made accordingly.

Procurement process and supplier control

Investigate supplier's capabilities before the purchase, which includes: 1. Planning Supply Department is responsible for fabric suppliers and the Outsourcing Department is responsible for accessories suppliers and outsourcers for conducting quality assurance ability survey. 2. Content of quality assurance ability survey: enterprise profile, supply variety, quality level, inspection level, etc. Supplier Status Questionnaires would be distributed and filled.

Qualified suppliers' assessment and selection: 1. Planning Supply Department, Outsourcing Department, Productive Department should organize relevant departments to assess supplier's ability and performance to identify qualified suppliers, the list must be submitted to the president or managing representative for approval and confirmation. 2. Planning Supply Department, Outsourcing Department, Productive Department should establish and save qualified suppliers' supply performance records. Quantity, quality, delivery date, etc. must be noted as the reference for continuation or cancellation of the cooperation. If the quality of continuous supplies is inconsistent and has not been improved twice, the supplier shall be disqualified. (According to the warehouse records and quality inspection records, etc.)

Verification of purchased products: 1. When our company requires the purchased product to be verified at the supply source of the supplier, the method of inspection and the way to release the purchased products should be specified in the purchase requirements. 2. It would be arranged if the customer requests the verification of the supplier's products at our company and the supply source, however, customer's verification request cannot be used as a basis for effective control of supplier quality. 3. Customer's verification does not relieve the company of the responsibility to provide acceptable products, nor would exclude the possibility of rejection after the verification. 4. Verification of the purchased products should be performed in accordance with the relevant requirements of the 'Product Surveillance and Measurement Control Procedures'. 5. For necessary outsourcing processing, Productive Department is responsible for executing the above-related regulations.

Quality policies

- No flaws accepted
- No defects produced
- No blemishes allowed

Quality goals

- 1. Thread ends rate $\leq 8\%$
- 2. Unqualified products rate $\leq 10\%$
- 3. Contract shipping rate $\geq 98.50\%$
- 4. Customer satisfaction rate ≥ 90 points

During 2019 quality control staffs regularly convene the analysis and develop it as a routine job. There would be workshop team quality assessment and praise every month. A consensus and atmosphere of quality first and common management are formed both in the company and the factory. All make sure that product quality and safety are above the standard line, and would continue to improve.

Before issuing this report, the company did not receive product returns and consumer complaints for product safety issues.



Quality assessment among teams in workshops

Environmental Protection

- 3.1 Waste Treatment
- 3.2 Energy Management



To minimize the environmental impact of the company’ s operating and production practices in Myanmar, and to protect the local environment and ensure the sustainable development, Handa Enterprise (Myanmar) Co., Ltd. fully understands and strictly abides by the Myanmar Environmental Protection Law. We pay attention to the work of environmental protection and take environmental protection as an important part of the social responsibility. In Handa, we are aiming to produce products with good quality, at the same time, protect environment and manage energy consumption efficiently.

3.1 Waste Treatment

To properly and legally handle all the waste generated in the company's operations, meet the requirements of Myanmar's local laws and regulations and achieves the purpose of protecting the environment, we have established waste disposal procedures and keep updating it according to the actual production situation to reduce environmental pollution and hazards.


In accordance with the requirements of the environmental protection department, the company strictly regulates waste disposal and regularly recycles waste and garbage, which is uniformly recycled by government agencies. Meanwhile, we finished the environment improvement plan to save energy, recycle resources and reduce pollution.



Environment improvement plan

In accordance with local laws and regulations, the company has stipulated the classification and disposal of waste generated during the operations of companies such as management, production, procurement, sales, and inventory.

Waste disposal regulations

 Responsibility

1. Each department is responsible for collecting and storing waste according to regulations.
2. Administration & Personnel Department is responsible for the final treatment of general waste and the disposal of hazardous waste.

Waste source & classification instructions

General waste: unusable waste generated during office, life, and production.

Recyclable waste: recyclable waste such as paper products, metals, plastics, etc. generated during office activities, production and management.

Hazardous waste: toxic, hazardous, flammable, corrosive, infectious, highly polluting, hazardous waste.

Collection of waste

1. The company should place waste bins on the site according to the above classification, and clearly identify them.
2. The production workshop must configure a sufficient amount of waste bins according to the volume and quantity of waste.
3. All employees should place waste in the specified waste bins according to the classification.
4. Cleaners or cleaning attendants should collect and place waste in the company's overall waste storage site according to the classification, put them into the corresponding waste bins according to the mark.
5. For combined waste, they should be separated and classified if possible.
6. For some hazardous waste (such as waste batteries), they can be collected by related department through trade-in method.
7. Prevent the scattering of waste and sewage dripping during the transportation of waste. It must be cleaned in time if there is such a problem.

