

FIRST MYANMAR INVESTMENT CO., LTD.
(A PUBLIC COMPANY)



Communication on Progress

Period covered (28 November 2014 to 28 December 2015)

6 November 2015

Statement of continued support by Chairman

To our stakeholders

I am pleased to confirm that YSH/FMI/SPA reaffirms its support of the Ten Principles of the United Nations 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. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely Yours

Serge Pun
Chairman

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Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

- YSH/FMI/SPA fully supports the Universal Declaration of Human Rights to which all human beings are inherently entitled to.
- The Group is required to safeguard the human rights with applicable international and national practices, including the Universal Declaration of Human Rights (UDHR), the International Labor Organization's (ILO) Core Conventions, International Finance Corporation's (IFC) Performance Standards, the Asian Development Bank's (ADB) Safeguard Policy Statement, and the ten Principles of United Nations Global Compact (UNGC).
- Furthermore, YSH/FMI/SPA Group has acknowledged the right to rest and leisure including reasonable working hours and periodic holidays with pay. Additionally in accordance with Article 23 of UDHR, YSH/FMI/SPA Group respects right to free choice of employment, and the right to equal pay for equal work without any discrimination.
- YSH/FMI/SPA Group Employee Handbook provides detailed information on the individual's rights and benefits within the business framework of the group which is in accordance with the Universal Declaration of Human Rights (UDHR), ILO Core Convention and local applicable law.
- The Human Rights Policy of YSH/FMI/SPA Group was implemented in support of a Group Wide Corporate Governance Framework to foster greater awareness of human rights throughout the Group; to enhance its capabilities to identify and manage adverse impacts from all business activities and to maintain the culture of respecting individuals' right.
- The YSH/FMI/SPA Group will not enter into or engage in any activity prohibited by the United Nations Security Council Resolution, under Chapter VII of the United Nations Charter (action with respect to threats to the peace, breaches of the peace and acts of aggression).

Implementation

- Group Code of Conduct provides basic foundation and guideline to all employees and business partners on the importance of proper business conduct. It outlined the guidelines to accomplish the duties and responsibilities with respect and consideration to colleagues. YSH/FMI/SPA Group strongly prohibit the improper behavior including (but not limited) discrimination or harassment in any form, and any breaches will be resulted in disciplinary action including termination or dismissal
- YSH/FMI/SPA Group provides Employee's Guide to Procedures for Reporting Improproprieties to supplement the Code by providing further background, information and compliant process to all the employees that they may report improprieties or suspected improprieties without fear of victimisation, subsequent discrimination or any form of disadvantage. The Whistle Blowing Policy provides additional encouragement to individuals to raise a concern, or to contact directly to senior management to make a disclosure, as well as Risk Management Assurance Department for any disputes, discrimination or any other breach of human rights.

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- YSH/FMI/SPA Group ensures that all business activities are in compliant with International Finance Corporation's Performance Standards, and Safeguard Policy Statement of Asia Development Bank, including equal employment opportunity.
- YSH/FMI/SPA Group explicitly expresses the intention to support individual human rights and compliance with all applicable laws and regulations, which are also clearly stated in the Group Employee Handbook.

Measurement of outcomes

- YSH/FMI/SPA Group conducts regular Risk Assessments including Human Right Risk Assessment as part of the Annual Internal Audit program and Enterprise Risk Assessments. It is noted that no cases of Human Right breaches, violations or complaints were identified nor reported during this reporting period.

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Labour Principles

Principle 3: Businesses 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; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

- YSH/FMI/SPA Group fully supports the individuals to raise any concerns relating to discrimination, harassment in any form such as bullying, intimidation, threats, ridicule and any physical violations in the work place. The Group encourages every one of its employees not to hesitate to discuss problems they encounter with their direct manager or higher management.
- YSH/FMI/SPA Group fully supports and practices ILO eight fundamental core convention, and IFC's Labor and Working Conditions Standards.
- YSH/FMI/SPA Group encourages the individual's right to organise and collective bargaining. In addition, all employees are protected against acts of anti-union discrimination in respect of their employment.
- The Group Employee Handbook was prepared in accordance with the rule and regulation of respective national employment law, ILO eight fundamental core conventions, IFC's Performance Standard 2: Labor and Working Conditions, and ADB's policy on Gender and Development as the key strategy for promoting gender equality and women's empowerment across the Group.

Implementation

- YSH/FMI/SPA Group prohibits any form of discrimination including any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion and etc. which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.
- In support of the elimination of all forms of forced and compulsory labor, employees are entitled to leave the employment as agreed in their contract terms without penalty.
- All employees of YSH/FMI/SPA Group are bound by standard employee hand book and HR SOP, and treated equally. In addition, YSH/FMI/SPA Group ensures not to discriminate between migrant and non-migrant workers.
- YSH/FMI/SPA Group has made every endeavor to provide opportunities to deserving and qualified employee to assume greater position of responsibility.
- Employee Induction Program has been carried on to ensure awareness of rights and policies across the group.
- Annual performance appraisal and salary review are conducted where all employees are consulted on their performance, career plans and training requirements, and are recorded on a standard form. Annual remuneration increment and bonus payments (if applicable) are made accordingly in recognition of their past contribution and future potential.
- Labour and working conditions are regularly assessed as part of the Environmental & Social screening process.

