



UN Global Compact Communication on Progress

8 October 2015

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Statement of continued support for the UN Global Compact

Dear stakeholders

UN Global Compact

The Global Compact is a United Nations initiative that encourages companies to embrace universal principles in the areas of human rights, labour, environment and anti-corruption. CMHL is proud to have participated in the Global Compact since 2012.

I am pleased to confirm that CMHL reaffirms its support of the ten principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

In this annual *Communication on Progress*, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. This information will be shared with our stakeholders on the Global Compact website (www.unglobalcompact.org) as well as CMHL's own website (www.cmhl.com.mm).



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Human rights

Assessment, policy and goals

We are committed to respecting the protection of internationally proclaimed human rights and ensuring that we are not complicit in human rights abuses.

As a retailer, we have identified three key areas in which we must be aware of the potential for human rights abuses:

1. We employ over 6,000 employees and must work to ensure that we protect their human rights
2. As part of the global supply chain, we recognise that we have a responsibility to encourage human rights among our suppliers and the farmers, fisherman and manufacturing workers upon whom our suppliers depend
3. We undertake construction projects for our shopping centres, supermarkets and hypermarkets and people's land rights may be affected by our developments

Regarding our employees, our measures to protect their rights are set out in the next section, "Labour".

In our terms and conditions with suppliers, we require that all our suppliers confirm that they comply with our Code of Conduct which includes our commitments to human rights. We undertake due diligence to test potential suppliers' commitments to protecting human rights. We will choose not to deal with business partners who we believe are not doing enough to uphold human rights.

We are committed to recognising and protecting people's land and resource rights, particularly the rights of those located near to, or who may be affected by, our operations.

Our goals are to (1) protect the human rights of all our employees and people who may be affected by our operations and (2) deal only with business partners who also work to uphold human rights.

Implementation

During the past year, we have engaged the International Finance Corporation (IFC), a member of the World Bank Group, to undertake an environmental and social review (ESR) of our operations. A summary of the results of the ESR and an action plan is available to view on www.cmhl.com.mm/news.html.

We will take the following actions to improve our systems and procedures as regards human rights:

- We will set up a practicable system to screen primary suppliers for potential child and forced labour practices and address issues if found, to the extent that the company has commercial leverage over those primary suppliers.
- We will refine and improve our life and fire safety systems

Measurement of outcomes

We measure our human rights compliance by monitoring:

- Employee grievances which have been communicated through the channels we have established
- Continuing due diligence on suppliers and other business partners regarding their human rights record
- Feedback from communities that may be affected by our developments

The City Love & Hope Foundation meets every month to review the outcomes of its initiatives to improve the lives of people in Myanmar.

Labour

Assessment, policy and goals

CMHL employs over 6,000 members of staff. Our employees are entitled to all applicable rights under Myanmar law and international standards. In particular, we commit to safeguard the following rights:

- We recognise the dignity of all persons and respect their freedom and privacy
- All employees shall be entitled to just and favourable remuneration
- Employees shall be entitled to fair working hours and holiday entitlement
- We allow our employees freedom of association and the right to engage in collective bargaining
- We will not discriminate on the grounds of gender, marital status, age, religion, physical ability, sexual orientation, political beliefs or social class in the workplace or when considering promotions
- All employees should be allowed to perform their role without being bullied, harassed or threatened
- We will not force anyone to work for CMHL and will refuse to deal with business partners that engage in forced or compulsory labour practices

We consider these rights to be the minimum standards that we offer our employees. In order to foster a culture where people are proud to work for us, we offer various benefits to all employees, including provision for health care, favourable terms to buy expensive household essentials using hire purchase, a special provident fund and staff discounts.

Implementation

We have updated our Code of Conduct to include better community engagement mechanisms.

Measurement of outcomes

We measure our human rights compliance by monitoring:

- Employee grievances which have been communicated through the channels we have established
- Employee satisfaction and staff turnover

We review our staff benefits on a regular basis to ensure that we continue to offer a fair deal to our employees.

Environment

Assessment, policy and goals

Our shopping centres, branches, distribution centres and offices use resources such as electricity, water, diesel and paper. It is our policy to reduce use of these resources as much as possible. We also commit to support environmental causes through the City Love & Hope Foundation.

Implementation

As part of the IFC ESR we have made the following commitments:

- We will set up a practicable system to screen primary suppliers for potential impacts on biodiversity (primarily in relation to farms located in ecologically sensitive areas which may potentially entail significant conversion of natural or critical habitats), and address issues if found, to the extent that the company has commercial leverage over those primary suppliers.
- For properties which discharge directly to surface water, and those that discharge into the sewer system of cities/towns which do not have a municipal waste water treatment plant, we will commission tests of waste water levels by a qualified testing entity. We will propose corrective actions (including equipment/facility retrofit as needed, such as ensuring that sewers are sealed and putting in place separate storm water discharge systems where technically and financially feasible) should results exceed World Bank Group Environmental Health and Safety General Guideline levels.
- We will use an internationally recognised methodology to annually quantify total greenhouse gas emissions from our operations, and explore technically and financially feasible options for greenhouse gas reduction.

Measurement of outcomes

The City Love & Hope Foundation meets every month to review the outcomes of its environmental initiatives.

We measure our electricity, water, diesel and other resource usage to identify where we can make environmental savings.

Anti-corruption

Assessment, policy and goals

CMHL takes a zero tolerance approach to corruption or bribery committed by our directors or employees, regardless of their position in our organisation, or business partners.

We do not give, promise or offer to give or discuss giving an undue advantage to any person, whether a public official or a private employee, in order to influence that person to act in an improper manner.

We have a comprehensive gifts, hospitality and expenses policy to ensure that our employees are not receiving undue advantages.

Implementation

We are reviewing the due diligence that we perform on our suppliers and business partners to ensure that they also commit to work against corruption

Measurement of outcomes

Our audit committee regularly reviews company transactions for signs of any irregular payments. Our audit committee also monitors gifts and expenses received by our employees to ensure that they are proper.