Management of waste storage site

1. Each department should ensure that on-site garbage cleaning is performed every working day.
2. The garbage storage site must be equipped with protective measures to prevent the outflow of abnormal sewage during the heavy rain.
3. The can must be covered after the waste is put into the waste bin.
4. Prevent overfilling and overflowing waste in the bin.
5. Fire equipment must be placed within 20 meters of the flammable waste storage site to prevent accidental fires.

Final waste disposal

1. Final disposal of company waste.
2. Waste must be entrusted to the relevant waste recycling unit for legal recycling.
 - 2.1 Recyclable waste, such as paper product waste, should be recycled by the waste recycling station for the purpose of reducing resource consumption.
 - 2.2 Dangerous waste should be entrusted to the waste disposal companies approved by the Environmental Protection Agency for recycling.
 - 2.3 For the waste that can be recycled by the supplier, the procurement department will contact the supplier for processing.
 - 2.4 Other wastes would be classified and processed by the sanitation agency.
 - 2.5 All industrial wastewater generated during the company's production process (dyeing) is collected and recycled by our wastewater treatment facilities. The processing unit would appoint a qualified third party to assist. All the sewage treated must reach the national or local industrial sewage discharge indicators before it is discharged or recycled.
3. For relevant parties of waste processing we must confirm their qualifications and check their capabilities, and track their processing if necessary.
4. The status of waste sorting and processing should be checked regularly, and matters that are found to be inconsistent with the regulations should be immediately required to be corrected by the responsible department.

Abnormal situation treatment

1. Contact the relevant parties to clear if there is excessive waste.
2. Disposal of waste chemicals should be handled in accordance with the relevant provisions of the Material Safety Data Sheet (MSDS).
3. For the scattering and overflow of wastes, clean immediately to avoid the impact on the environment.
4. If there is any problem found during the regular inspections which does not meet the requirements, get it rectified in accordance with the provisions in the corrective and preventive measures.



Waste storage site



Waste disposal

3.2 Energy Management

To respond positively to the 13th goal of the United Nations’ Sustainable Development Goals - CLIMATE ACTION,Handa Enterprise (Myanmar) Co.,Ltd.continuously strengthens scientific management and energy consumption. In 2019, the company had been expanding in capacity and production pase, at the same time, putting energy save and less energy consumption as an important goal. As a production-oriented company with large power consumption, in order to ensure the stability of electricity, with the improvement of Myanmar's national power infrastructure, the companygradually use national-provided electricity rather than self-generated.

Annual energy consumption

Energy	2017	2018	2019	Increase/decrease
Water (ton)	8000	116640	135000	+15.7%
Electricity (degrees)	2000000	2880000	5500000	+91%
Coal (tons)	720	—	—	—

In order to reduce environmental pollution, we have changed the original coal boiler to biological particles andwaste environmental protection boiler. This kind of boilercan reprocess the flue gas and reuse the heat of the gas to reduce the temperature. It not only improves the thermal efficiency of boilers, but also reduces the emission of harmful substances in flue gas;hence to realize the goal of environmental protection and energy saving.



Environmental Protection Boiler

During 2019, the company achieved good results in environmental protection work. Our waste disposal complies with regulations and meets environmental protection requirements. No environmental pollution accidents, environmental disputes, environmental protection reports occurred, and no administrative penalties or law-violation penalties from Environmental Protection Department ever received.

Employee Rights

- 4.1 Human Resource Employment
- 4.2 Labor Communication
- 4.3 Employee Development
- 4.4 Occupational Health, Safety and Hygiene Management
- 4.5 Employee Care



4.1 Human Resource Employment

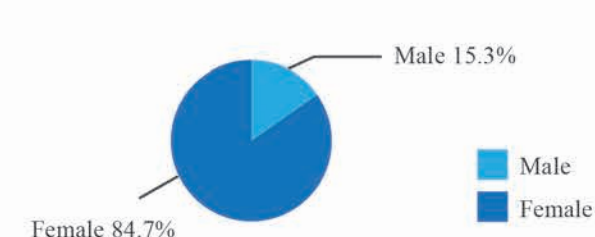
4.1.1 Staff Situation

In 2019, Handa Enterprise (Myanmar) Co.,Ltd. has a total number of 3,922 employees, all of whom are full-time workers. Among them, 599 are male employees, accounting for 15.3% of the total number of employees; 3322 are female employees, accounting for 84.7%. Most of the company's employees come from Myanmar, which accounts for about 98.8%, and Chinese employees account for 1.2%. The company does not discriminate and show unequal treatment in the job arrangement. Also the Myanmar employees are given more care and respect based on their traditions and living habits.