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Measurement of outcomes

- YSH/FMI/SPA Group HR monitors and provides monthly report on employee demographics by diversity factors, which is supplemented by Risk Management & Assurance review of gender equality in the employment.
- Monthly Occupational Health & Safety reports are independently reviewed by Risk Management and Assurance, as part of labour risk assessment.
- Annual remuneration adjustment recommendations are randomly audited by Risk Management to ensure consistency, fairness and transparency across the board.

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Environmental Principles

Principle 7: Businesses 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

Assessment, Policy and Goals

- YSH/FMI/SPA Group has adopted Corporate Environmental and Social Management System (ESMS) across the group which includes environmental management as one of the key focus areas.
- YSH/FMI/SPA Group ESMS implementation includes E&S screening, and due diligence of potential projects. High level initial assessment and screening are carried out to identify the E&S issues, and to provisionally categorise the project.
- Additionally, Group Environmental Health and Safety Policy was implemented in line with International Finance Corporation's (IFC) Performance Standards, the Asian Development Bank's (ADB) Safeguard policy, national environmental policies and other applicable laws and standards.

Implementation

- The YSH/FMI/SPA Group has adopted IFC Environmental Health & Safety guidelines as best practice, and set up acceptable emission limits which are monitored by relevant OH&S and E&S personnel.
- In support to prevent environmental damages, specific waste management programs are developed based on the understanding of the potential environment, Health and Safety risks and impacts associated with the project, and considering the consequences of waste generation.
- YSH/FMI/SPA Group's project subsidiary companies are encouraged to prepare an environmental management plan (EMP) which includes the proposed mitigation measures, environmental monitoring and reporting requirements, emergency response procedures, related institutional or organisational arrangement, etc.
- In addition, YSH/FMI/SPA Group has implemented several checklist to prevent the environmental challenges, including Rapid Environmental Assessment checklist, Social safeguards checklist and Involuntary Resettlement Impact Checklist.
- Paperless culture is promoted across the group and electronic communications is used where possible. This is further supported by 'cloud based files sharing system' eliminating the need to print, photocopy and send paper-based documents.

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Measurement of outcomes

- The Group has publicly disclosed Environmental and Social Action Plan, Initial Environmental Examination, Corporate Environmental and Social Management System (ESMS), and Environmental and Social Review Summary (ESRS), in support of leading sustainable performances.
- In addition to the internal audit program, Environmental and Social Impact Assessments are conducted as part of the internal audit program, and due diligence process to ensure precautionary approach is taken to address the environmental challenges.
- It is noted that no cases of adverse impact or complaints were identified nor reported during this reporting period.

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Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

- YSH/FMI/SPA Group has implemented Code of Conduct expressing explicitly prohibition with the acceptance of gifts, bribes or entertainments under obligatory circumstances. The Group Employee Handbook also provides the guidance on rules and standards of conduct.
- In support of anti-corruption principles, the Group adopts 'zero tolerance' approach to fraud, and the Whistle Blower Policy sets out the procedures for reporting and investigating fraud and corruption throughout its supply chain.
- The Group conducts its business according to the highest and ethical standards, and in compliance with all applicable laws and regulation.

Implementation

- The Group conducts its business according to the highest legal and ethical standards in compliance with all applicable laws and regulations. Supportively, the conduct applies to all operations and employees including directors, officers, consultants, agents, representative and third parties suppliers.
- YSH/FMI/SPA Group do not engage in bribery, any form of unethical inducement or payment including facilitation payments and 'kickbacks'.
- Group wide implementation of 'Code of Code' and 'Whistle Blower Policy' clearly provides guidelines in dealing with giving or receiving gifts or entertainment, restricting in giving and receiving of bribes and or making a transparent system of payment.
- Group Whistle Blower policy provides guidelines on dealing with 'Improprieties' and 'Procedures for Reporting Improprieties' further clarifies how to combat corruption, and reinstate Group's "zero tolerance" to corruption including extortion and bribery.
- Every complaint and/or suspected corruptions are investigated by the Designated Person, Director of Risk Management and Assurance.

Measurement of outcomes

- Fraud Risk assessment is conducted across the group as part of the Annual Internal Audit program to ensure consistency with anti-corruption commitment.
- Depending on the nature and magnitude of the incident, in consultation with the relevant stakeholders appropriate disciplinary actions were taken including termination, dismissal, as well as compensation for damage caused.
- YSH/FMI/SPA Group was declared first in the "Transparency in Myanmar Enterprises Second Report 2015" which was published by Pwint Thit Sa Project from Myanmar Centre for Responsible Business.