



**EMBRACING A BETTER
FUTURE TOGETHER**

A purple banner with a white arrow pointing right, containing the word 'Company'. The background of the banner shows a group of people in a meeting or conference setting.

Company

An orange banner with a white arrow pointing right, containing the word 'Product'. The background of the banner shows various organic food products like bottles and bags.

Product

A purple banner with a white arrow pointing right, containing the word 'People'. The background of the banner shows a large group of people with their arms raised in a crowd.

People

An orange banner with a white arrow pointing right, containing the word 'Planet'. The background of the banner shows a globe and some greenery.

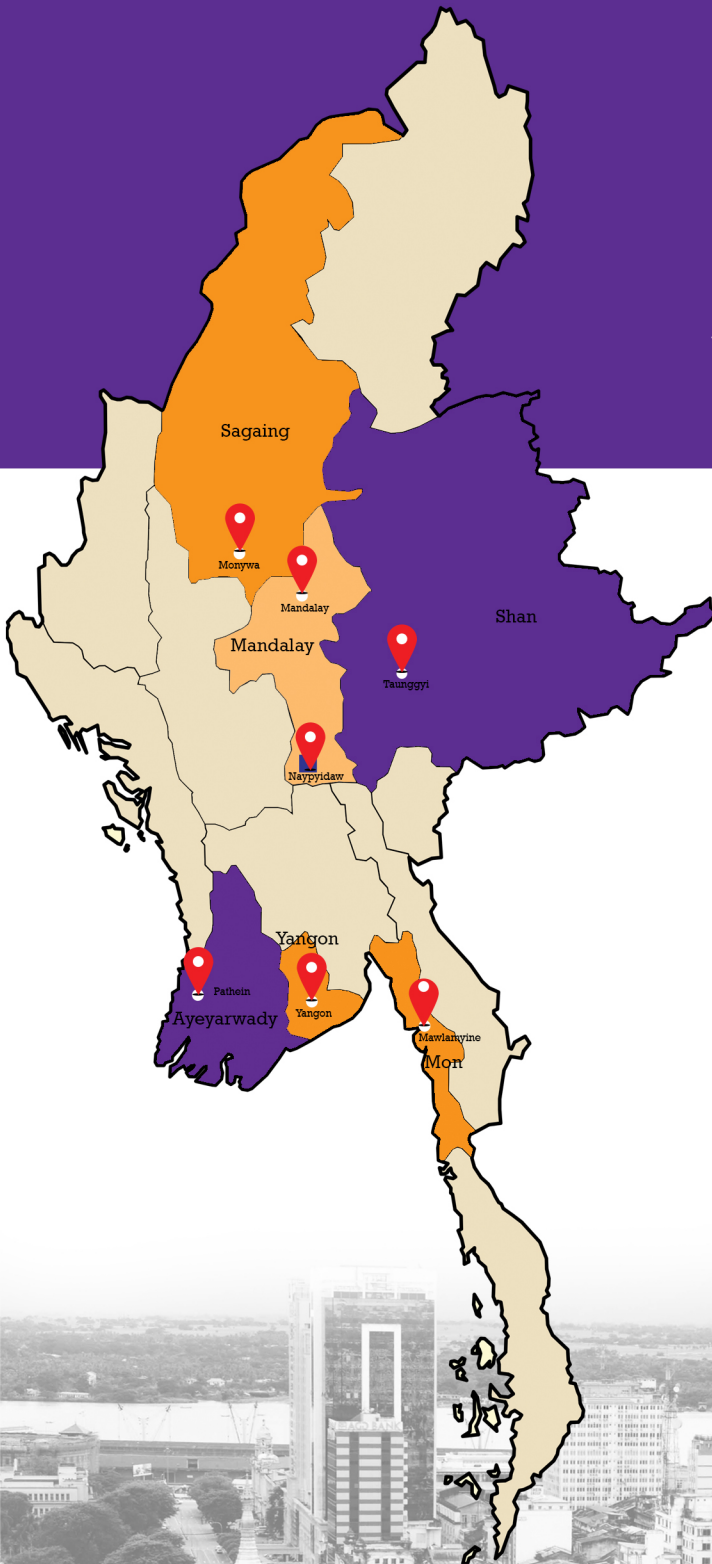
Planet

**SUSTAINABILITY
REPORT**

2018

**2025
RETAIL PLAN**

ABOUT US



Operating in Myanmar since 1996, CMHL is a family-owned company leading the Myanmar retail market with the highest market share in each retail format.

As the market is evolving quickly, we are investing in expanding our footprint, developing new concepts and offering new products and services to better serve our customers. The transformation of our company is essential to achieve those objectives.

Number of stores **147**
Number of employees **7,800+**
Number of transaction **45+ million**
in one year

OUR MAIN BRANDS:



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ABOUT THIS REPORT

This report is CMHL’s second sustainability report, and it aims to provide our main stakeholders with an update about the progress of our 2025 retail plan. This report reflects how we want to run our business and activities: transparently and responsibly. Those who are interested in our non-financial performance will find in this report a balance of quantitative data and statements describing our goals, actions and current results.

This report covers all the activities undertaken by CMHL. All the data included in this report have been reviewed by CMHL management. In this 2018 sustainability report, all the quantitative data are related to the financial year 2017/2018 (FY 17/18) and do not include City Express, unless stated otherwise, and have not been audited by a third-party. For the qualitative data, the reporting period covers the same financial year and 2018. Our non-financial reporting is aligned with the Global Reporting Initiative (GRI) Standards, and we consider that this report has been prepared in accordance with the GRI Standards: Core option.

This report is prepared for the annual preparation and submission of our company’s communication on progress (COP) report which will be shared on the UN Global Compact website.

Other information and contents are also available on our website:

<http://www.cmhl.com.mm/sustainability/>

STRATEGIC REPORT

CEO STATEMENT

Dear stakeholders,

We believe business can be a driving force for building a better society. I am delighted to share with you our second sustainability report, which summarises our 2018 contribution, and offers you an outlook on our progress regarding our 2025 sustainable retail plan.

I am proud to see the results we achieved in 2018, and I would like to thank all our colleagues, suppliers and customers who put their trust in us every day.

For CMHL, as we embrace the ten principles of UN Global Compact, being a responsible company is not an option. For us it is the key to safeguard the sustainability of our business. That is why our sustainability actions are designed to maximise social, environmental and economic value. When we are working closely with our stakeholders to create value, it reinforces our business model and our footprint in Myanmar.

2018 was a pivotal year for CMHL. We invested significantly to transform our Company, structure our organisation, and develop our assets to cope with future challenges. We also started to see the results of our efforts, including:

- expanded store network
- new products and services developed for our customers
- closer partnerships with our suppliers
- reinforced food safety processes
- lowered environmental impacts
- more good career opportunities offered to our people



Our team can be proud of these results. However, we still have a lot to do to achieve our 2025 strategic vision.

More than ever, I am confident that CMHL has the potential to keep growing and leading the retail sector in Myanmar. We will strive to offer better jobs to our employees and build stronger ties with our Myanmar suppliers to serve our customers, every day, better.







