

FAME

Communication on Progress of

FAME Pharmaceuticals Industry Co.,Ltd.



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The period covered by Communication on Progress (COP) of FAME Pharmaceuticals is from February 2016 to February 2017.

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STATEMENT OF CONTINUED SUPPORT

Mr. Antonio Guterres
Secretary – General
United Nation
New York, NY 10017
USA

Dear Mr. Secretary- General,

I am honored and please to confirm that FAME Pharmaceuticals Industry Co.,Ltd reaffirms its support of Ten principles of United Nation Global Compact in areas of Human Rights, Labour, Environment and Anti-corruption.

In this annual Communication on Progress, we represent our actions to continually improve the integration of the Global Compact and its principles into our business structure, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

A handwritten signature in black ink, appearing to be 'KML', with a long horizontal line extending to the right.

Dr. Khin Maung Lwin
Managing Director
FAME Pharmaceuticals Industry Co.,Ltd.

MESSAGE FROM THE MANAGING DIRECTOR

Our main priority is “Caring Human Health”, thus all of the products are natural, organic, genuine and highly effective .The products range indicated from minor skin abrasion to major diseases like Kidney diseases, Hypertension, Diabetes Mellitus, Tuberculosis, Cancer and Hepatitis.

We are always striving towards “Better Health and a Brighter Future for people worldwide through leading innovation in Organic Herbal Medicines.”



On the other hand, FAME’s CSR Goal is **“To embrace responsibility for the corporate action and encourage a positive impact through activities on the consumers, employees, communities and environment”**.

To success our goal, we have been actively implementating (5) CSR approaches based upon CSR 2.0 Policy since 2010 such as

- (1) Defensive CSR (contains OHSAS 18001:2007 and SA 8000 team)
- (2) Charitable CSR
- (3) Promotional CSR
- (4) Strategic CSR (contains ISO 9001:2015 and GMP)
- (5) Systemic CSR (contains ISO 14001:2015 and FAME Organic Pharming Project)

In 2014, FAME Pharmaceuticals was honored to join and became a dedicated member of the United Nations Global Compact, the world’s largest voluntary corporate responsibility initiative.

FAME’s Communication on Progress clearly illustrates how we have embedded policies and procedures along our operations and are taking clear actions on human rights, labour, environment and anticorruption and improving our performance year-on-year.

This is the third report of our activities and progress compliance with 10 principles of UN Global Compact during 2016.

We continue to support the 10 principles and to align our operations with the Global Compact in all our locations as we continue to expand and grow. We will remain diligent in moving towards a more sustainable business by maintaining our support for the UNGC with positively contributing to our customers, employees, stakeholders and society.

Dr. Khin Maung Lwin
Managing Director

FAME Pharmaceuticals Industry Co.,Ltd.

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ASEAN Energy Award
(Winner) in 2013



President's Excellent
Performance Award
in 2014



ASEAN BUSINESS AWARDS
For CSR in 2010
(Finalist)



ASEAN BUSINESS AWARDS
2014 (2nd Runner UP)
Most Admired ASEAN
Enterprise Innovation



National Winner 2014
(Myanmar)
Most Admired ASEAN
Enterprise Innovation



CLMV SME
EXCELLENCE AWARD



ASEAN-OSHNET
Excellence Award 2016

Human Rights Principles

Principle (1)

Business should support and respect the protection of internationally proclaimed human right.

Principle (2)

Business should make sure they are not complicit in human right abuses.

Our objective is to create the happy and healthy workplace for employees and then they can do their duties to the best of quality according to Universal Declaration of human right.

To fulfill our objective,

Education and Entertainment: We have Saturday program in every week and HR department divide the employees into (4) groups, group A, B, C, D to make education and entertainment programs alternatively. For the purpose of this program is to give and share more knowledges and entertainment programs for mind relaxation.

I. Training Programs

External training



ISO /IEC 17025:2005 training



We invited ISO external trainer from Bureau Veritas (Thailand) to give ISO/IEC 17025:2005 training especially to QC and R&D employees.

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Application training by technician
from suppliers



We also make a supporting program that when we buy a new machine from external suppliers, they give the technical and application trainings to our employees by their technical trainer to get more confidence and friendly with the machines.

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In 2016, there were (25) external trainings including Foreign (7) and Local (18) and regular internal trainings including Weekly Educational trainings and Monthly Departmental trainings.



Internal training



Education program

When new employees start to join the work place, we have planned training programs for them which are rules and regulations for employees clarified by HR manager, Quality Management System (ISO 9001:2015) and Good Manufacturing Practice (GMP), Occupational Health and Safety Assessment System (OHSAS 18001:2007), Environmental Management System (ISO 14001:2015), Corporate Social Responsibility (ISO 26000) by respective representatives to get more confidence in work place and then take assessment after training.

Training course for new employee is about 10 hours and then, they have to learn on job training by the respective manager in their own department and departmental training also monthly.



New employee training



Skill development training

We offer salary to our employee according to basic salary policy of Local Labour Organization.

HR department give a chance to every employee as yearly leave entitlement; causal leave (CL) for 6 days and earned leave (EL) for 10 days. HR department monthly pays 5% of employee's salary to Social Security Board (SSB); 3% from owner and 2% from employee.