There are no underage workers and child laborers in our company.

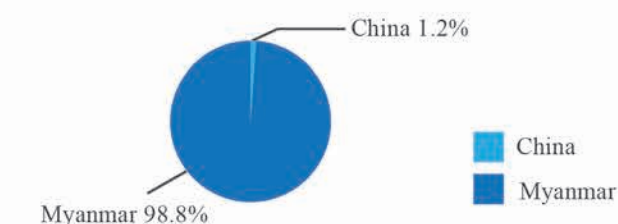
Gender ratio of employees

Gender	Number	Percentage
Male	599	15.3%
Female	3322	84.7%
Total	3922	100%



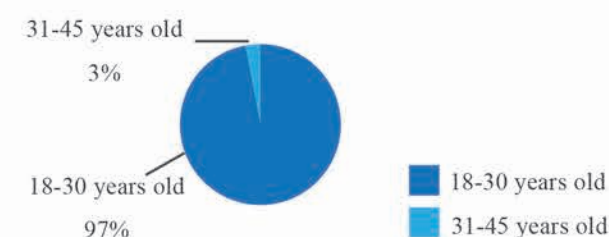
Proportion of employees from China and Myanmar

Nationality	Number	Percentage
China	49	1.2%
Myanmar	3873	98.8%
Total	3922	100%



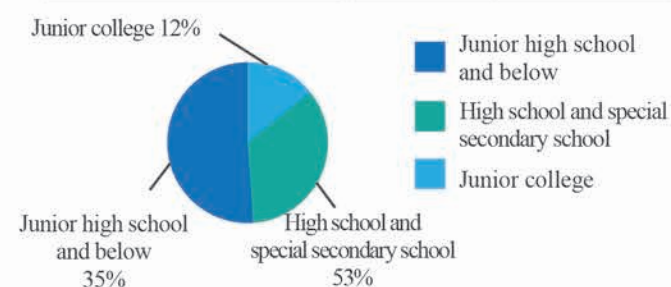
Employees' age distribution

Generation	Number	Percentage
18-30 years old	3804	97.0%
31-45 years old	118	3.0%
Total	3922	100%



Education level of employees

Educational background	Number	Percentage
Junior college	470	12.0%
High school and special secondary school	2078	53.0%
Junior high school and below	1374	35.0%
Total	3922	100%



4.1.2 Employment Policy

Employment Principle

Handa Enterprise (Myanmar) Co.,Ltd.always follows the principle of equal employment and reasonable payment. In the process of recruiting and using employees, we insist on equality among employees of different gender, race, color, nationality, age, and religion. Treating employees differently or discriminating against employees, harassing employees, and recruitment of child laborers are strictly prohibited. Till now, the company has not received complaints that employees are discriminated in terms of salary, benefits, training, promotion, dismissal, or renewal of labor contracts because of their nationality, gender, religious beliefs, etc. Additionally, there' s no complaints from employees regarding harassment (including sexual harassment), corporal punishment, maltreatment, improper disciplinary measures, etc.

Labor Contract

The company strictly abides by and implements the labor laws and regulations of Myanmar, and on this basis establishes a labor management system that is consistent with the laws and regulations of Myanmar. After the employees have been recruited into the company through legal procedures, on the basis of equality and willingness, the company will sign labor contracts with them. The contract signing rate is always 100%. There were no labor disputes and strikes because of labor contracts during the year.

Working Time

In Handa Enterprise (Myanmar) Co.,Ltd., employees work 6 days a week, 8 hours a day, and work hours are in compliance with national and local regulations. When an employee asks for days off, the company will not refuse for any reason. All employees enjoy national holidays and annual holidays with payment based on the Myanmar law.

If it' s necessary, the company can properly arrange overtime work on the premise of voluntary and protecting the employees' health. However, it must be guaranteed that at least one day Off per week, the maximum daily overtime is no more than 2 hours, and the working hours per week do not exceed 60 hours. The monthly overtime work time should not exceed 60 hours. If the time is exceeded must the company ask for the employee' s consent in advance, and the company needs to ensure that the employee is physically and mentally healthy. Meanwhile, the company must apply to the labor bureau for comprehensive timing, and the cumulative annual overtime shall not exceed 432 hours. All overtime hours are in line with Myanmar Labor Law and local government requirements.

