

Dated: October 11th, 2017

IFC ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS)

Project No. 40057 – Morris Hong Kong

Disclaimer

This Environmental and Social Review Summary (ESRS) is prepared and distributed in advance of the IFC Board of Directors' consideration of the proposed transaction. Its purpose is to enhance the transparency of IFC's activities, and this document should not be construed as presuming the outcome of the Board of Director's decision. Board dates are estimates only. Any documentation which is attached to this ESRS has been prepared by the project sponsor and authorization has been given for public release. IFC has reviewed this documentation and considers that it is of adequate quality to be released to the public but does not endorse the content.

Project Description:

The proposed project supports the operations and expansion of Morris Holdings Limited (“Morris” or the “Company”), a manufacturer and exporter (mainly to the United States of America (USA)), and also sold domestically in The Peoples Republic of China (PRC)) of wooden frame sofa’s and sofa covers. Morris’ core business includes design and manufacture of wooden frame sofas covered with leather or upholstery. In addition, Morris produces other types of furniture including upholstered wooden chairs and desks.

IFC is considering a loan, convertible into equity, of up to US\$26 million to support the company’s ongoing operations and expansion activities (the “project”).

The company’s current operating production facilities are located within an industrial park, located in Haining city, Zhejiang province (PRC). Morris recently completed construction of a production facility in Cambodia located in the Sihanoukville Special Economic Zone (SSEZ). This constructed facility had not initiated operations at the time of the IFC environment and social due diligence.

The process of manufacturing wooden frames and sofas includes: (i) sawing and trimming of wood products to designed shape; (ii) assembly of trimmed pieces with both adhesives and nails; (iii) cutting, sewing and forming leather/upholstery and filling with polyurethane foam; (iv) basic assembly of components; and, (v) packing and dispatch.

Overview of IFC’s Scope of Review:

The scope of IFC’s review of this investment included assessing the company’s capacity to oversee and monitor compliance of its operations in China and Cambodia with IFC’s Performance Standards (PS); the World Bank Group (WBG) Environmental, Health, and Safety (EHS) Guidelines for Sawmilling and Manufactured Wood Products (2007), and the WBG EHS General Guidelines (2007); and, national environmental and social (E&S), and occupational health and safety (OHS) regulatory requirements. The review relied on documents made available by the company including: the Morris (China operations) employee handbook; human resources policies; and

Morris' social responsibility requirements. IFC visited the Morris China facilities in July 2017, and conducted interviews with company representatives including the CEO, Executive VP, Senior VP of Operations, and front line workers. In August 2017, IFC visited the Cambodia facility (built but not yet operating) including potential local polyurethane foam and carton box suppliers in Sihanoukville; and, officials from the SSEZ management office.

Identified Applicable Performance Standards:

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards

PS1: Assessment and Management of Environmental and Social Risks and Impacts

PS2: Labor and Working Conditions

PS3: Resource Efficiency and Pollution Prevention

PS4: Community Health, Safety and Security

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS5: Land Acquisition and Involuntary Resettlement is not considered applicable for this investment. Morris' 43 hectares (ha) of land used for the plants in China were acquired by the local Government from 2002-2005. Subsequently, ownership rights were transferred to the Chairman of the company during the same period. There is no known physical or economic displacement, nor unresolved issues associated with the original land acquisition from local communities. Land required for the SSEZ, including 6 ha for the Morris Cambodia facility, was acquired by the local Government from local community members from 2007-2009. Land transactions took place without unresolved issues or disputes.

PS7: Indigenous Peoples is not applicable for this investment. There are no known populations of Indigenous Peoples groups at or near the China and Cambodia facilities.

PS8: Cultural Heritage is not considered applicable to this project. There were no finds of cultural properties during early development and construction of the China and Cambodia projects or any indications of the presence of such at the project sites.

If IFC's investment proceeds, IFC will periodically review the project's ongoing compliance with the Performance Standards.