Should you have any comments or questions about this report, do not hesitate to reach us by email: sustainability@cmhl.com.mm

Yours sincerely

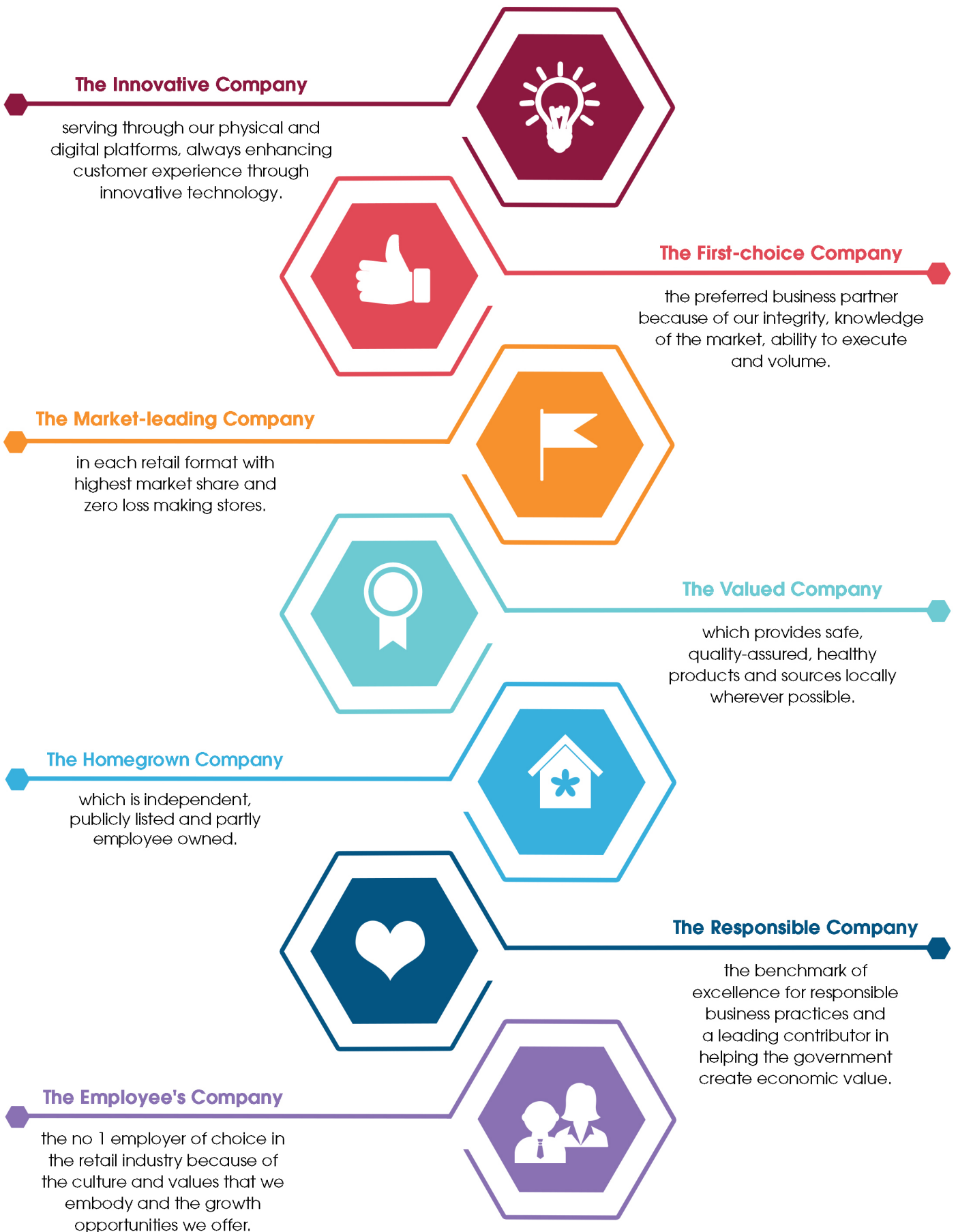
Win Win Tint
Chief Executive Officer

2018 HIGHLIGHTS

In 2018, we started to deliver our 2025 strategic vision. The table below mentions some of the most important results obtained during last year :

Strategic Pillar	Sustainability Priorities	Outcomes
 <p>The Market-leading Company</p>	<p>Responsible offer</p>	 <ul style="list-style-type: none"> • The launch of a new format to serve our consumers and communities better: City Mart Neighbourhood. • The opening of 22 new stores to be closer to our clients.
 <p>The Market-leading Company</p>	<p>Waste management</p>	 <ul style="list-style-type: none"> • Our efforts to reduce our environmental footprint contributes to the profitability of our operations: we saved US\$ 0.4 million because we reduced the use of plastic bags.
 <p>The Valued Company</p>	<p>Food Safety</p>	 <ul style="list-style-type: none"> • We are HACCP compliant for our fresh products and for all the products manufactured by Seasons.
 <p>The Employee's Company</p>	<p>Working conditions Talent management</p>	 <ul style="list-style-type: none"> • CMHL is the first retail company which received the EDGE certification, the leading global assessment and certification for gender equality.
 <p>The Responsible Company</p>	<p>Stakeholders engagement</p>	 <ul style="list-style-type: none"> • We ranked 2nd in the 2018 <i>Pwint Thit Sa</i> ranking.
 <p>The Responsible Company</p>	<p>Shared value</p>	 <ul style="list-style-type: none"> • CMHL is one of the top tax-payers in Myanmar. For FY17/18, we paid more than MMK 29.3 billion to the government.
 <p>The Innovative Company</p>	<p>Company transformation</p>	 <ul style="list-style-type: none"> • The launch of our loyalty programme, and of our e-commerce platform.