We also practice e-mail system for taking leave to HR department, thus more convenience for employees.

II. Transportation



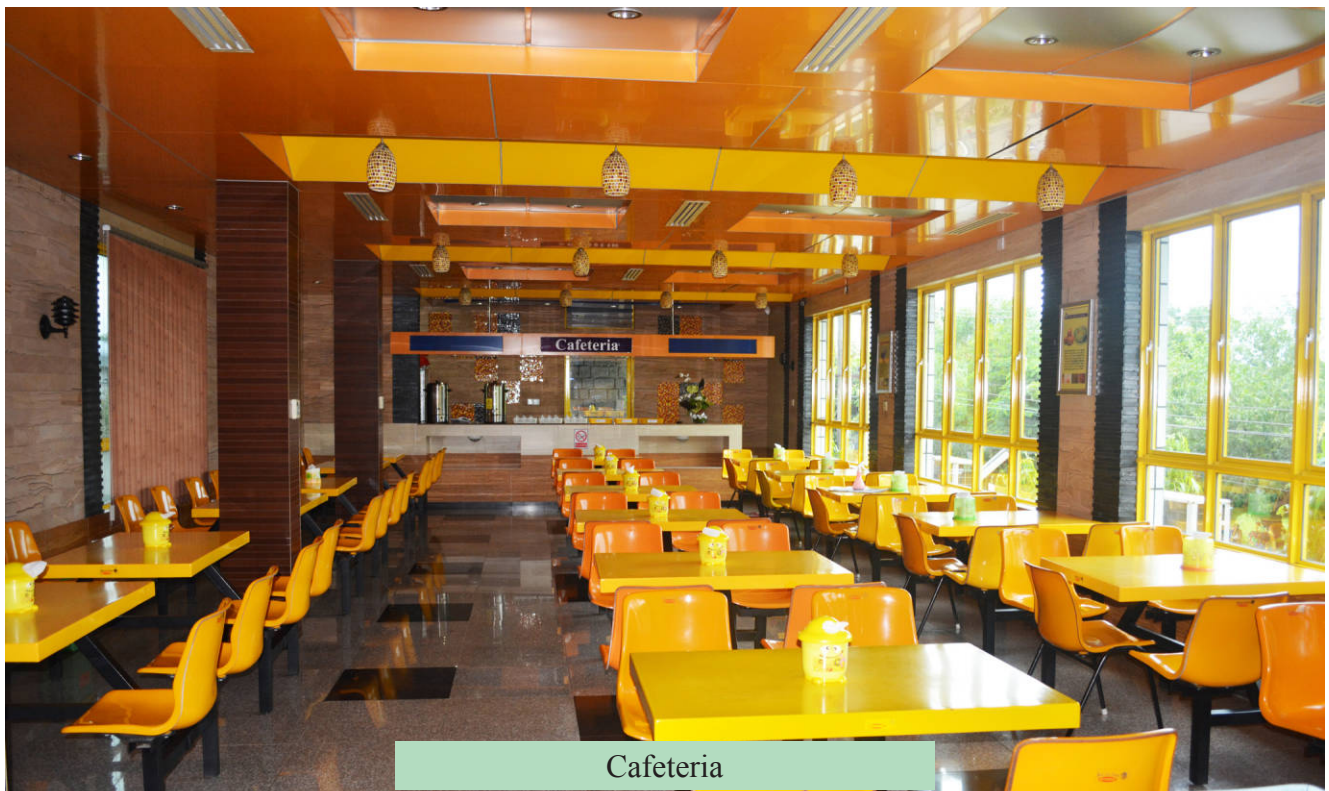
Facility for transportation

We provide facilities for transportation such FAME cars and give charges for transportation fees for employees who live near the factory.

III. Refreshment



Myanmar New Year refreshment



Cafeteria



IV. For Safety and Health care for employees,

Fire drills exercise was done regarding the way of employees' evacuation in case of fire at the work place. All employees participated well.

For the Health and Safety of employees by OHSAS 18001:2007 system, new employees have been made medical checked-up for infectious diseases such as HIV, TB, HBV, HCV etc. We also provide a First Aid box to each department and well-trained First Aider from each department.

Every employee can consult or get medical attention with OHSAS doctor at FAME internal clinic for medical problems or in emergency case. And also they are subjected to general medical check-up per-year.

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CSR journals have been distributed since 2013 and publish (2) times per year. All employees are willing to participate in CSR journals. In CSR journals, they share their own feelings, poems, novels, motivation, environmental technologies, education knowledges and health awareness letters.

We distribute CSR journals to employees, stakeholders and business partners to know more about our company activities.

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We create a pleasant and comfortable working area, library with up to date pharmacopoeias, cafeteria, purified drinking water, uniform, rest room for our employees.

Labour Principles

- Principle 3:** Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4:** the elimination of all forms of forced and compulsory labour
- Principle 5:** the effective abolition of child labour
- Principle 6:** the elimination of discrimination in respect of employment and occupation

For supporting Human Right in working area, we allowed freedom of association and collective bargaining in our factory.

Social Accountability (SA 8000) team organized with SA members since 2008.



SA 8000 Team

In SA 8000 Team, a member from each department and SA leader are elected by voting system once a year and has a SA representative of SA Executive Committee.