Environmental and Social Categorization and Rationale:

Key E&S issues associated with this project as identified during IFC's review, are related to: the company's organizational capacity and competence and implementation of an environmental & social management system (ESMS) to manage E&S risks in its current China, and future Cambodia operations. Associated risks include the need to have a robust ESMS in place to manage potential labor and biodiversity issues associated with Morris' primary suppliers; management of life and fire safety; efficiency of water and energy use; effective reuse, recycling and disposal of solid wastes; and, ensuring good labor and working conditions are applied in its operations. The

Project has a limited number of potential adverse E&S impacts, which can be avoided or mitigated by adhering to Good International Industry Practice (GIIP), generally recognized performance standards, guidelines, and design criteria. This project is classified as Category B in accordance with IFC's Policy on Environmental and Social Sustainability.

Environmental and Social Mitigation Measures

IFC's appraisal considered the environmental and social management planning process and documentation for the project and gaps, if any, between these and IFC's requirements. Where necessary, corrective measures, intended to close these gaps within a reasonable period of time, are summarized in the paragraphs that follow and (if applicable) in an agreed Environmental and Social Action Plan (ESAP). Through the implementation of these measures, the project is expected to be designed and operated in accordance with Performance Standards objectives.

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts

Identification of Risks and Impacts: In accordance with local regulatory requirements, an environmental impact assessment (EIA) was prepared in 2011 for the Morris China facility. All identified risk and impacts have been addressed through appropriate mitigation measures and actions included as part of management plans. For Cambodia, and as part of the facility's feasibility study, key environmental impacts of the project were identified and mitigation measures were described. The SSEZ management entity also commissioned a Strategic Environmental Assessment for the SSEZ. However, these studies do not assess all environmental & social risks and impacts and specific mitigation measures to address gaps are not well defined. As part of the on-going risk and impacts identification process, Morris Cambodia shall include the social impacts for its operations and strengthen mitigation measures related to labor and working conditions, pollution prevention, and community engagement (ESAP #1).

Policy and Management Programs: The company describes its Environmental Health and Safety (EHS) and E&S Policies and implementing procedures in its first annual environmental, social and governance report published in 2016, as well as in procedural documents shared with IFC. Morris' management programs consist of the following key procedures and systems: (i) Site security and safety management and inspection procedures; (ii) staff EHS training program and manual; (iii) human resource policies and the Morris employee manual including an employee grievance mechanism; and, (iv) an overall hazard point risk analysis.

Based on outcomes of the hazard point analysis, supplemental company policies and procedures have been prepared to manage identified risks in day to day operations. These include the following: (i) solid waste management flow charts; (ii) a supplier screening and evaluation system; (iii) a social responsibility management system manual; (iv) a set of emergency preparedness, response, and reporting procedures; and (vi) energy and water efficiency procedures. Although the policies and procedures shown demonstrate that the company is committed to comply with its E&S commitments, there are shortfalls in meeting the requirements of an ESMS under PS1. As set forth in the ESAP #2, the company shall develop and implement an ESMS aligned with the requirements of this performance standard and implement this to all its operations with clearly defined mechanisms to monitor performance, review of system's needs, and assign

responsibilities for both group and factory level E&S management.

Associated with internal procedures and as an important part of Morris' ESMS, several USA customers require annual EHS and labor audits to be undertaken by accredited third party auditors. The objective of the required audits is to review EHS performance data (e.g. waste monitoring results) to determine if the company's system is functioning in accordance with guidance in procedures. Foreign buyers also mandate Forest Stewardship Council (FSC) Chain of Custody (CoC) certificates from importers and exporters supplying plywood and hardwood to Morris. Example audit reports have been shared with IFC.

Organizational Capacity and Competency: Morris Senior Vice President of Operations (SVP) is responsible for implementation of the company's EHS policies and procedures. The person in charge of each plant reports EHS performance information to the SVP. Morris' head of procurement is responsible for ensuring supply chain compliance. Staff reporting to each plant manager implements company EHS procedures. These staff include: (i) safety inspectors and supervisors; (ii) heads of security; and, (iii) heads of product quality and safety.