OUR 2025 STRATEGIC VISION



OUR BUSINESS MODEL

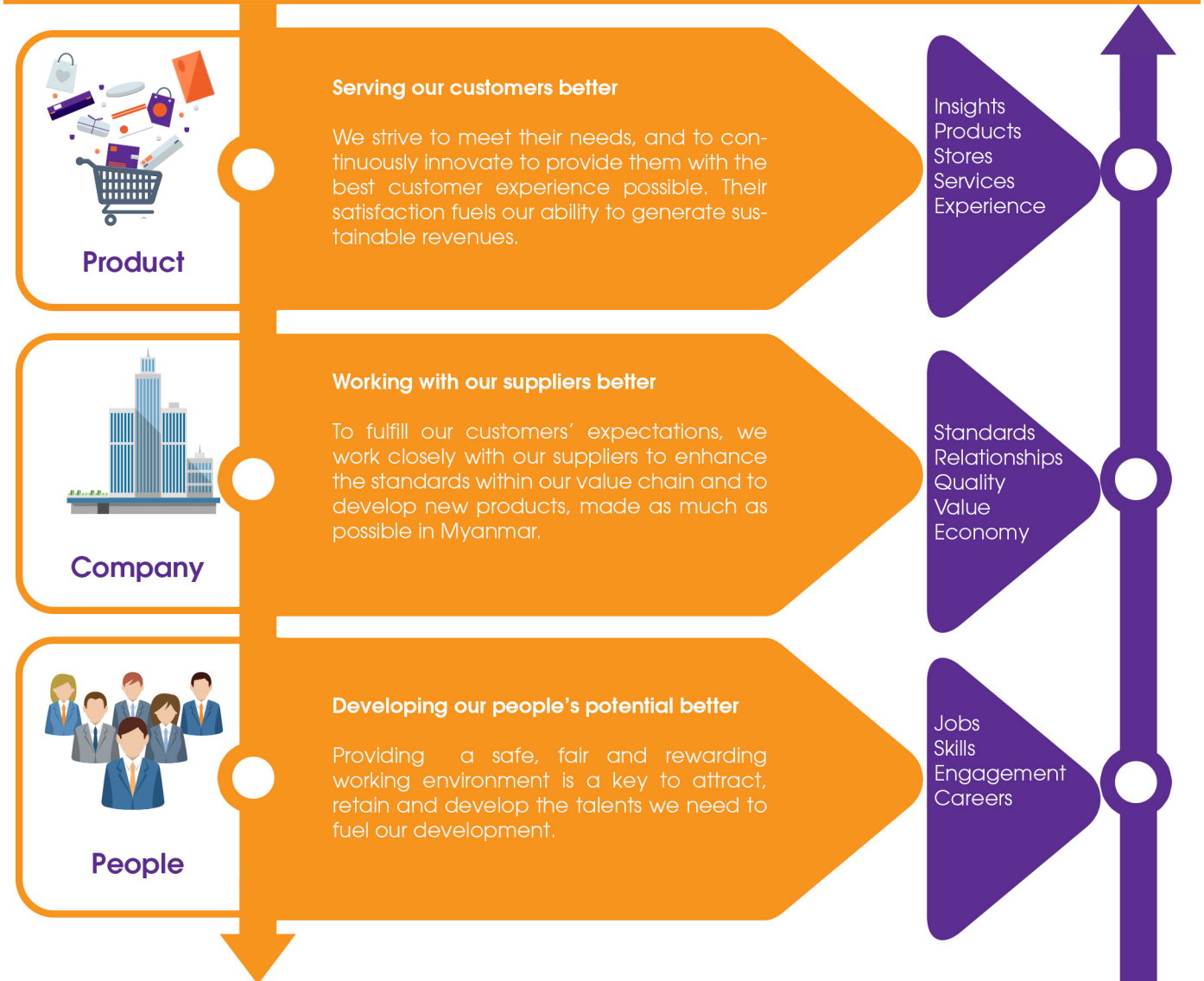
How do we create value responsibly?



OUR 2025 STRATEGIC VISION

We invest for embracing a better future together.

Our 2025 strategic vision is driving CMHL management. We are allocating the Company's resources to innovate, develop our assets and to create more socio-economic value for our different stakeholders.





CMHL SUSTAINABILITY APPROACH

PEOPLE **PLANET** **PRODUCT** **COMPANY**

To prosper, we aim to manage our business responsibly and transparently to sustain our development.

Our 2025 retail plan contributes to CMHL 2025 strategic vision. Its 12 priorities are contributing to transform our business model and to ensure that CMHL will always operate as a responsible Company.

CMHL SUSTAINABILITY APPROACH



Our sustainability strategy is a strategic means to align CMHL interests with our stakeholders’ interests. As a result, we identified 4 pillars and 12 priorities that now constitute our sustainability DNA and which structure our 2025 retail plan. Each of these priorities helps us not only to sustain and develop our operations but also creates values for our stakeholders. This integrated approach is essential for us to fuel our business sustainably and responsibly. This is how we want to become the benchmark of responsible business practices in Myanmar.

Every year, our sustainability team assesses the relevance of our approach, following a four steps methodology.

1. Engagement with our most critical stakeholders to get their feedback.
2. Prioritisation of the issues identified to focus on those which benefit both CMHL business and a broader group of stakeholders (see our materiality matrix page 30).
3. Results’ monitoring (see our dashboard below) and data-collection to report our performance internally and externally.
4. Corporate disclosure to comply with international standards to facilitate the assessment of our performance.

Pillar	Priorities	KPIs	Results FY17/18	More details
PEOPLE	Working conditions	Accident Frequency rate (per million hours worked)	3.4	pg 22
		Turnover rate (in %)	76%	pg 32
		% of women holding a management position	40%	pg 32
	Talent management	Average training hours per trainee	11.3	pg 24
		% of people trained	82%	pg 24
PLANET	Waste management	Waste intensity of the saleable area (kg per sqft)	4.38	pg 28
		Number of plastic bags handed out per sale	1.37	pg 28
	Food waste	% of food waste recovered	2%	pg 33
	Resources consumption	Greenhouse gas (GHG) intensity of the saleable area (CO2 kg. eq. / sqft)	32	pg 26
		Energy intensity of the saleable area (kWh / sqft)	60	pg 26
PRODUCT	Food safety	% of customer complaints related to food safety	10%	pg 16
		Number of food safety incidents	0	pg 17
	Responsible offer	% of sales made with Myanmar made food products	48%	pg 18
	Product quality	% of customer complaints related to product quality	2%	pg 16
COMPANY	Company transformation	Customer Experience Index	68%	pg 16
	Stakeholders engagement	Number of breaches regarding the Code of Conduct	51	pg 10
	Supply chain management	Number of local Myanmar food supplier audits	36	pg 13
	Shared value	Budget for philanthropic activities (MMK million)	100	pg 14
		Economic footprint (MMK billion)	29.3	pg 14

OUR CONTRIBUTION FOR THE FISCAL YEAR 2017/18

We received the EDGE certification which demonstrated our efforts to be an equal-opportunities employer.



82% of our colleagues were trained and each trainee receive 11 hours of training vs. 10 last year.



59 accidents unfortunately occurred but not one was fatal.



1,049 people were promoted, of which 60% were women.



2025 RETAIL PLAN



We have reduced our purchases of plastic bags, and saved **0.4 million US\$**.



We sold **270,000+ reusable bags** which is **25% more** compared to FY 16/17.



We reduced our food waste by **13%** compared to FY 16/17. We donated also the equivalent of **73,000 meals** to charities.



We invested to lower our energy consumption by choosing more energy efficient solutions (LED lightning system, aircon, coolers, sensors, etc.,).



We are HACCP compliant for our fresh food products and products manufactured by Seasons.



Pride of MYANMAR

48% of our sales are made with Myanmar made food products: this is **5%** more compared to FY 16/17.



Only 2% of our customer complaints were related to the quality of our products vs. **9%** for FY 16/17.

EMBRACING A BETTER FUTURE TOGETHER

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Our activities are generating more than **29.3 billion MMK** of tax paid to the government.