Up to now, the company has not forced employees to work overtime, nor has it received complaints, reports or penalties concerning labor relations.

Zero-tolerance on child labor

Handa Enterprise (Myanmar) Co.,Ltd.strictly prohibits recruitment of child laborers.

The Administration Department is responsible for the confirmation of the actual age of employee recruitment and the personnel verification afterwards. Other departments would assist in the implementation. The company prohibits the recruitment of child laborers under the age of 16 when recruiting, and strictly verify the age of employees who come to apply. All those who are under the age of 16 must not be hired.

The Administration Department strictly enforces the “Management Regulations for Recruitment and Employment” during recruitment. A variety of methods are used to verify the employee’s birth date, and to avoid accidentally recruiting child laborers from the source. In addition, the Administration Department needs to carry out random checks on a regular basis to verify identity cards, and conduct multiple inspections on the ages of employees. Finally, according to the company’s rules, if a child laborer is found within the company, it should be independently documented and he/she must be made to stop working immediately. At the same time, the employee must be sent to the hospital for a health check, any department must not dismiss the child laborer. If the Employed child’s family has Financial, the company will provide employment training opportunities for other adult family members as far as possible to avoid child labor from happening again.

Protection for Female Workers

During pregnancy, our company will not arrange for female workers to engage in manual labor with high labor intensity and contraindication. We will not extend working hours beyond normal working days. For those who are not qualified for the original work, we will reduce the workload or arrange other work according to the certificate of the medical department. Female workers who have been pregnant for more than seven months (including seven months) will not be scheduled to engage in night work and overtime work. They would be scheduled to have a certain rest time during their working hours. Prenatal examination during working hours would be counted as working hours for pregnant female workers. Female workers with infants under one year old are entitled to two breast-feeding (including artificial feeding) times per shift of working time, each of which lasts 30 minutes. Two breast-feeding times per shift for female workers may be used in combination. Breast-feeding time and time in road of the breast-feeding inside company going there and back, would be counted as working hours. When the maternity leave expires and work resumes, one to two weeks are allowed to gradually resume the workload of the original quota.

4.1.3 Salary & Treatment

Based on the principles of legality, science, motivation and fairness, the company has established a standardized compensation management system and performance evaluation standards. A reasonable salary would be paid on the 5th of each month on time and in full, and there were no wage arrears.

The average monthly salary of employees in 2019 is around 310,000 Kyats. Myanmar’s minimum wage is 140,000 Kyats per month, and the industry’s average wage is 270,000 Kyats. Hence the average monthly income of our employees is much higher than the local minimum wage and industry’s average wage.

The company rewards outstanding employees and excellent teams each month, and the maximum bonus is 50,000 Kyats. For employees who have worked over a year there is a reward, and they may enjoy paid annual leave of 10 days. At the same time, the company also sets up award measures such as over-production awards to increase the income of employees. The total salary of employees has continued to grow since the establishments of the company.

4.1.4 Employee Welfare

Handa Enterprise (Myanmar) Co.,Ltd.always pays attention to employee welfare, and provides direct and indirect assistance. This helps to strengthen employees’ sense of belongings and improve employee satisfaction and company recognition.

Insurance

The company pays social insurance for all employees.

Providing holiday gifts and organizing various activities

During the reporting period, the company distributed holiday gifts to all employees in Myanmar festivals such as Songkran, Lantern Festival and Full Moon Festival. For Myanmar Songkran Festival (Myanmar New Year) each year in April the company holds a gala for employees. In the Chinese New Year each year, the company also organizes various activities for employees. Meanwhile, various cultural and sports activities and visits are carried out every year to enrich the lives of employees.



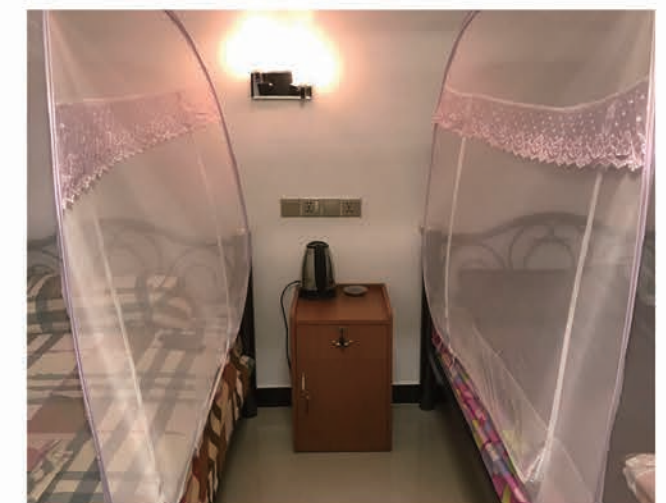
Setting up a Buddhist temple

Myanmar is a country where Buddhism prevails. Temples and pagodas can be seen everywhere in the country, and it has become a habit for them to worship. We fully understand their customs and habits. The company set up a Buddhist temple in the factory area to facilitate employees to worship the Buddha.