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Donation of family package to flooding victims



Donation at Tontay Monestry



Every SA member has opportunity to discuss at SA meeting which holds monthly. FAME volunteer task force (FVTF) activity by co-operation of employees has volunteering activity by donation of cash and in-kind to orphanage house, nursing home, flood-victims, etc.

It has been 33th donation of FVTF activity in 2016 by doing continuously.

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All Employees are eligible to monthly salaries, overtime allowance for extra hours, travelling allowance, supporting transportation, Social Security Insurances at Social Security Board for employees and for yearly leave entitlement; causal leave, earned leave, maternity leave, paternity leave, fully paid extended medical leave and blood donors leave.

We display the principles board of SA 8000 team and follow the guidelines.

SA8000:2008 PRACTICE OF FAME PHARMACEUTICALS <ul style="list-style-type: none">Discipline as government and ILOPractice as GMP and ISOAppointed only over 18 yearsOvertime must be voluntaryWorking hours : 8 hrs / day 44 hrs / weekMinimum of one day off in a weekCoverage of OHSAS 18001 : 2007No discriminationFair paymentAllowance as indicatedCompensation as necessaryFormation of SA8000 Task ForceFreedom of expression	If any problem with human right issue please contact... <u>ILO ADDRESS YANGON</u> ILO address Ygn No.1(A), Kanbae (Thitsar) Road, Yankin Township, Yangon, Myanmar. Tel : +95 01 - 2336538, 2336539, 578925, 579956 FAX : 01 2336582 Email : yangon@ilo.org Township Labor Supervisory Committee Ministry of Labor Union of Republic of Myanmar Hlaing Tharyar, Yangon, Myanmar. Phone - 01 645 026, 645 063
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We provide trip plans especially for serviced employees working at FAME Pharmaceuticals.

Human resource department arranged 2 recreation trips in 2016; one was Maw-La-Myaing trip and another was Taunggyi-Inlay trip for relaxation in Myanmar New Year holidays.





Annual trip to Taunggyi-Innlay



Annual trip to Mawlamyaing

In every Happy New Year, we celebrate Staff Party in New Year Eve Night.

NEW YEAR STAFF PARTY



Awarding to
outstanding employees
for being without leaves



Lucky draw program



Singing Contest
&
Performance



For Employees' health and safety, we are implementing Occupational Health and Safety Assessment System (OHSAS 18001:2007) since 2007.

OCCUPATIONAL SAFETY AND HEALTH POLICY

1. FAME Pharmaceuticals implements occupational health and safety management system which is appropriate to the nature and scale of the organization's occupational health and safety risks.
2. FAME Pharmaceuticals will maintain a safe and healthy work environment by controlling potential hazards as much as we can and will document and maintain the implemented the Occupational Health and Safety management system according to the ISO (OHSAS 18001) international standard guidelines.
3. FAME Pharmaceuticals will comply with current applicable occupational health and safety legislation and where Myanmar legislation is inadequate, will comply with international standards and go beyond to the requirements.
4. FAME Pharmaceuticals will provide proper training, supervision, safe equipment and facilities and sufficient resources to meet our requirements.
5. FAME Pharmaceuticals will continually strive to improve on our work safety performance from time to time by controlling potential hazards so as to ensure safety and health for every parties involved.
6. FAME Pharmaceuticals OSH Policy is available to all interested parties.
7. FAME Pharmaceuticals reviews the OSH Policy periodically to ensure that it remain relevant and appropriate to our organization

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For Occupational Health, we have internal clinic for employees and support the medicines. In emergency case, we make contract Pan-Hlaing Hospital

1. Pre-employment medical checking
2. Yearly medical check-up
3. Internal clinic for employees
4. Blood donation

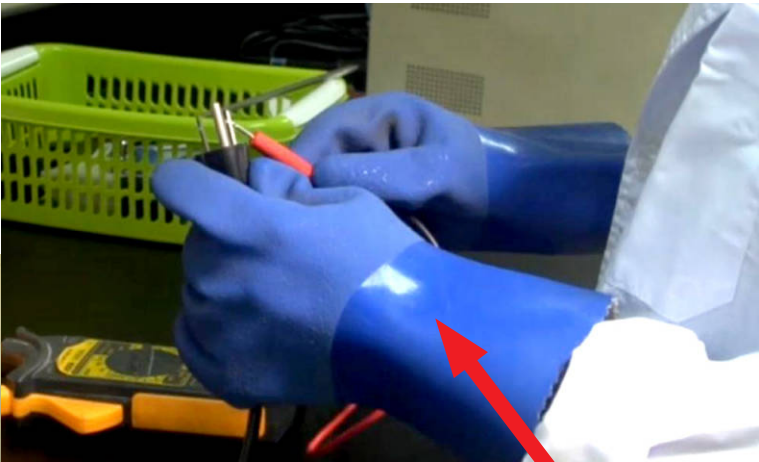


For Occupational Safety, we follow the guidelines such as

1. Fire safety
2. Electricity safety
3. Machine safety
4. Material Handling Tools safety
5. Chemical safety
6. Working at Height
7. Scaffolding and ladders safety
8. Personal Protective Equipment
9. Motor safety
10. House Keeping

OHSAS officer and safety officer regularly check on various risks associated with our work activities, including fire hazards, machinery hazards, electrical hazards, etc.