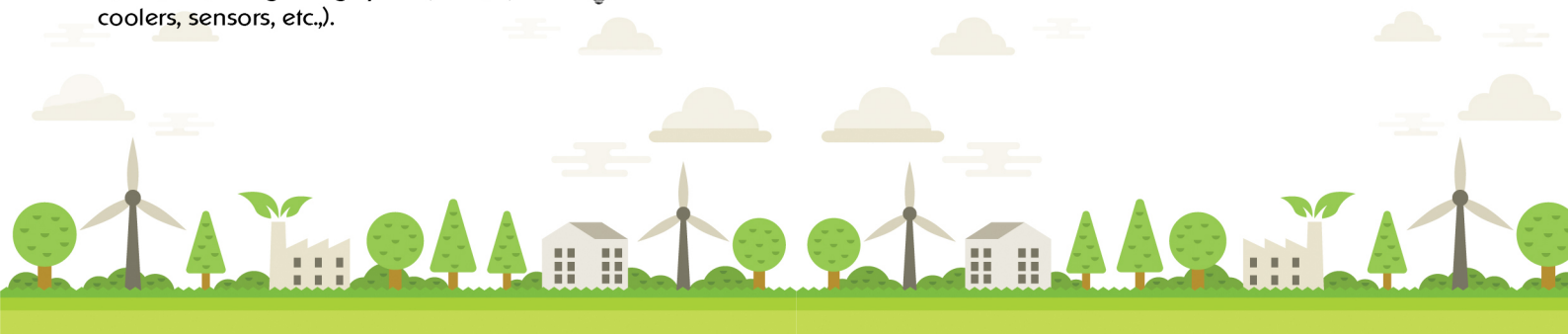


We ranked **2nd** in the **2018 Pwint Thit Sa** report.

364 incidents were reported and **51** breaches of our Code of Conduct were confirmed.



We allocated **100 million MMK** for our philanthropic activities.





COMPANY

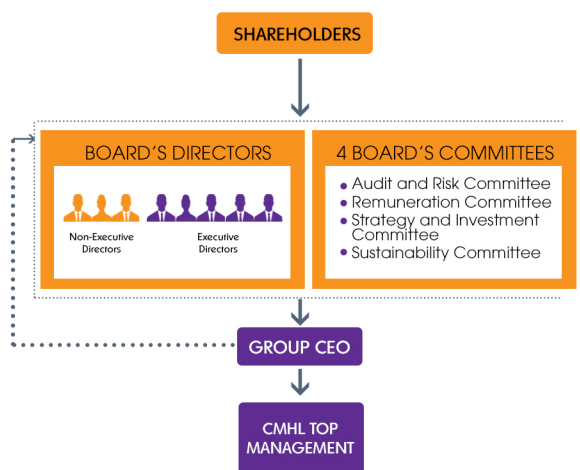
To conduct our business responsibly, we need to ensure CMHL’s sustainability, which means creating value not only for our company but also for our key stakeholders. This is what drives our 2025 vision: we will strive to be the benchmark of excellence and a leading contributor in helping the government create economic value.

2018 was a pivotal year for CMHL as a company, because we transformed two major areas which will foster the company performance: we redefined our corporate governance structure, and we used technology to manage our operations better and to expand our business.

UPDATING OUR CORPORATE GOVERNANCE STRUCTURE

Sound corporate governance is critical for the success of a company: it helps to attract investors and to ensure the efficiency of the decision-making process. It is a competitive advantage, and that is why CMHL clarified its corporate governance structure. It helped us to anticipate the major changes induced by the New Companies Law enforced in August 2018.

Our Corporate Governance structure relies on our Supervisory Board which is responsible for setting CMHL strategy, validating our values and business principles, overseeing their implementation, and monitoring how we are balancing our interests with those of our stakeholders. For FY 17/18, the Board met 2 times, our 7 BOD members attended 100% of the meetings¹. The Group’s strategy is then implemented by the top management which will define, each year in March, the strategic objectives for the next financial year. The Group CEO is then managing and monitoring CMHL performance, with the support of its direct report.



CMHL corporate governance structure

¹More details are available on our website: the biographical details of our BOD members, our Corporate Governance Manual and risk management.

Strong corporate governance is absolutely critical for ambitious Myanmar businesses. The local companies that have invested in corporate governance are now able to attract the best people, partnerships and investments from around the world. I am very proud that CMHL is leading the way in Myanmar on all aspects of corporate governance. This is only possible because of two crucial factors. The first is the unwavering commitment of the owners and senior managers of CMHL to the highest standards of governance. It would be easier and cheaper for them to ignore these standards and operate under the “old way”. But they recognise the long-term value of investment in corporate governance. The second factor is that all colleagues in CMHL are willing to embrace change. Our whole organisation must be on board with our new systems and processes for them to really operate effectively. I’m delighted that all colleagues are working together to make a success of our new corporate governance regime.

Robin Scott
General Counsel

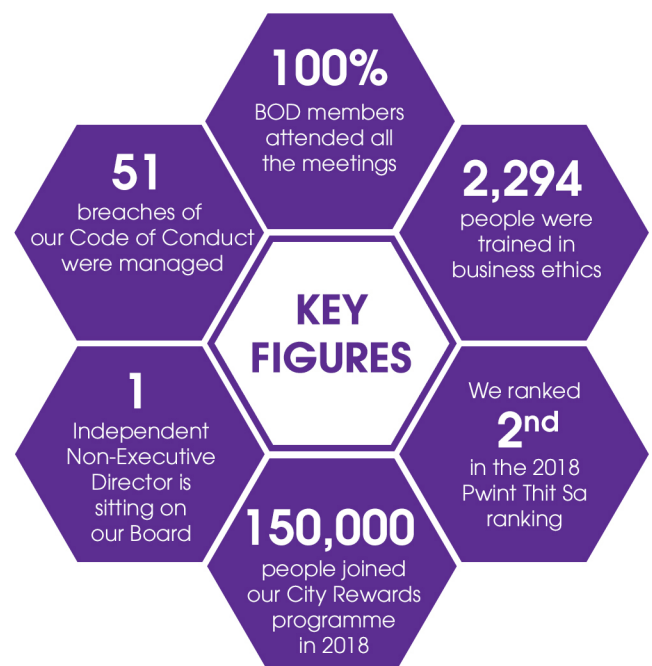


DOING OUR BUSINESS RESPONSIBLY

Our values shape the way we conduct our business. We aim to comply with the relevant standards in our business sector: for instance, we endorse the ILO Declaration on Fundamental Principles and Rights at Work or the Universal Declaration of Human Rights. Our Code of Conduct frames how we want to operate, and how we are working to make sure that everyone within our Company complies, regardless of their position in our organisation. Our directors, managers and employees have to comply with our Code. We take a zero-tolerance approach to corruption or bribery.

We encourage our employees, business partners and stakeholders to get in touch with us if they suspect any misconduct. Our policies protect whistle-blowers who can report their concerns freely. A dedicated team including audit, HR and legal experts review all the reports and investigate to determine and confirm if these reports are real breaches. If they are confirmed, they take action. For FY 17/18, 364 incidents have been reported, and the dedicated team took action for 51 cases.

