



## Communication on Progress

Period covered (28 December 2017 to 28 December 2018)

10 October 2018

### Statement of continued support by Chairman

To our stakeholders

I am pleased to confirm that FMI 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



### 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 Group is committed to safeguard and promoting 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).
- The 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, The Group respects right to free choice of employment, and the right to equal pay for equal work without any discrimination.
- 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 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).
- The Group instills the culture of 'respecting employees' right to freedom of association, collective bargaining, the abolition of forced or compulsory labour, equality of opportunity and treatment in employment and occupation, and prohibition of forced and child labour in business operations.
- The 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.

### Implementation

- The 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.
- The 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 Department for any disputes, discrimination or any other breach of human rights. Every reported issue is registered, and closely followed up until it is solved.
- The Group carry out Corporate Governance rollout training programme on a regular basis to provide ongoing update on corporate policies & procedures, promote a culture of good corporate governance and offer a discussion forum for feedback and comments.
- YSH/FMI/SPA Group Employee Handbook provides detailed information on the individual's rights and benefits within the business framework of the group which was prepared in accordance with the Universal Declaration of Human Rights (UDHR), ILO eight fundamental Core Conventions, and local applicable laws. Updates and amendments are made as applicable and disseminated accordingly.

### First Myanmar Investment Company Limited

Company Registration No.159/1992-1993 | YSX Code 00001

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- The Group Grievance Procedure provides a mechanism for employees, workers, stakeholders and communities to raise their concerns, opinion and issues without fear of punishment or retribution through open communication in a fair and objective manner.
- The Group's Human Rights Policy and Whistle Blowing Policies are made available to employees, Contractors, suppliers and business partners together with all updates and clarifications.

#### **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.



#### 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 and practices ILO eight fundamental core convention, and IFC's Labor and Working Conditions Standards.
- The 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 instill the culture of 'respecting employees' right to freedom of association, the abolition of forced or compulsory labour, equal opportunity, and fair treatment. The Group strongly prohibits child labour in every business operations and projects.
- 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.
- Training and Human Resource Development is a major part of the Group, and employees are trained to reach their highest potential by helping them develop to be more effective, productive and become better professionals.
- The Group has collaborated with organizations including the Global Institute for Tomorrow (GIFT) and the deBoers Foundation to help selected employees develop their leadership capabilities.

#### 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.
- All employees of The Group are bound by standard employee hand book and HR SOP, and treated equally.
- In support of the elimination of all forms of forced and compulsory labor, all employees are entitled to leave the employment as agreed in their contract terms without penalty. There are no forced labour or underage labour in the Group.
- The 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, policies and rules/regulations across the group.
- The Group's education assistance schemes are also made available for employees to pursue higher education opportunities and granted paid examination leave is also made available to full-time employees.
- 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.
- Furthermore, the performance and progress reviews with all employees in relation with their career aspirations and training needs are carried out regularly.



#### 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.
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- Monthly Occupational Health & Safety Reports are independently reviewed by Risk Management and Assurance, as part of labour risk assessment. The number of incidents, inspections and health cases are reported as a main section of the OH&S Report.
  - Labour and working conditions are regularly assessed as part of the Environmental & Social screening process.
  - Annual remuneration adjustment recommendations are randomly audited by Risk Management to ensure consistency, fairness and transparency across the board.
  - The Group has made conscious efforts to develop talent, promote diversity and provide inclusive work environment by adhering to its core value; Customer Focus, Innovative Focus, Learning Focus, Team Work Focus, Accountability Focus, Quality Focus and Loyalty Focus.



### 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. It helps to manage the ESHS risks arising from the various activities of the group as well as carrying out business in a more sustainable manner.
- The 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.
- The Group is committed to continual improvement in providing a safe and healthy work environment. The Group ensure to have a high level of compliance by adopting best practices and meeting applicable OH&S, legal and other requirements.
- The Group instill a culture of 'no harm, less pollution and wider conservation approaches to protect the environment' in all business operations. Project specific resource efficiency plans are developed and implemented feasible measures for improving efficiency in consumption of energy, water and other material inputs.
- The Group aims to promote a safe, clean and healthy environment and better work culture to minimize any adverse environment, health, safety and social impacts arising out of operations.

### 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.
- The 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, The Group has implemented several checklists to prevent the environmental challenges, including Rapid Environmental Assessment checklist, Social safeguards checklist and Involuntary Resettlement Impact Checklist.
- Environmental measures such as air quality, noise, water (storm and surface water, sewage effluent) and soil and ground water are monitored regularly on active construction site.
- The Group has implemented processes to monitor and reduce its energy and water consumption and has incorporated green initiatives at various projects. Energy efficient light fitting, bulbs, lighting controls and occupancy sensors are replaced and used for better energy conservation.
- 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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- The Group carries out regular risk assessments prior to, during and after the implementation of Group projects. These risk assessments are then reviewed, recorded, and monitored regularly.
- The Group's Sustainability Reporting is established to raise the corporate transparency as per Global Reporting Initiative (GRI) Sustainability Reporting Guidelines which disclose the Group's sustainability performance regarding environmental, social, and governance.

#### **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.
- The overview of reported incidents, inspections and health cases of the Group are registered according to the type of case, and incident.
- The Group's Sustainability Reporting has set up the Key Performance Indicator (KPI) according to the type of businesses, and high impact sectors for Environment.





### 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.
- All personnel and business partners are required to comply with the Code and it is communicated through the supply chain.
- In support of anti-corruption principles, the Group adopts 'zero tolerance' approach to all forms of corruption and bribery including any kind of contributions in cash or in kind to political candidates, political official or political parties for the purpose of obtaining any benefits or favor in returns, this is also applicable among employees and also when dealing with clients or other third parties concerned.
- Group's Whistle Blower Policy sets out the procedures for reporting and investigating fraud and corruption throughout its supply chain.
- The Group has implemented Anti-Bribery Policy as well in support of a Group wide Corporate Governance framework in preventing bribery and corruption.

#### 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.
- The Group do not engage in bribery, any form of unethical inducement or payment including facilitation payments and 'kickbacks'.
- The Group wide implementation of 'Code of Conduct' 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.
- The 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.
- The Group's Corporate Governance rollout training programme is provided on a regular basis to provide ongoing update on corporate policies & procedures, promote a culture of good corporate governance and offer a discussion forum for feedback and comments.
- Induction Program is provided to every new employee, and Anti-Corruption is the one of the main topics of discussion in the orientation programme, to support anti-corruption initiatives across the Group and to increase the awareness of Group's Zero Tolerance to Anti-Corruption.
- Every complaint and/or suspected corruptions are investigated by the Designated Person, Director of Risk Management and Assurance.
- The Group's Sustainability Reporting is established to raise the corporate transparency as per Global Reporting Initiative (GRI) Sustainability Reporting Guidelines which disclose the Group's sustainability performance regarding environmental, social, and governance.





#### 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 ranked first for three consecutive years in the "Transparency in Myanmar Enterprises Third Report 2015, 2016 and 2018" which was published by Myanmar Centre for Responsible Business.
- The Group's Sustainability Reporting has set up the Key Performance Indicator (KPI) according to the type of businesses, and high impact sectors for Corruption.