Providing Free Dormitories

Handa Enterprise (Myanmar) Co.,Ltd.provides free dormitories for employees. Each dormitory is equipped with an air conditioner, a television, a water purification equipment, hot and cold water equipment and a clean bathroom, etc. to make staff live in comfortable condition.



4.2 Labor Communication

Handa Enterprise (Myanmar) Co.,Ltd.values employees' participation in daily production. To make sure the company management team can communicate with employees efficiently, the company established a complete labour communication mechanism, so the management team could understand the workers, help with their work and life, and prevent unnecessary conflicts.

4.2.1 Workers' Coordination Committee

With the domestic development in Myanmar, Workers' Coordination Committee has become an important part of company's management. In order to promote good relationship between company and employees, make negotiation and coordination between company and employees, Handa Enterprise (Myanmar) Co.,Ltd.indicated procedures and methods for collecting and resolving labor disputes.

There would be an election for the Workers' Coordination Committee each year. In order to ensure the comprehensiveness of the workers' representatives, and to make sure they can truly represent the voice of all the workers, the candidates for the workers' representatives were elected from different departments. Workers' representatives shall be voted by the employees instead of managers. The representatives will be elected based on highest votes. All employees in Handa Enterprise (Myanmar) Co.,Ltd. have the right to vote and be voted. All workers' representatives must serve their employees voluntarily.

In 2019, Handa Enterprise (Myanmar) Co.,Ltd. elected 12 workers' representatives.



Workers' representatives election



Workers' representatives election

Workers' representatives can directly submit any opinion and suggestion of employees in such aspects as environmental hygiene, welfare benefits, working conditions, etc. to the company's senior managers through written form, suggestion boxes, face-to-face communication, etc. Senior managers should respond effectively to every opinion or suggestion and hold a monthly communication meeting to properly handle letters and visits from employees. If the company's senior managers are unable to hold communication meetings due to special circumstances, they may entrust their agents to chair the meetings. The relevant rules and regulations formed after the communication meeting should be explained and propagated to all employees by workers' representatives in time.



Communication meeting



Communication meeting

4.2.2 Internal Communication Mechanism

The company establishes a variety of internal communication mechanisms to proactively and timely understand and deal with employees' opinions and appeals.

The company's management personnel regularly organize employee forums with Myanmar employees and workers' representatives and listen to employees' opinions and suggestions. The company would conduct research on suggestions and adjust the management system after adoption, and promptly inspect and follow the improvement situation, as well as inform employees and the union of the progress.

The company set up multiple employee suggestion mailboxes at workplaces, canteens, etc. The suggestion mailboxes are opened every week. Both Chinese and Myanmar managers would gather to discuss about the employees' opinions on the meeting, to coordinate and carry out solutions.



Forums



Suggestion mailboxes

4.3 Employee Development

The majority of Handa Enterprise (Myanmar) Garment Co., Ltd. is local Myanmar employees, most of them have low levels of education. In order to improve the capabilities of Myanmar employees in all aspects, and train and explore employees with potential, we provide a platform for employees' growth and development. The company arranges professional person to provide skills training for new employees so that they can adapt to their work and working environment quickly.

In the aspect of training, the company has a long-term perspective and pays attention to the training and promotion of employees' abilities in all aspects. We help employees to carry out career development planning and promote them to form active awareness of self-improvement and development. That is how we build a mutually beneficial win-win situation between the company and the employees.

Handa Enterprise (Myanmar) Co., Ltd. had been offering training to improve workers' professional skills, and strengthen workers' capabilities. Based on assessment, employees who do well will be selected to suitable management position. Such action created a fair and just competition in the company. At the same time, giving employee's a good development guidance. By the end of 2019, Handa Enterprise (Myanmar) Co., Ltd. has trained 225 young Myanmar managers, some of them have become the professional trainers in the company.

A part of Myanmar managers:



In 2019, the company conducted more than 100 training courses and trained all employees. The training courses included local laws and regulations, company systems, professional knowledge, safety production and so on.