To mitigate these cases, our legal team is responsible for defining and implementing an action plan related to our Code of Conduct. One of the components of this roadmap is related to training. Therefore, our training department has included business ethics in the orientation programme of our new hires. Last year, 100% of the people who joined our Company were trained in business ethics.

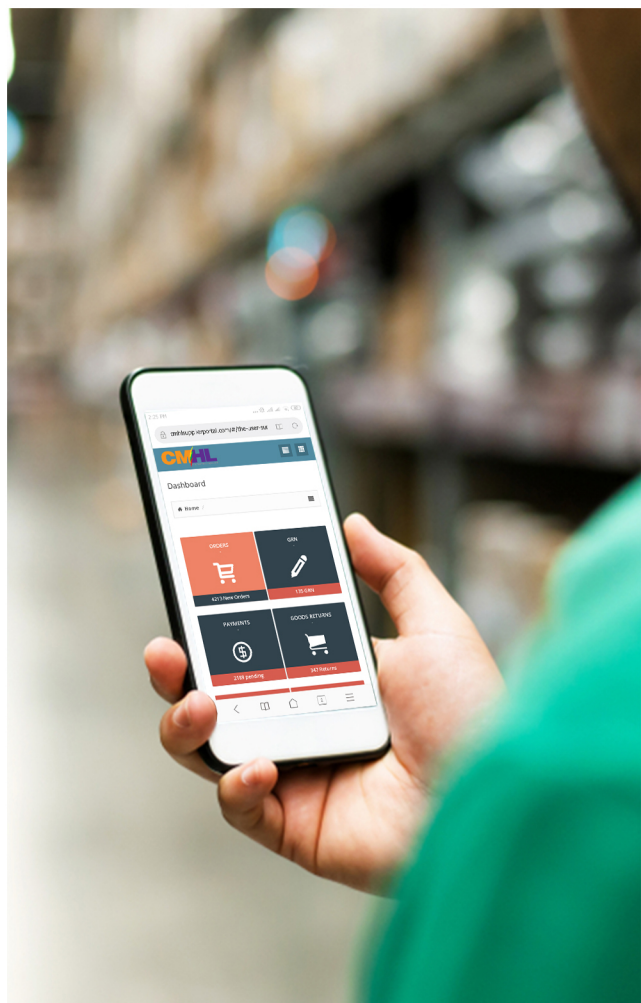


USING TECHNOLOGY TO ACCELERATE OUR DEVELOPMENT

Better integration and use of technology are critical for us, and we are using technology on two fronts: internally, it helps us to manage our operations more efficiently; externally, we can develop new solutions to expand our market reach and serve our customers better. Our Company has to analyse more data, more frequently, to streamline our operations and make better decisions.

Therefore, in 2018, CMHL invested in enhancing its IT infrastructure, and especially its resilience. We managed to roll-out an SAP module for finance to improve our reporting capacities, which will reinforce our ability to monitor our resources' allocation more precisely. For our people, we are currently improving our HR IT system. It will benefit our people as our HR team will have access to more data to analyse and plan our HR needs better.

For our suppliers, we developed a new supply chain management system. It helps us to manage our inventory better, and which is, for them also, a pain reliever as it improves the automation of certain tasks, for instance, limiting the risks of errors or the bureaucratic burden. Almost 70% of all our transactions are made using this software, which contributes to the quality of the relationships with our suppliers.



Our two important digital platforms, City Rewards and City Mall Online are built with partners in mind. We seek to provide fellow retailers and merchants solutions that enables them to better engage with customers and sell products more seamlessly. Through collaboration, we hope this can accelerate the growth in Myanmar's retail industry. This we believe will bring tremendous value to customers in terms of price, quality, variety and convenience.

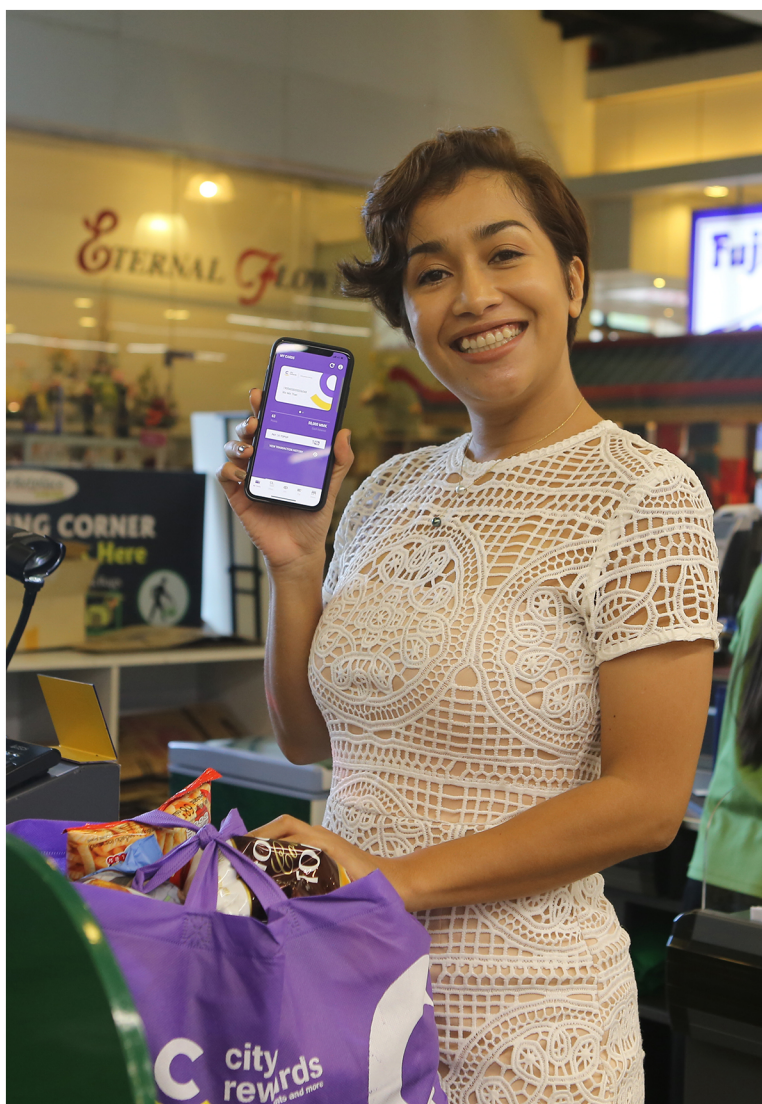
Ronald Lee
Project Director

ENRICHING THE EXPERIENCE OF OUR CONSUMERS

2018 was a pivotal year for CMHL as we started using technology to serve our customers better. We rolled out two major projects: our e-commerce platform and our loyalty programme, City Rewards.