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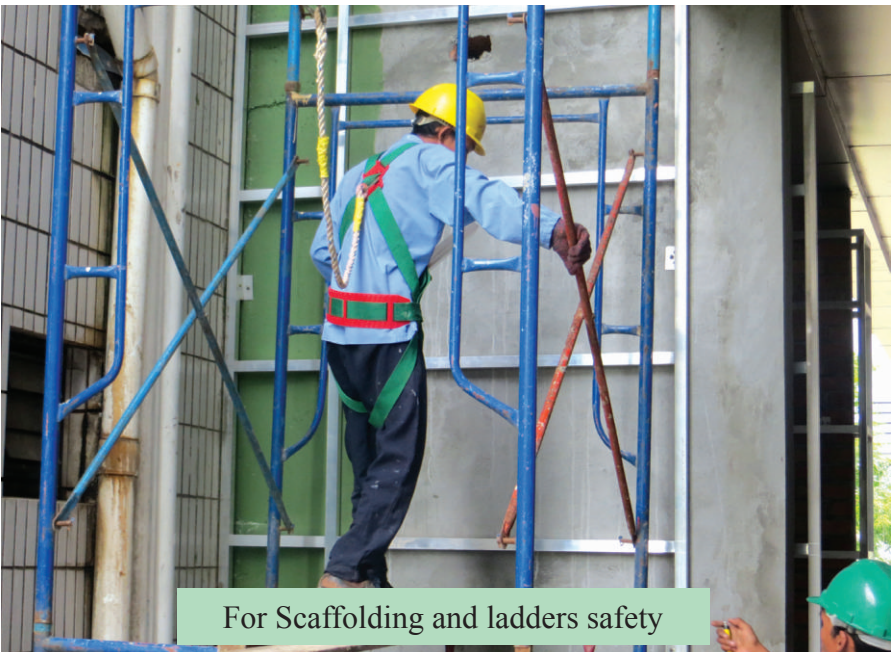
Use of personal protective equipment (PPE)



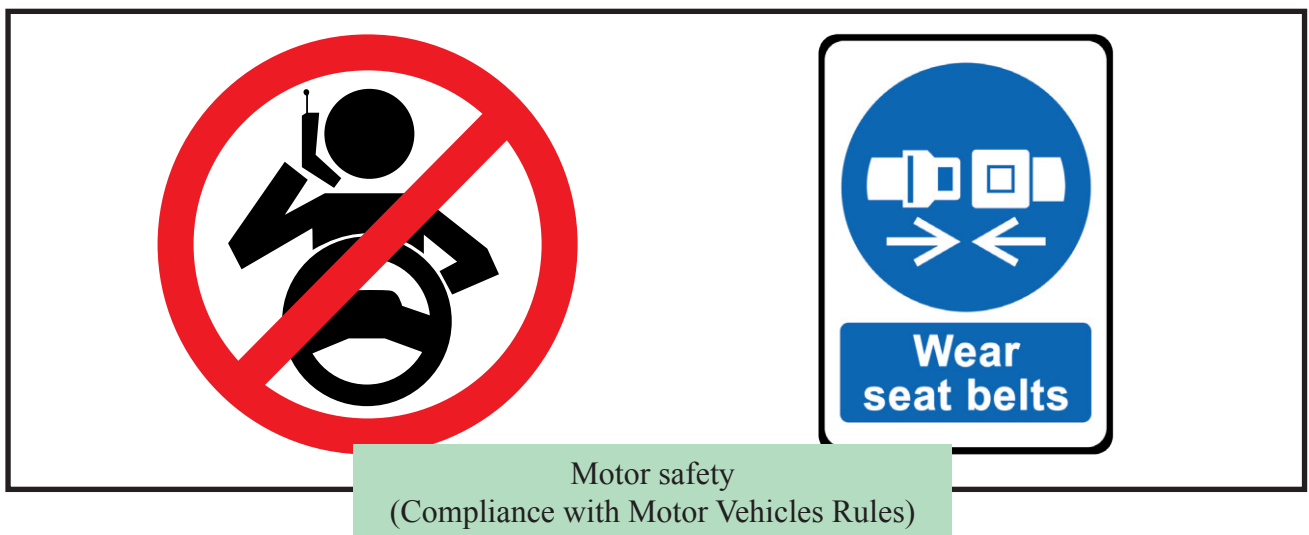
Mechine guard
For Mechine safety



OHSAS warning sign
For Material Handling Tool safety



For Scaffolding and ladders safety



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As we are followed OHSAS guidelines, we achieved Asian OHSNET Excellence award in April 2016.



ASEAN-OSHNET Excellence Award 2016



Environmental Principles

- Principle 7 :** Business should support a precautionary approach to environmental challenges
- Principle 8 :** Undertake initiatives to promote greater environmental responsibility and
- Principle 9 :** Encourage the development and diffusion of environmentally friendly technologies

As Organic herbal medicines manufacturing company, we control the risk of environment caused by our factory leading to create the green environment.

In April 2016, Environmental Management System was upgraded to 2015 version.



According to Guidelines of Environmental Management System (ISO 14001:2015), we do the EMS risk assessment register for our factory caused by (1) internal and (2) from neighborhood and (3) external interested parties like Employees, Government sectors, Environmental technological companies, Engineering companies, External Analytical lab, Communities, etc.