Parts of list of 2019 Training Courses

Course category	Course content	Training target	Time
Labor laws	Factory rules and regulations Labor contract	New employees	Daily
	Wage and welfare treatment	New employees	Daily
	Labor laws training	All employees	August
Health & Safety	Escape drill	All employees	May, August
	Health & safety training	All employees	April, September
	First-aid training	All employees	April, September
	Training on the use of dangerous articles	Related employees	May, August
Environmental protection knowledge	Waste treatment training	All employees	October
	Training on the use of chemicals	Related employees	August
Social responsibility	Social responsibility purpose training	All employees	May, November
	BSCI code of conduct training	All employees	May, December
	Anti-corruption training	Related employees	October
On-the-job training	Operational process of business merchandiser	Related employees from business department	March, September
	Operational process of printing and embroidery	Outsourcing staff & related employees from cutting workshops	April, October
	Operational process of fabric warehouse	All employees from fabric warehouse	June, December
	Responsibilities of team leaders	All team leaders	February, May, August, November
	Operational process of team leaders	New team leaders	Every month
	Cutting knowledge, inspection knowledge and related operational process	New employees	Every month
	Operational process of machine maintenance	All mechanics	May, August
	Operational process of ironing	New employees	Every month
	Packing, operational process of finished products warehouse	New employees	Every month
	Operational process of QC	New employees	Every month

Since 2018 we invited professional Chinese teachers and open Chinese language course in order to reduce language barriers between China and Myanmar employees. The language course is opened twice a week, written and oral tests are conducted every 3 months. Once the employees passed the exams, the company will offer certificate and prizes.

In order to motivate the development of the employees, the company persisted in carrying out excellent selection activities, encouraging and nurturing large numbers of outstanding employees and progressive teams to strive for progress.

Training courses



In April 2019, the company organized a group of outstanding Myanmar employees to visit the headquarter in Wuxi, China. The group visited the knitting, dyeing and garment factory in Wuxi, at the same time, communicated with the employees at the headquarter to learn management experience.

Visit



4.4 Occupational Health, Safety and Hygiene Management

Occupational Health, Safety and Hygiene Policy

Strengthening the labor protection in oversea investment and effectively maintaining the safety and health of employees are an important part of management of Handa Enterprise (Myanmar) Co., Ltd..

Handa Enterprise (Myanmar) Co., Ltd. follows the basic principle of "safety first, prevention first", and rules of safety production. At the same time, establishing a complete production safety management, Improving requirements and rules; hence strengthening production safety, management, training and ensuring emergency rescue.

Till now no major production accidents have ever happened in the company.

Environmental Health Committee

The company established the Environmental Health Committee and appointed the director of the Security Department as liaison officer for the committee, who is responsible for assisting management representatives in processing related matters related to environmental health and safety, and making sure related regulations are implemented.

The Environmental Health Committee would hold a meeting every three months to summarize and report all major hazards discovered during the inspection, and safety checklists, hazard notifications would be issued to solve the problems.

The committee would also invite workers' representatives to attend the meeting which is held every three months. The issues raised by employees' representatives on environmental health and safety would be noted and discussed with senior management personnel. The results would be posted on the bulletin board.

4.4.1 Fire Safety Management

Handa Enterprise (Myanmar) Co., Ltd. follows the basic principle of "safety first, prevention first", and strengthens and implements the management of fire safety. We had been training and raising safety awareness of employees, to make sure the fire safety management can be fully implemented.



Fire safety measures

- Passages and exits of workshops and warehouses are marked and cannot be blocked.
- The stacking of raw materials, finished products and semi-finished products does not impede the operation or block the passage.
- Multiple exits on each floor. Exit doors and routes have been equipped with clear emergency exit signs and lighting, and the employees have been trained about that.
- Maps of evacuation are posted at major emergency exits, alternate exits, and exit doors to inform employees.
- All passages, exit points and emergency equipment remain unobstructed.
- All exit doors can be pushed open outward.
- Hazardous area identification and safe area identification should be set up. Safe areas serve as a place for people to gather after accidents to ensure the safety of employees.



Fire extinguisher



Emergency escape meeting point

In order to make sure safety during fire alarm and accidents, Handa Enterprise(Myanmar) Co.,Ltd. developed emergency evacuation procedures and firefighting procedures, established emergency firefighting committee, formed emergency responding teams, evacuation teams and medical care teams.