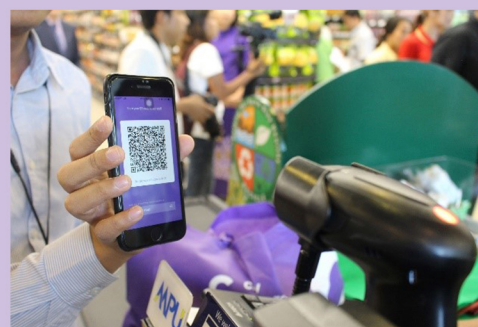
CMHL's e-commerce platform is based on SAP. With this new solution, we are also able to provide an IT infrastructure to third-parties which might be interested in using our system to reach their own customers as long as they are supplying genuine products, duly imported and complying with our ethics and quality standards.

With City Rewards, CMHL is working to make every interaction with its customers more personal, and to enhance their experience when there are shopping online or in our different stores. We developed an application, which is downloadable on every smartphone. When using it, consumers can access more information about the products just by scanning a code with their smartphone. Finally, thanks to this solution, CMHL builds closer and stronger ties with its consumers as we are offering them a new range of benefits. In 2018, 150,000 people joined our City Rewards programme.



Our approach to innovation

At Marketplace, we are keen to innovate. We usually start testing our new ideas in one branch and, if successful, we expand this idea to all the other branches. What were the benefits of our ideas in 2018? We offered free ice bags to our customers to make sure that the temperature of their fresh food product will be optimal during their way back home. In our Golden Valley branch, we are testing new electrical price tags: it is easier for our team when they have to adjust the price of certain items, it is clearer for our customers, and this contributes to reducing the environmental impacts of our operations as we do not have to write the prices on paper.



Focus on data privacy

Our platform complies with the European General Data Protection Regulation (GDPR). Our data are stored in Singapore, using a cloud-based solution provided by Microsoft – Azure.

PARTNERING WITH OUR SUPPLIERS

As a retailer, we rely on the quality of our supply chain and suppliers. Our customers expect to find safe, quality assured and healthy products in our stores. As a Myanmar company, we aim to offer more business opportunities to Myanmar companies, to support them grow their business, which will ultimately benefit our economy.

Today, the quality of the food chain in Myanmar is not yet up to international standards. This is a challenge for us, and CMHL is working hard to develop and spread better standards and practices (especially GAP and HACCP) among food producers in Myanmar. Therefore, CMHL’s experts are working closely with our suppliers:

- Our merchandizing experts select the suppliers on their ability to meet our expectations regarding the quality and quantity of the products we want to source, with one goal: all CMHL food suppliers should be GAP compliant by 2020. To do so, the team organised a series of 3 workshops, attended by 60+ suppliers to raise awareness about quality and food safety management.
- On the other hand, our audit team checks if suppliers respect and deliver their promises. For FY 17/18, they controlled 36 food suppliers against 39 criteria covering various topics such as hygiene, quality control, cold chain etc. Our audits are a tool to support our suppliers to improve the management of their operations. As a result, the average performance of our suppliers improved significantly against our scorecard: the average score of our food suppliers improved by 25% for FY 17/18 compared to FY 15/16.

As the access to capital and financial resources is a challenge for SMEs in Myanmar, CMHL is supporting its suppliers with a differentiated approach depending on our suppliers’ maturity:

- For mature suppliers, we sign partnerships with some suppliers who can provide us with the volume and the quality we want. They benefit immediately from our market footprint and expand their revenues. These agreements offer them more visibility on future revenues, and it helps them investing and developing their products. In 2018, we signed with Go Green and Fresco, two producers of high-quality vegetables, whose products are now available in our Marketplace stores.
- For smaller companies, we support them finding funding from different capital providers. In 2018, 4 suppliers managed to get funded by the Responsible Business Fund.

This differentiated approach brings multiple benefits to our most critical stakeholders: for our customers, they can buy better and healthier products in our stores; for our suppliers, they can grow their business while partnering with us. It benefits the economy as the private sector creates more jobs and value, and, for CMHL, it reinforces the sustainability of our business model.



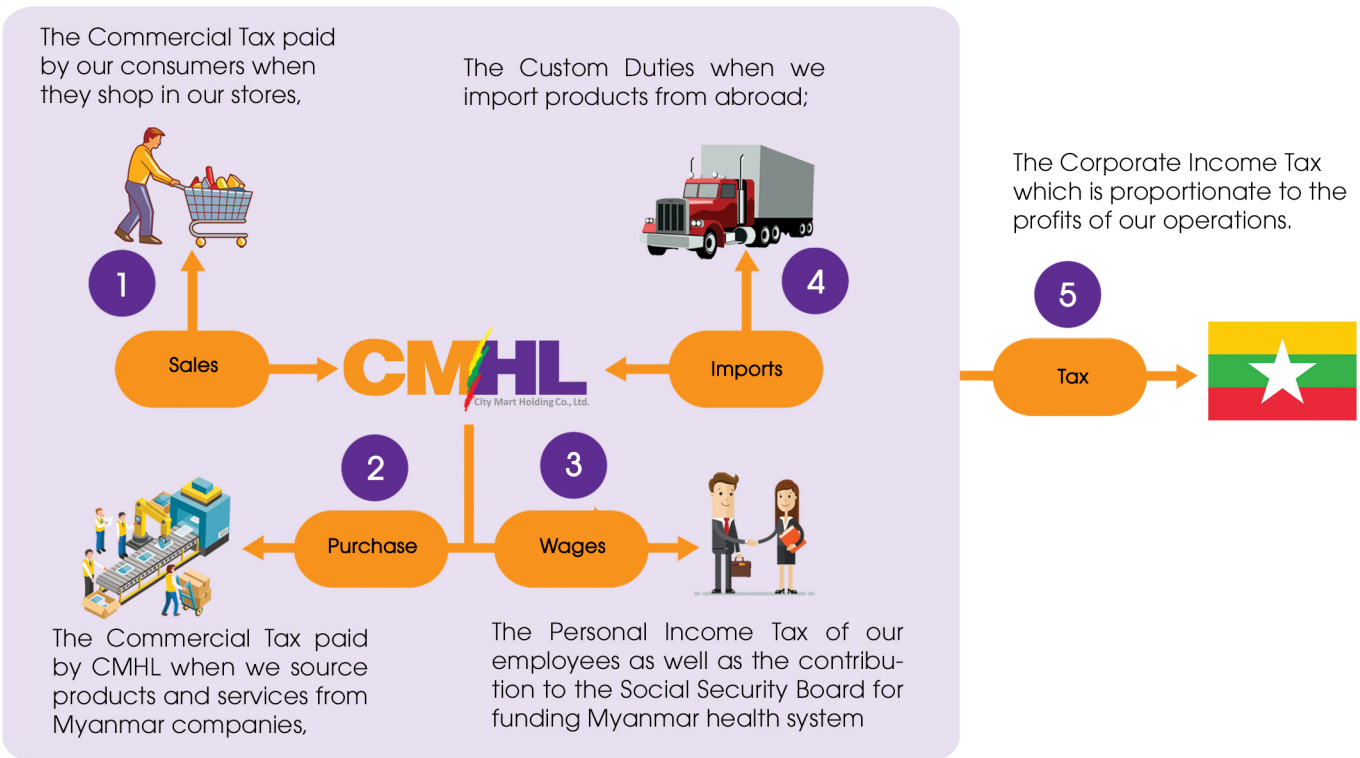
Sourcing good food products from Shan

CMHL is working on a new project, in Shan state, to build stronger ties with farmers and food producers. It will help the Company to achieve two key objectives: enhancing the quality of the products sold in our branches, and reinforcing the strength of our food chain.