To reduce the risk of these environmental impacts, we clearly set objectives and target upon this.

- (1) Energy conservation
- (2) Recycling and solid waste management
- (3) Waste water management
- (4) Air pollution control

For precautionary approach, we are practicing spillage exercise for emergency chemical spillage and distribute awareness letters concerned with natural disasters as EMS activities.

Environmental Policy

1. FAME Pharmaceuticals implement Environmental Management System to improve its Environmental Management and ultimately, to reduce the environmental impacts of its operation, activities and products.
2. Environmental Management organizations will clearly define responsibilities and authorities. This shall be established to ensure conformance with legislation and regulation of the nations and with other related requirements to which the organization subscribes related to its environmental aspects.
3. The environmental impact caused by our production activities, products and services shall be precisely analyzed and assessed. The objectives, targets and measure for improving the environment shall be established, implemented and reviewed considering technical and economical possibility.
4. Activities for suppression of waste, energy saving and material conservation should be promoted.
5. All persons working for this Environmental management system should be given full understanding of this environmental policy through environmental education and internal information. All the persons concerned oneself should be interested in an environmental problem and be able to act. We are implementing continually our EMS policy by Internal Environmental Management Committee.

1. Energy conservation

Sources : Electricity, Diesel fuel, Water

Main objective :

To promote energy and natural resource conservation and reduce use of water, electricity & diesel fuel by developing energy management systems.

Operational control :

To develop energy saving programs, better maintenance and evaluation of energy leakage.

Monitoring & Measurement :

Checking the actual usage of records.

1. Electricity



Street light using Solar panel

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Herbal drying process using Solar Energy



Switch on light

Preservation of Energy



Switch off light when no one use

2. Diesel fuel



Pharmaceutical Grade Compressor House



3. Water



Handwashing



Mopping

2. Recycling and solid waste management

Source : Plastic, Paper

Main objective :

To prevent soil pollution and save money from wastes by improving recycling rates and reduce wastes.

Operational control :

Reducing, reusing, recycling and resale of paper, plastic, etc

Monitoring & Measurement :

Checking the monthly records of resale.