Fire drill

In order to strengthen the emergency response and handling capacity, the company organizes a fire drill every six months, which includes emergency evacuation and fire extinguisher usage drills with professionals' guidance from the fire department. Two fire drills a year has been a part of the company policies since 2015.



In order to further strengthening production safety, the company has upgraded fire protection facilities such as increasing amount of spraying equipment and fire hydrants. The company has also installed automatic pumps and automatic alarm system.

On October 2019, the Yangon Insheng fire department did tests on company's fire alarm system. The auditor did detailed inspection on the fire equipment, investigated the water pipelines, did spraying test, smoke test, alarm bell test, etc. The company passed the inspection.



The fire acceptance



The fire acceptance

4.4.2 Employee Health Management

The company adheres to the people-oriented management philosophy and puts the employees' health in the first place. We would regularly conduct health care knowledge training and organize employees in special positions to do health checkups. In order to respond to the sudden physical discomfort of employees, medical kits are placed in every workshop and the company has set up an infirmary equipped with qualified doctors and nurses for employees to turn to.



Infirmary



Infirmary

Working environment maintenance

The company takes the following actions to maintain a healthy, safe working environment for employees' health:

- The Environmental Health Committee is responsible for all health, safety, environment related issues.
- Maintain clean and tidy in workplaces like offices/workshops at all time.
- Arrangement of equipment such as machines and worktables should take safety into consideration.
- Air conditioners, fans, exhaust fans, and other equipment should be installed at all locations to provide employees with suitable temperature and ventilation. Related departments should note daily temperature and humidity according to thermometers & hygrometers.
- Exhaust fan or exhaust gas extractor should be installed in workshops to exhaust air pollutants (such as dust, water vapor, exhaust fumes, etc.) in case they spread.
- Try to use non-toxic and harmless industrial technology and raw materials during the designing process.
- Wear protective equipments as required for all places where protective equipment is marked and needed.
- Changes in process, working conditions, materials, etc. may lead to new environmental factors. If such situation takes place, the Environmental Health Committee would evaluate and identify potential hazards and arrange proper safety controls.



Employees wearing protective equipments



Employees wearing protective equipments

Food & water safety

In order to solve employees' drinking water and domestic water usage problem, the company introduced and installed automatic water purification equipment. The quality of purified water is higher than the drinking water standard promulgated by the Myanmar government. Such equipment is installed to the canteen, dormitory and each workshop to make sure the employees have access to safe and clean drinking water. It has contributed a lot to improving the quality of drinking water and domestic water for all employees.

In order to ensure the healthy diet of employees, the company prepared water cups for each employee, and put names on the cups. We actively engaged in changing employees' bad habits of using public water cups. At the same time, Handa Enterprise (Myanmar) Co., Ltd. organizes employees to participate in health and safety knowledge training, so that employees can develop healthy habits and ensure their own health and safety.

The company offers a clean canteen equipped with trained and qualified workers, who have obtained health certificates and have been trained and qualified with hygiene knowledge. All canteen workers would do a health check every year to prevent infectious diseases.

4.5 Employee Care

Handa Enterprise (Myanmar) Co., Ltd. organizes various activities on a regular basis and respects employees' religious belief to improve employees' working atmosphere. In 2019 the company organized various cultural and sports activities, and excursions, which showed care and love for all our employees.

Colorful staff sports meeting

On Jan 4th (Myanmar Independence Day), the company held the 3rd Sports competition, to raise employees' spirit and group cooperation skills.

The competitions include running, tug-of-war, balloon bouncing and etc. The top three winners were awarded by the company leaders.



Annual teacher festival activities

In September, the company held a grand annual teacher festival. Company employees send blessings to their supervisors and leaders, at the same time, receive encouragement and blessings from their supervisors and leaders.



Grand Thingyan Festival Gala

Before Myanmar's Thingyan Festival, Handa Enterprise (Myanmar) Co., Ltd. hosted a grand festival gala for all employees. The company also gave awards and prizes to the outstanding employees and groups. During employees' performance, the company also prepared a lucky draw session.



Attending Employee Weddings and Sending Congratulations and Gifts

When the company employees hold weddings and other activities, the company leaders will send them congratulations and gifts.



Repaying Society

5.1 Donating to Orphanage

5.2 Caring For the Elderly



The company actively organizes public welfare activities and helps employees and local communities solve problems during our development. We built a good example by repaying the local communities: improving the life of employees and local residents.

Donations

Handa Enterprise (Myanmar) Garment Co., Ltd. is growing stronger and stronger, which is connected with the help and support of the local government departments in Myanmar. In order to thank the local government departments, the company donated 13 air conditioners to the government departments in Shew Lin Ban Industrial Zone, Hlaing Thar Yar District, Yangon Region, Myanmar.