CREATING ECONOMIC VALUE FOR MYANMAR

CMHL is one of the biggest taxpayers in Myanmar, which is part of creating the country's economic value. For FY 16/17, CMHL was listed as one of the ten biggest taxpayers for the Commercial Tax. For FY 17/18, we paid more than MMK 29.3 billion to the government (vs. MMK 21.5 billion for FY 16/17). This amount is the results of 5 components:



SUPPORTING OUR COMMUNITIES

Our corporate foundation, the City Love & Hope Foundation, has a budget of MMK 100 million and focuses its operations on 4 pillars: community livelihoods, education, environment and health. Last year, our foundation supported 500 young students to help them attend the university, 17 scholarships and contributed to plant 150,000 trees with FREDA to protect the environment. We donated the equivalent of 293,000 meals and over 32,000 clothes and shoes to support those in need. You can get more information about our City Love & Hope foundation on our website: <http://cmhl.com.mm/citylovehope/>

Handling the complaints of our neighbours about our distribution centre

Last year we received some complaints from the neighbours of our distribution centre in Taketa regarding the noise and the smell. For the noise, CMHL measured its frequency and volume. The results demonstrated that it was consistent with the current rules and regulations. We informed our neighbours and the township council. For the smell, CMHL invested in installing a new filter to remove the particles which were causing the smell. Both issues are now solved, and the quality of the relationships between CMHL and its stakeholders is preserved.



PRODUCT

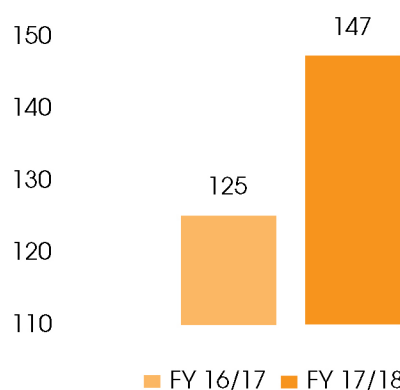
Serving our customers every day, better, is what drives our Company, and fuels our sustainability. Their loyalty and their satisfaction help us expanding and developing our business, building strong and meaningful brands and, most importantly, trusted relationships.

In our 2025 strategic vision, CMHL aims to be the Market-leading Company and the Valued Company. What does it mean from the customers’ perspective? First, we have to innovate and offer new ways of buying products. People are expecting to buy our products online or to find new formats which will meet their needs better. Second, they expect to buy good, healthy and safe products from us. That is why we are working hard to enhance the quality of our products and the safety of the food we offer.

OFFERING A BETTER SHOPPING EXPERIENCE

CMHL invests in expanding its operations across Myanmar. We rely on 147 branches in the country and 10 formats. In 2018, we opened 2 new branches in Mandalay and its region. We also developed a new format, City Mart Neighborhood, a proximity store, where our customer can find, at their doorstep, all the products they may need on a daily basis, with the same quality and service as in our other formats. Finally, we are building our network of branches: in Yangon, we started operating our second Safari Store, where our customers can find different books in English and Burmese, magazines and high-quality stationery.

Evolution of our network of stores



We are also working to develop new ranges of products. For example, in urban areas, people want to find goods and safe food which are easy to cook and prepare. CMHL is investing in offering new products to fulfil its consumers' needs. We are considering different parameters to offer not only healthy products but also to lower and reduce their environmental footprint by optimizing their packaging.

Finally, our marketing team monitors our customers' satisfaction closely. The team analyses and reviews all feedback and complaints filled by our consumers in our stores or online. They also audit and check the quality of the customers' experience every month, and in every store by using different techniques, like mystery shopper visits. For FY 17/18, our Customer Experience Index, which reflects the quality of the experience provided to our customers, reached 68%. We received 754 complaints, of which 2% were related to product quality and 10% to food safety.



It is somewhat challenging in Myanmar to find suppliers who are able to produce good and up to standard food products. However, we are working hard to develop a win-win model with our suppliers.

Our team work closely with our suppliers in many areas to improve their skills, packaging and labelling, food safety, production hygiene and production capabilities. We also help our suppliers to be able to get access to capital so they can operate and expand their business. By doing so, CMHL can offer more Myanmar made products in our stores for our customers and create value to Myanmar.

Bird Lerdussarakam
Merchandising Director - Food

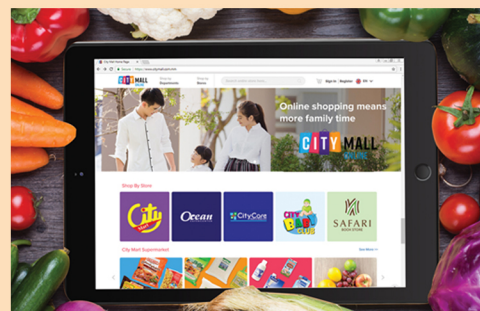
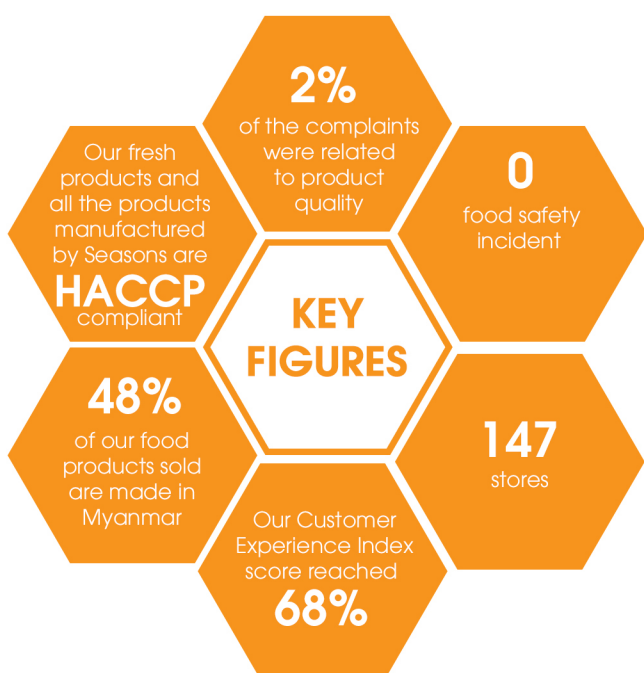
BUILDING A SAFER FOOD-CHAIN

Food safety is paramount for CMHL and is our top and constant priority. To enhance the quality of our food chain, we have to engage and work closely with our suppliers. Internally, our team works tirelessly to train our people and set and enforce the right procedures. It combines a food safety expert, internal auditors and our merchandizing team who are dealing with our suppliers.