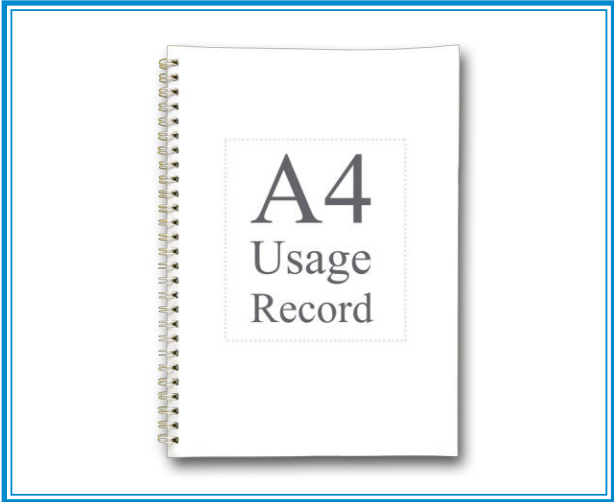
1. Plastic



Reducing usage of plastic and substitute
recycle bags

2. Paper

To reduce
paper usage



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3. Waste management

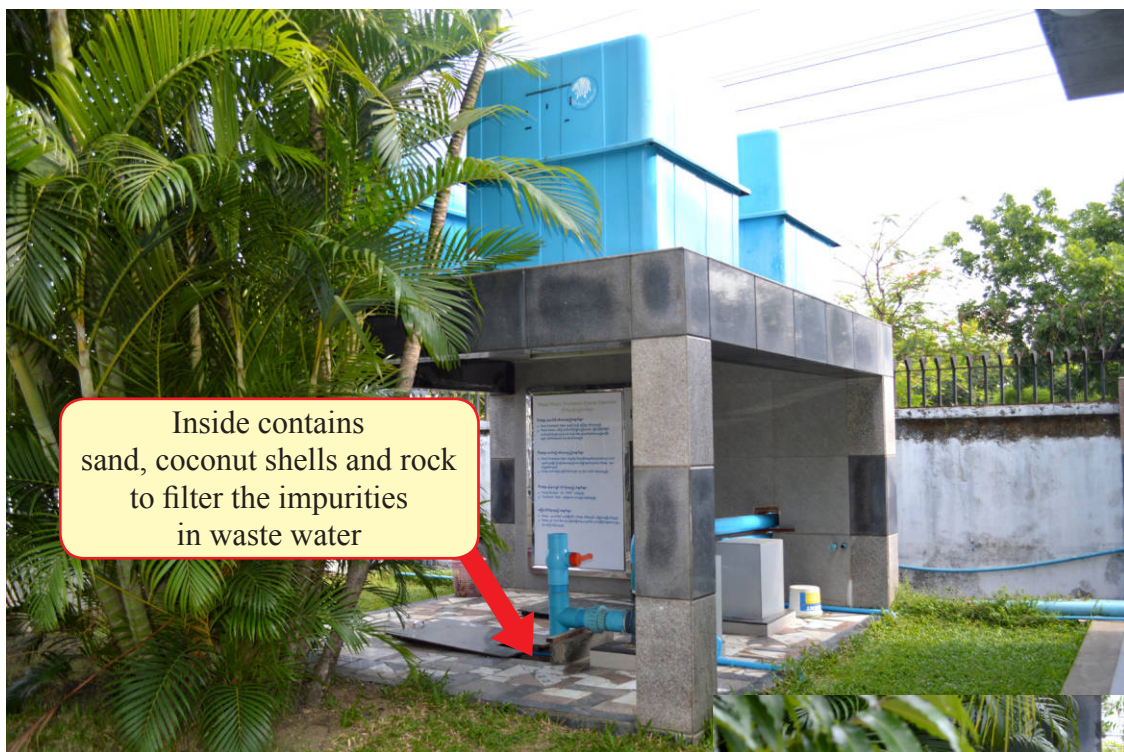
Source : Waste water, chemicals

Main objective : To prevent water pollution by reducing effluent contaminants from our factory.

Operational control : Reusing the treated waste water and daily maintenance.

Monitoring & Measurement : Checking the waste water test result record.

1. Waste water, chemicals



4. Air Pollution control

Source : Carbon dioxide

Main objective :

To prevent environmental air pollution by increasing the carbon dioxide absorption and reduce carbon dioxide emission associated with environmental impacts.

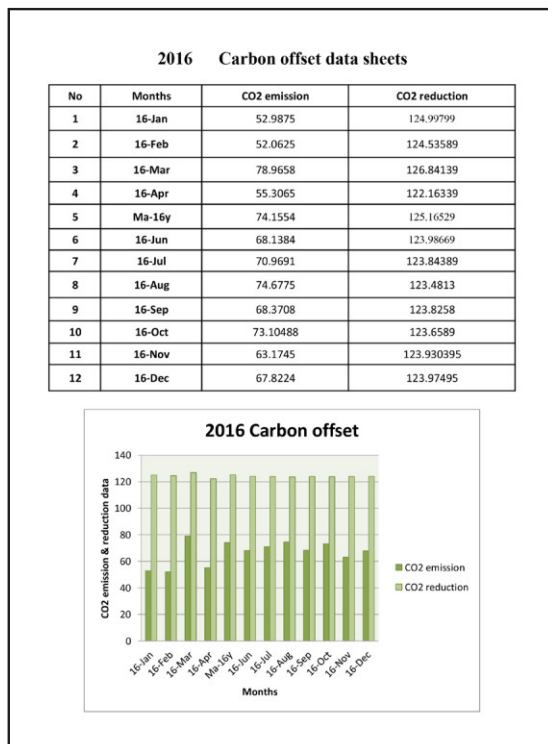
Operational control :

Air pollution control with planting and glass house

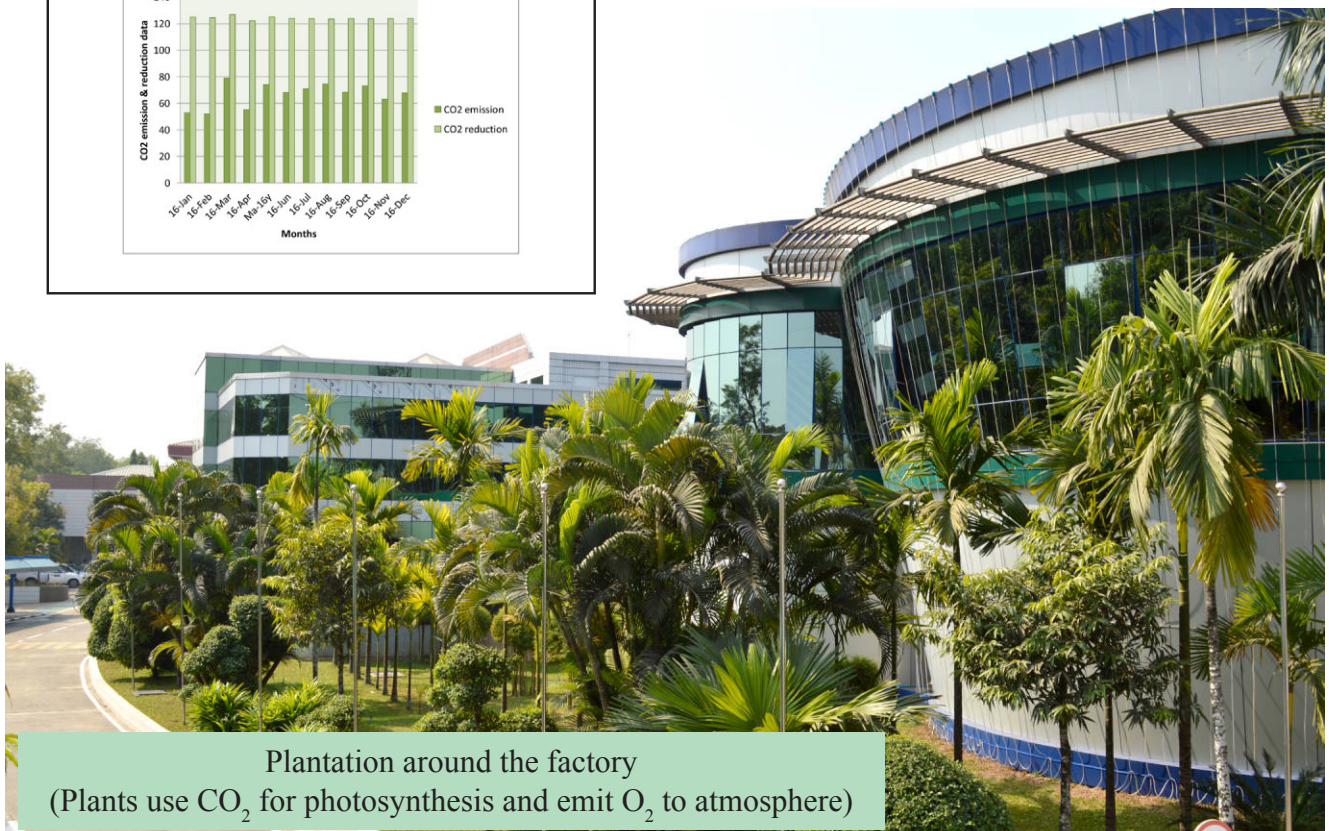
Monitoring & Measurement :