Supply Chain: Key raw materials to support its manufacturing needs are sourced by the company through traders and importers in China who in turn source these materials from suppliers at origin (e.g. plantations). Materials include, poplar-based plywood from central China; Larch hardwood from Russia; bovine hides from the USA and Brazil; foam from China and Cambodia; Kraft paper packaging boxes from China and Cambodia; and electronic components such as sofa remote control units, from China. The company shared the following documentation on wood importers and animal hides with IFC: (i) Valid FSC CoC certifications for procurement, manufacture, and sale of timber products, issued to the plywood importer and processor in China and a hardwood exporter based in Switzerland; (ii) poplar harvesting permits from the origin in China; (iii) harvesting permits, plantation maps, and phytosanitary certificates for Russian Larch; (iv) a declaration by the Brazilian supplier of bovine hides that their products do not come from logged Amazon forest areas, nor from farms where slave labor is used, nor from indigenous areas identified by the embargo list published by the Brazilian Institute of Environment and Natural Renewable Resources (IBAMA), Ministry of Environment of Brazil.

Chinese importers and processors, and their suppliers in China, Brazil, and Russia are large entities that sell to multiple customers. Morris' procurement volume is a relatively small percentage of these importers sales volumes. There are no binding long-term procurement arrangements in place.

The Kraft packaging carton supplier in Sihanoukville was well organized. It featured stringent, detailed on-site waste management, fire safety, and occupational health and safety procedures and requirements. These were confirmed during IFC's site visit, including discussions with facility managers, and a quick review of management system policies and procedures, documents and records. The foam supplier at SSEZ, which started operating recently, had stocks of combustible, raw foam-making materials and hazardous materials such as silicone oil and Toluene diisocyanate in drums stored in the facility. At the time of the visit, on-site personnel could not describe their systems and procedures in place to identify and manage operational E&S risks. Other observations included the following: (i) drums of silicone oil were not access controlled and were

without MSDS posted in conspicuous locations; and, (ii) the facility was generally dark without adequate lighting. A hazard point analysis addressing OHS, fire safety, and other potential risks has not been undertaken. Morris recently started engaging with the foam supplier after recognizing that there is room for improvement in its EHS management. Morris is now in the process of discussing an EHS and hazard point analysis audit to be undertaken in the factory. The scope of the audit will include an evaluation of existing mechanisms to ensure no use of child or forced labor and the existence of robust OHS practices, and the preparation of corrective action plans to be implemented at the supplier's plant. Implementation of mitigation measures will be made a condition of foam procurement.

Morris has a supplier screening and evaluation system in place as part of its procurement procedures. The screening tool rates the performances of suppliers and potential suppliers, mainly those in China, and primarily on product quality, timeliness of delivery, and other quality and commercial factors. The annual evaluation checklist of suppliers includes criteria to confirm reasonable labor and working conditions. The company will reinforce its supplier evaluation system with more refined, robust procedural details and KPIs, to ensure the following three E&S requirements: (i) no use of child, nor forced labor in primary suppliers' and their suppliers-at-origin workforces; (ii) strong OHS practices and ongoing performance at primary suppliers and their suppliers-at-origin; and (iii) verifying that timber and bovine hide suppliers-at-origin are not involved in significant conversion of natural and/or critical habitats.

To the extent that the company can exercise commercial leverage, it will also ask its direct plywood, hardwood, and bovine hide suppliers for adherence to the E&S requirements by asking the following from their suppliers-at-origin (farms and plantations): (i) an annual FSC-Forest Management (FM) audit by a FSC-accredited auditor of wood plantations, and implementation of audit identified corrective actions; (ii) following the FSC-FM audit, undertaking a dedicated labor audit as needed and duly implementing audit identified corrective actions; and, (iii) an external accredited audit of bovine hide suppliers (slaughter houses) to verify compliance.