At the same time, the company donated 20 million kyat for the establishment of the Hlaing Thar Yar NLD office and 1 million kyat for the construction of the waxworks of general Aung SAN for the Shew Lin Ban Industrial Zone.



Thazaundan Lighting Festival Donations

On the occasion of Myanmar annual festival of Thazaundan Lighting Festival, the company organized a temple donation activity, which includes 8 million kyat to the temple and nice delicate festival supplies.



Prospects and Outlooks

As an important country in the construction of "One Belt And One Road", Myanmar has attracted more and more enterprises' investment in recent years. As one of the earliest textile enterprises invested in Myanmar, Handa Enterprise has won the recognition of local people in recent years' good operation, and its development scale is also expanding. With five years operation in Myanmar we devote to promote the local economic development and community improvement in Myanmar, and also to build a bridge for better communication between Myanmar people and Handa Enterprise.

2019 is an milestone year in the development process of Handa Enterprise (Myanmar) Co., Ltd. With the good development of the company, the scale of the factory has been expanded again. 2020 will be a year for Handa Enterprise (Myanmar) Co., Ltd. to a higher level, we will continue to aim at sustainable development. We would adhere to the existing principles and actions in compliance management, internal management, employee care, environmental protection, charity and public welfare, etc. to continuously improve social responsibility in international cooperation.

Prudent operation is the cornerstone of the company's sustainable development and social responsibility. In the future development, Handa Enterprise (Myanmar) Co., Ltd. will continue to strictly abide by the bottom line of compliance, strengthen risk prevention and control, people-oriented continue to improve internal management, increase jobs, promote local economic development, and ensure the company's healthy and sustainable development.

Employees are a company's greatest asset. We will continue to attach importance to the care of employees and the cultivation of talents in Myanmar, continue to provide various trainings to help employees' growth, and establish a talent training program in Myanmar, so that Myanmar employees can quickly integrate into the company and grow rapidly. We will also establish an employee care system, continuously improve the employee communication mechanism, collect the appeals of Myanmar employees, understand their thoughts, and provide timely feedback, so as to further strengthen the sense of identity and belonging of Myanmar employees to the company.

Green development is our eternal theme. As the company continues to grow, we will continue to improve the environmental protection system, promote energy conservation and emission reduction, and standardize waste disposal. While strictly demanding ourselves, we will also spread the concept of environmental protection and green activities to the relevant stakeholders in order to protect the local ecological environment, to contribute our strength to realizing sustainable development.

At the same time, we will continual to hold various charitable and public welfare activities to provide assistance to the communities.

Looking into the future, we will better fulfill our responsibilities and make Handa Enterprise (Myanmar) Co., Ltd. the best knitted garments factory in Myanmar.

United Nations’ Sustainable Development Goals Table

United Nations’ Sustainable Development Goals		Corresponding chapter
Goal 3	Ensure healthy lives and promote well-being for all ages.	3.1、4.1、4.4、4.5
Goal 4	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.	4.3、1.2.2
Goal 5	Achieve gender equality and empower all women and girls.	4.1
Goal 6	Ensure availability and sustainable management of water and sanitation for all.	3.1、4.4.2
Goal 7	Ensure access to affordable, sustainable, and reliable modern energy for all.	3.2
Goal 8	Promote long lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all.	1.1.2、4.1、4.2、4.3、4.4、4.5
Goal 9	Build risk resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	4.3、4.4
Goal 12	Ensure sustainable consumption and production patterns.	1.2.2、1.3、1.4、2.1、2.2、3.1、3.2
Goal 13	Take urgent action to combat climate change and its impacts.	3.2
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	4.1、4.2
Goal 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	1.2.2、2.1、1.4

Reader Feedback Form

Thank you for your interest in this report. This is the third Social Responsibility Report we released based on the summary analysis and feedback of the 2019 annual report. In order to continuously improve the quality of our report, and to provide you and all stakeholders with more valuable information in the future, and to fulfill our social responsibilities in a better way, we sincerely welcome your valuable opinions and suggestions.

- 1、 Which part of the report interests you the most? Why?
- 2、 What content are you interested in however it’s not covered?
- 3、 Any Improvement you would like to suggest? (from the aspects of content, arrangement, appearance, etc.)
- 4、 Any constructive opinions or suggestions?
- 5、 What’s your contact information?

Thank you for your support and feedback!The above information can be sent by phone or email to the contact information on the back cover.