Checking monthly records of carbon dioxide.

1. Carbon dioxide



100% carbon neutral product
ISO 14001 : 2015 Certified



Plantation around the factory
(Plants use CO₂ for photosynthesis and emit O₂ to atmosphere)

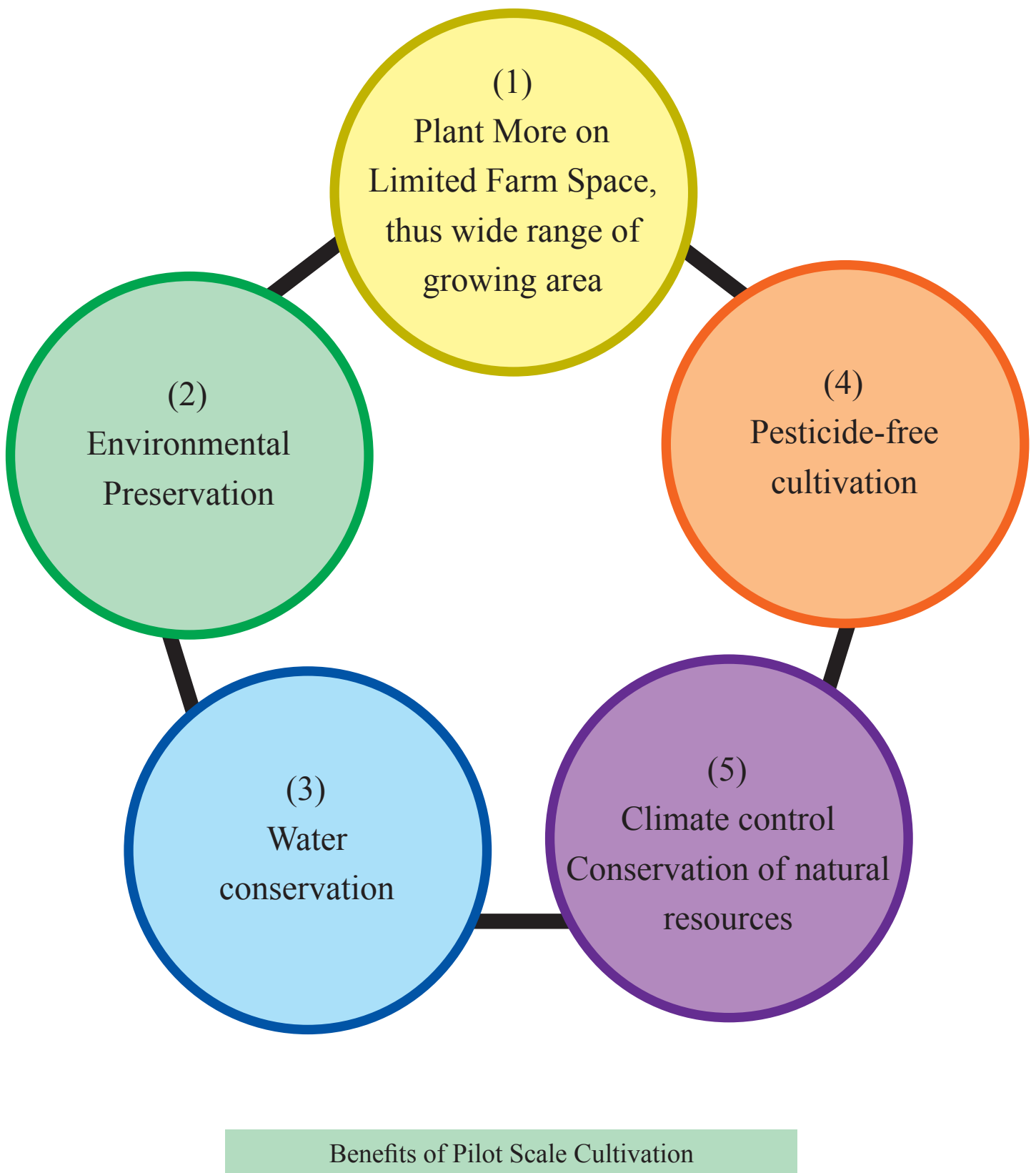
Pilot scale cultivation (Vertical Farming)