As set forth in ESAP #3, Morris shall develop a group level procurement policy defining its commitment to comply with specific E&S requirements based on product and supplier risk, and shall develop (as part of the ESMS) a procurement procedure that defines: (i) process for selection of suppliers; (ii) process for evaluating suppliers, and systems for capturing relevant data; (iii) process for reviewing suppliers E&S risks and impacts (child labor, forced labor, OHS and biodiversity); (iv) for monitoring of suppliers E&S performance; and, (iv) process for removing suppliers based on failure to comply with company minimum requirements.

PS 2 – Labor and Working Conditions

Working Conditions and Management of Worker Relationships Peoples Republic of China: Morris operations currently employ 1,870 workers. All except ~ 100 workers are full-time, direct hires; and, another ~ 100 are hired through a local labor intermediary. A majority of operation workers are paid per the number of pieces they complete in a month, while the rest are paid a fixed monthly salary. Turnover was approximately 10% in the past 2 years, and there is no planned retrenchment by the company. Discussions with company staff and a tour of the Haining plants

confirmed working conditions to be reasonable, safe and clean. IFC's inspection included the plywood trimming area that was organized and had low dust levels amidst ongoing sawing activities. Workers are assigned to sweep floors regularly to remove saw dust. Overall the company manage operations in compliance with IFC PS2 requirements.

Human Resources Policies and Procedures: Morris has a detailed employee manual and a set of human resource (HR) policies and procedures. These policies and procedures are consistent with national labor requirements, which describe aspects such as organizational setup, remuneration and overtime, benefits, training and development, leave arrangements, performance evaluation, disciplinary procedures, reporting, occupational health & safety, and emergency preparedness and response scenarios. As such, these policies and procedures are considered as compliant to IFC PS2 requirements.

Working Conditions and Terms of Employment: Terms of employment and the rights and responsibilities of workers are formalized into employment contracts and communicated to all workers along with the employee manual. Remuneration is competitively determined by referencing market rates and complies with minimum wage laws.

The company provides family and single living quarters within the industrial park in Haining to about 1,000 workers. The other workers either live at home locally or rent accommodation nearby. Dormitories visited by IFC were of reasonable size, and with good hygiene and safety conditions including, toilets, showers, and kitchen facilities provided in the case of family housing, and considered aligned with IFC 's workers' accommodation guideline.

Workers' Organization: Currently ~ 70% of Haining workers are a member of a labor union. A worker union with elected union leaders is set up, as required by the All-China Federation of Trade Unions (ACFTU). The union head is elected by employees and the union management is independent of corporate management. There is no collective bargaining, however in accordance with the labor law of China. The union works with the group level HR management to settle grievances, and act as a platform for communication with workers.

Non-discrimination and Equal Opportunity: Hiring and employment practices recognize the principles of non-discrimination and equal opportunity.

Protecting the Workforce: There is no evidence of child or forced labor in the workforce and the company has clear hiring procedures and requirements on minimum age (18 years) for employment. This is in accordance with the PRC labor regulations.

Grievance Mechanism: Employee grievance can be either direct to manager or supervisor, or anonymous within suggestion boxes. Personal grievance can be brought to the manager, or HR department by the worker. As such the employee grievance mechanism, as reviewed during this due diligence is considered as compliant to PS2 requirements.

Workers Engaged by Third Parties: Morris' contract with the labor intermediary includes provisions requiring the intermediary to abide by all aspects of the PRC labor laws. Morris conducts random interviews with workers to verify this.

Human Resources Policies and Procedures Cambodia: The Cambodia facility is expected to employ ~ 700 workers at full capacity, consisting predominantly of Cambodian staff with a small number of Chinese or other expatriates. The company stated that they will abide at all times by national labor requirements in terms of working hours and overtime, age, minimum wage, leave and holidays, and other provisions, and will endeavor to hire most of their staff locally in support of local development. Separate male and female dormitories have been constructed that will be provided for workers. IFC's visit to a dormitory building confirmed installation of reasonable hygiene and safe conditions. Before starting operations, and as set forth in the ESAP #4, Morris Cambodia shall develop and implement a HR policy and procedures compliant with IFC PS2 requirements and aligned with Morris China policy and procedures, and shall have all relevant provisions matched against in-country laws and regulations.

Occupational Health and Safety: Morris reported that there have been no lost time injuries or fatalities in the past 2 years. The company OHS management system is defined in its OHS incident management procedural manual. This system requires: (i) detailed incident reporting and root cause analysis in the case of an incident; (ii) recording of near-misses by responsible personnel specifies assigned personnel and safety committees to deal with incidents and with a flow chart detailing actions to be taken; (iii) description of affected scenarios (e.g. mechanical and electrical injuries), classifying them into three levels in terms of severity, and describing how to manage them and addresses incidents when they come up. As set forth in ESAP #5, the company shall implement key performance indicators as part of a monitoring and reporting system to ensure OHS statistics are tracked (lost time incidents, fatal accidents, near misses, accident investigations conducted and findings).

At the Haining plants, assigned on-site safety inspectors conduct daily inspections of various parts of the plant for non-compliances against procedural requirements. In one of the cases provided for IFC, a detailed OHS hazard point analysis was undertaken that included the risk rating of various types of potential OHS incidents such as worker eye exposure to chemicals. This analysis includes a rating of the consequence, the likely frequency of exposure to the risk factor, a composite risk score calculated based on the aforementioned values, required actions to minimize the risk factor, and the required personal protective equipment. An annual health-checkup of all workers is undertaken by the local Government hospital's preventive care unit. Results of the 2017 OHS risk monitoring report, prepared by a third party, reported indoor levels of particulate matter, ethyl acetate, solvent, and noise were compliant with national requirements.

At various locations within the Haining plants, there are large visible information boards displaying the following: (i) the prominent potential OHS risks at each identified risk point based on the results of a hazard point assessment; (ii) the nature of the risk; (iii) the required protective actions to avoid specific risks; and, (iv) defined actions in case of an incident occurrence.

Overall OHS risk management principles were displayed at various locations throughout the plants visited. Safety inspection records are maintained at all facilities. Mechanical moving parts had machine protectors around them, and ground openings are properly covered. Work areas are clearly demarcated with painted lines on the ground. Each operational area had clearly

displayed operational instructions, and first aid was deployed throughout the plants. Regular OHS requirements' training conducted regularly for staff includes specific operational safety requirements for various tasks. Morris is in the process of replacing most of its manual wood trimming activities with an automated process whereby trimming will be done by machines and within closed cabinets to further minimize worker exposure to saw dust.

Chemicals used in Morris operations and to which workers are exposed to include: solvents (ethyl acetate) and glue. The company has material safety data sheets (MSDS) for these materials posted throughout the areas where they are used. Storage drums are locked in access-controlled areas on concrete-lined and enclosed platforms to prevent leakage. The company maintains records of licensed supplier's come to collect empty solvent containers as evidence that they are properly disposed of or reused.

PS 3 – Resource Efficiency and Pollution Prevention

Greenhouse gases and resource efficiency: The annual total greenhouse gas emission from the China and Cambodia plants, attributable to the consumption of grid electricity and natural gas at the China plant, and anticipated grid electricity consumption at the Cambodia plant, is estimated at 14,000 tCO₂e. Benchmark values listed in the WBG EHS Guidelines for Sawmilling and Manufactured Wood Products, and based on data provided by the company, calculated efficiency performance values for the Haining operations indicate the following results: (i) electricity consumption (kWh) per unit of production output (m³) was significantly lower than the EHS Guideline value of 255 kWh/m³; and (ii) water (liter) used per unit of production output (m³) was also significantly lower than the benchmark value of 290 l/m³.

Water used by the Haining operations is limited in quantity and is supplied by the municipal water supply company. Likewise, the Cambodia facility will be supplied by the local water supply company. There are no water shortage issues at either location. In 2016, the company installed solar power panels that provide more than 30% of the Haining plant's power needs; installed light emitting diode (LED) lights; and started implementing a paperless office policy.