Gynura procumbens



Wheatgrass



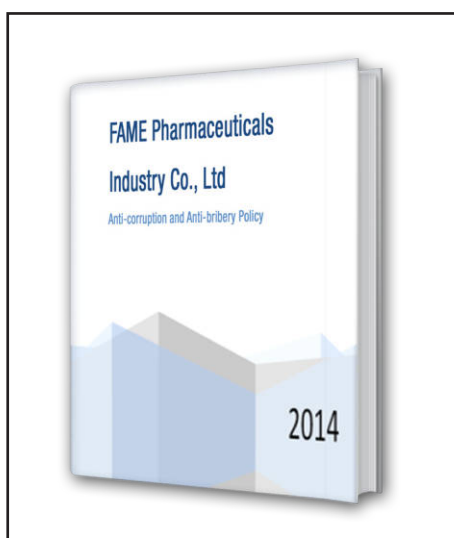
Anti-corruption and Anti-bribery Policy

Principle 10:

Business should work against corruption in all its forms, including extortion and bribery

Policy Statement

FAME Pharmaceuticals has a well-established reputation in conducting all of our business in honest and ethical manners. We also take zero tolerance approach to corruption and bribery by any of our employees, third-party representatives. Furthermore, we are committed to conducting our business in all applicable laws, rules and regulations and the highest ethical standard.



Handbook of anti-corruption

Distribute this book to all departments
for implementation of
Anti-corruption policy

Implementation

We conduct training for all new employees and provide relevant training on how to implement and adhere to anti-corruption policy for all existing employees. Annually we ask all employees to formally accept conformance to this policy.

Our zero-tolerance approach to bribery and corruption must be communicated to all those who are working with us including suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

In case of gifts and hospitality,

Employees of FAME Pharmaceuticals do not make with the intention of influencing a third party to obtain any business advantage, or to reward the provision or retention of business, or explicit or implicit exchange for benefits.

It is given openly, not secretly according to applicable national laws and conformity with Local custom.

Employees not offered to, or accepted from, government officials or representatives, or politicians or political parties.

Employees of FAME Pharmaceuticals who received appropriate gifts contribute what they received to charitable donations for vulnerable community.

Anti-corruption and Anti-bribery Principle

All employees follow principles in interactions with the Government

1. FAME Pharmaceuticals will proactively seek dialogue and co-operation with the Government of Republic of the Union of Myanmar provided such engagement is necessary, appropriate and mutually beneficial to both parties.
2. FAME Pharmaceuticals will build its dialogue with Government Officials on its active involvement in and close link to civil society including Non-governmental organizations.
3. FAME Pharmaceuticals is committed to honesty and integrity when in its interactions with Government Officials, by adopting a transparent and responsible behavior, respecting all applicable local laws.
4. In their interactions with Government Officials, employees of FAME Pharmaceuticals are expected to take all reasonable steps to ensure the truth and accuracy of all statements made or information provided by them.
5. Employees of FAME Pharmaceuticals shall always identify themselves openly and correctly when representing and their specific function.
6. Employees shall not misrepresent their status or the nature of their inquiries to Government Officials nor shall they create any false impression in relation thereto.

Facilitation Payments and Kickbacks

Either employees of FAME Pharmaceuticals or person acting on behalf of FAME Pharmaceuticals may not make or accept any kind of facilitation payments and kickbacks.

“Facilitation payment” is defined as payment made to a government officials to facilitate approval of some type of business transaction or activity.

“Kickbacks” is defined as “Payments made to commercial organizations in return for a business advantage, such as a payment made to secure the award of a contract”.

Employees of FAME Pharmaceuticals avoid any activity that might lead to a facilitation Payment or Kickback will be made.

Donations

FAME Pharmaceuticals do not make any donation or contribution whether in cash or kind to any political parties or candidates.



As part of FAME Pharmaceuticals Corporate Social Responsibilities, we are committed to support in the development of our community therefore we accept to make charitable support and donations for the development of local people, whether of in-kind services, knowledge, time, or direct financial contributions. However, every employees of FAME do careful to ensure that charitable contributions are not used as a scheme to conceal bribery. We only make charitable donations that are legal and ethical under local laws and practices. We, FAME Pharmaceuticals publicly disclose information of the charitable donations every time we make.

Record-Keeping

All documentations related to anti-corruption policy are kept in Document Control Centre. Monitoring and measurement are done on Yearly basis.



We keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties. Responsible persons ensure that books, records and overall financial reporting are also transparent. They accurately reflect each and all underlying transactions. We declare and keep a written record of all hospitality or gifts accepted or offered which will be subject to managerial review which is usually held twice a year.

We also ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure. All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contracts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept “of-book” to facilitate or conceal improper payments.

Monitoring and Review

Top level management which includes Board of Directors are responsible for monitoring and measurement on the sustainable effectiveness of FAME's anti-corruption policy and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness.

All employees are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

Employees are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Board of Directors.

This policy does not form part of any employee's contract of employment and it may be amended at any time.



**CLMV SME Excellence Award
in CSR**



FAME Pharmaceutical company was achieved ASEAN Business Award in CSR Role by ASEAN Business Advisory Council at 5th September 2016 because of strategies on CSR 2.0 Policy.