Pollution Prevention: Wastewater from the China and Cambodia facilities consists largely of sanitary waste, which is discharged directly to a centralized industrial park wastewater treatment plant. 2015 and 2016 third party monitoring results for ambient noise and ambient particulate matter (measured at facility boundaries) and for wastewater (pH, suspended solids, chemical and biological oxygen demanders) at the Haining facility, were within national and WBG General and Manufactured Wood Products EHS Guideline benchmark values. There are no boilers installed on-site at either the China or Cambodia facilities; air emissions from the use of backup generators at the Cambodia plant will be limited.

All unused raw materials are returned to suppliers, collected by licensed waste disposal companies for landfills, or sold to recyclers and alternative users (e.g. bovine hide trimmings are sold to leather glove makers; leftover foam is sold to other furniture makers; and wood trimmings are sold to makers of wood fuel pellets) with a goal of minimizing wastage in compliance with

company policy. The company provided documentation with flow charts describing the preferred handling and disposal of unused solid materials and wastes.

Hazardous materials use is described under PS2 and the OHS section. All chemicals procured for Morris operations are utilized in a manner to minimize wastage, with very small quantities left that enter the wastewater stream. Wastewater and storm water are collected separately. As described in the previous section, company policy is to minimize wastage and solid waste. Unutilized materials are returned to suppliers or sold to other users. There are no incinerators at Morris facilities.

PS 4 – Community Health, Safety and Security

The company's operations in China and Cambodia pose a moderate to limited level of potential risks to the health, safety, and security of local communities. These communities are located between 500m and 2km in distance from the plants. Morris employs unarmed security guards to secure its premises, and there have been no security or fire incidents since the start of operations.

At the Haining operations, the company has established a safe production committee consisting of management and supervisory representatives. Related to this and under the oversight of the committee, the company has a set of detailed procedures that includes requirements on site safety and security inspections; fire safety management procedures; and, on safe operation of motor vehicles. Morris has also shared its detailed "Emergency Action Manual" that describes various potential emergency scenarios (e.g. earthquakes) and actions to be taken in case of occurrence.

IFC's tour of the Haining plants, which comprise buildings up to three stories height, confirmed that various life and fire safety provisions and equipment were in place. These include: (i) detailed fire safety procedures; (ii) adequate lighting throughout the various plant areas; (iii) fire alarms and sprinklers; (iv) emergency lighting, exit and other signage; (v) hose reel and hydrants; and (vi) fire extinguishers incorporating dates of last inspections clearly displayed. As part of its procurement procedures and in order to meet the California USA regulations and buyer requirements, the company requires that the material properties of the foam it procures is such that in case of the foam surface catching fire, the flame should self-extinguish within 5 seconds and not continue to burn. The local fire department in Haining conducts regular and unannounced inspections every year, as well as fire drills, to verify that the plants are operated in compliance with local fire safety regulations.

PS 6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources

Supply chain: The materials sourced through the supply chain is described in PS1, involving tiers of in country traders, importers, aggregators and merchants with varying degrees of environmental and social risk associated in the supply chain. Morris does take some initial steps to assert control over its supply chain; nevertheless, the current approach shall be strengthened and include: (i) evaluation of risks by material input, and origin; (ii) application of a minimum requirements to verify legality and traceability of material; and, (iii) having in place a process for

periodic review of suppliers to determine changes in risk and whether or not alternative suppliers need to be identified. As set forth in ESAP #3 Morris shall build on its initial work (as outlined in PS1) and implement an E&S procurement policy.

Stakeholder Engagement:

The company commissioned external consultants to undertake an environmental impact assessment (EIA) for the China facility in 2011. As part of the 2011 EIA process, public consultations were conducted with local residents and with representatives of Government to disclose identified impacts of the project; describe proposed mitigation measures; and obtain feedback from local stakeholders.

In 2016, the company published its first corporate social responsibility report in which a summary was provided of ongoing stakeholder engagement activities with suppliers, customers, and workers. The company, as part of its social responsibility management, undertakes community outreach activities such as supporting the children of new immigrants in the greater Haining area. Given that China and Cambodia facilities are located in designated industrial parks and the closest local communities are 500 to 2,000 m away and given that the nature of Morris' business activities entail moderate to limited E&S impacts, the extent and nature of stakeholder engagement activities by the company is considered to be appropriate.

Broad Community Support:

BCS – Not Applicable

Environmental and Social Action Plan:

Morris Holdings Limited. (#40057) – Environmental and Social Action Plan – Draft (note: date for first disbursement unknown)

Description of the Action Item		Anticipated completion date
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts		
1	<p>Morris Cambodia shall assess all social risks and impacts of its operation. Identify all gaps, and identify mitigation measures to address impacts related to labor and working conditions, pollution prevention, and community engagement.</p> <p>Indicator of completion:</p> <ul style="list-style-type: none"> • E&S action plan, including action to be taken, timeline for closure, budget (as appropriate), and responsible staff; and, • Implementation of mitigation measures. 	<p>COD 1st December 2018</p>
2	<p>Morris shall develop an Integrated Environmental and Social Management System (ESMS) consistent with the requirements of PS1. The ESMS will be based on the policies and procedures already developed for Morris China and address gaps related to: identification of risks and impacts; management programs, including relevant mitigation measures; monitoring and reporting of E&S performance; supply chain management; emergency preparedness and response; and stakeholder engagement and, community grievance mechanism.</p> <p>Indicator of completion:</p> <ul style="list-style-type: none"> • Documented ESMS with assigned roles and responsibilities (in appropriate language); and, • ESMS internal audit report. 	<p>1st September 2018 1st September 2019</p>
3	<p>Morris shall develop a group level procurement policy defining its commitment to comply with specific E&S requirements based on product risk, and shall develop a procurement procedure that defines: (i) process for selection of suppliers; (ii) process for evaluating suppliers, and systems for capturing relevant data; (iii) process for reviewing suppliers E&S performance; (iv) for monitoring suppliers; and, (iv) process for removing suppliers based on failure to comply with company minimum E&S requirements.</p> <p>Indicator of completion:</p> <ul style="list-style-type: none"> • Public policy statement • Mapping of suppliers, and risk screening process for evaluating and mapping environment and social risks (child labor, forced labor, OHS, and biodiversity) related to suppliers (product vs. country of origin); • Procedure to prioritize suppliers based on risk and leverage, and decision making process, and procedure for periodic review of risk assessment process and for review of type and country of origin of the production input material. 	<p>1st December 2018 1st December 2018 1st March 2019</p>
Performance Standard 2: Labor and Working Conditions		

4	<p>Morris Cambodia shall develop and implement a HR policy and procedures compliant with IFC PS2 requirements and aligned with Morris China policy and procedures, and shall have all relevant provisions matched against in-country laws and regulations.</p> <p>Indicator of completion:</p> <ul style="list-style-type: none">• Morris Cambodia HR policies and procedures; and,• HR policies and procedures written in appropriate language and communicated to all workers.	<p>COD COD</p>
5	<p>Morris shall implement key performance indicators as part of a monitoring and reporting system to ensure OHS statistics are tracked. KPIs' will include: (i) lost time frequency rate per million person hours per factory and per location; (ii) any recoded OHS incident that resulted in lost time, accident, and subsequent accident investigation summary (as appropriate); (iii) summary of near miss reports; and, (iv) summary of measures taken to reduce risks following either a lost time incident or a near miss report being filed.</p> <p>Indicator of completion:</p> <ul style="list-style-type: none">• KPIs developed and an example of report.	<p>1st June 2018.</p>

Local Access of Project Documentation:

Contact Person: Mr. Guohua CHEN

Company Name: Morris Holdings Limited

Address: 500 Youquan Road, Haining, Zhejiang 314400, P.R.China.

Email: chenguohua@morrizou.com

www.morrisholdings.com.hk