In 2018, we hit an important milestone, as CMHL is the only retailer in Myanmar to be HACCP compliant. Our current certification covers our Seasons Bakery factory and the fresh section of our distribution centre. For FY 17/18, we had 0 incidents related to food safety, and we will strive to maintain these results. In 2019, we plan to expand our certification and include our marketplace stores.

With our suppliers, we are mobilising our internal resources to help them raise the bar, through audits and training (see page 13). We are monitoring that food suppliers are using products which comply with the FDA’s requirements. We expect that, by 2020, all our food suppliers will comply with HACCP requirements, and 50% of them will meet GAP’s requirements by 2025. The suppliers who will be able to meet CMHL requirements will receive a premium paid for the quality of their products.

All these achievements reflect our ambition to achieve our 2025 strategic vision to be The Valued Company. However, we know that we have to explore new territory, to innovate, and to source better products. For example, we might consider how animal welfare is managed along our food chain in the near future.



CMHL is offering an omnichannel experience to its customers. They can shop in our stores, or from our e-commerce platform, City Mall, which was launched in 2018. Since its inception, thousands of orders have been placed.



Managing swiftly an incident related to food safety

Last year, a customer had a bad experience with a bakery product purchased at Seasons in our Yankin outlet. This product didn’t meet our high requirements. Seasons management reacted swiftly, to ensure that this regrettable incident was isolated, to follow-up with the customer and engage with the relevant stakeholders. The root-cause was linked to a human error. Shortly after this event, the FDA conducted an audit and confirmed that Seasons was complying with its rules and regulations. No other incident happened, since, and Seasons reinforced its operational procedures to avoid such incident.

PROVIDING OUR CUSTOMERS WITH BETTER PRODUCTS

As a retailer, we also bear responsibility for the products we source, sell and promote. When we are sourcing from local suppliers, it benefits them, and the Myanmar economy as a whole. But, to do so, we have to be sure that they will meet our requirements. When the suppliers are able to deliver the products, the success is immediate as Myanmar people are keen to buy local high-quality products made in Myanmar. We continuously look for products which are designed to achieve this specific purpose: bridging our consumers' needs, with our suppliers' abilities. The revenues generated by our Myanmar made food products grew for the last financial year by 5% compared to FY 16/17. 48% of the food products sold by CMHL are made in Myanmar.

In 2018, we started to work with Go Green, Fresco and Shwe Taung Nyo Gyi to offer to our customers chemical-free and healthier food products. We developed other products with different benefits: sugar-free, cholesterol free, products for people with diabetes, etc.

More people in Myanmar are looking to buy this kind of product to provide their children and family with healthier food. To help them, CMHL is working on launching a new programme, the "healthier choice". It will educate our customers to make a better-informed decision based on facts about the nutritional profile, the product's origins, etc. It will also be easier for them to identify these products when they are shopping.



All the products sold by City Care comply with the FDA requirements. We are looking to develop a new range of cosmetic products with raw materials and ingredients sourced in Myanmar. Our experts are also advising our customers on nutrition, and how to embrace a healthier lifestyle.



50% of the books sold in our stores are written in Myanmar. We strive to promote Myanmar culture, and we organise regular events where our readers can meet their favourite authors. For the 2018 calendar year, 4 events were organized.



PEOPLE

We are a people company. Every day, our 7800+ colleagues serve our customers tirelessly, across the country, to provide them with the best experience possible. Therefore, CMHL has to offer them good careers' opportunities, safe and rewarding working conditions, and a corporate culture to be proud of.

BUILDING OUR COMPANY CULTURE

As a company, our values and principles are shaping our identity and our corporate culture. We strive for excellence, and we know that teamwork is essential for us to satisfy our customers. As a responsible company, we want our integrity to be seen as a key factor of success; and we know that our business sustainability is intimately connected with our people development. However, we acknowledge that we can and should do more to build a stronger culture and to make it tangible across our organisation. This is the secret to unlock the talents of our people, and to empower them. It is not an easy journey, as we have to transform mindsets, but there is no plan B if we want to achieve our 2025 strategic vision and become the Employee's Company.

To do so, CMHL decided to adapt its HR organisation. A Chief People Officer joined the company recently to steer the cultural transformation of our Company. This will help us build a strong company culture, attract talented people, help us retain the people who are working to make CMHL a better company, serving its customers and contributing to growing Myanmar's economy.

At CMHL, we believe that people are the most valuable assets. We continue to invest in enhancing the capability of our employees, developing both their functional and leadership skills. Our new training center was opened last year and we have seen a good increase in training hours comparing to the previous year.

We are also proud to be recognized as the first retail operator in Myanmar to achieve the global certification on gender equality "Edge". As part of this journey, we will continue to create awareness on the importance of an inclusive working environment.

Our key focus for next year is to build on the capability development by introducing multi-skilling initiations and continuously improving our HR capabilities while adopting technology for HR innovation.

Pwint Phyu Han
Chief People Officer



OUR CORE VALUES



OUR PRINCIPLES

We embrace the following standards:



ILO Declaration on Fundamental Principles and Rights at Work



The Universal Declaration of Human Rights



The Guiding Principles on Business and Human Rights



Global Compact Network Canada

The UN Global Compact



ENHANCING OUR WORKING CONDITIONS

Worldwide, the staff turnover rate is higher in the retail sector than in other sectors. However, even considering this, our average FY 17/18 turnover was too high at 76% and it impacted our ability to operate. Therefore, our HR team decided to analyse why people were leaving our Company and organised a survey to gather the insights and feedback from 790 recruits. The results were consistent with what we observed for City Express where the turnover rate was even higher (see box below): the main reasons why people are leaving were mostly linked to our management system and culture.



Our HR team started taking action in 2018: a manager handbook was written, our HR policies were clarified, and we will train our supervisors and managers in better management practices. We aim to improve our results significantly on that front in the coming months, as we have trained 3,422 of our colleagues in our new management system during FY 17/18. Regarding our absenteeism rate for FY 17/18, it was stable (5.3%) compared to FY 16/17.

CMHL headcount's breakdown



Regarding safety, our goal is to reach 0 accidents in our workplace. To achieve this goal, we reinforced our team, and a new HSE manager joined CMHL in 2018. This person has a specific objective: reducing the time lost related to workplace accidents. For FY 17/18, we unfortunately had 59 accidents, but no fatalities. As a consequence, our frequency rate was higher for FY 17/18 with 3.4 accidents per million hours worked compared to 1.3 for FY 16/17. Our HSE team, together with CMHL training experts, will reinforce CMHL training efforts related to safety. 5.1% of the absences were related to occupational diseases: it is stable compared to FY 16/17.

Regarding the security of our stores, we had to manage an attack in one of our branches in 2018. Our team dealt swiftly with the situation, and our customers, employees and partners were all safe. Our branch managers and supervisors are trained regularly to handle this kind of sensitive situation. Our maintenance team identified in 2018 two incidents related to fire, which were both detected automatically by our fire system. A human error caused both; to avoid them, we trained 119 people to fire security for FY17/18.



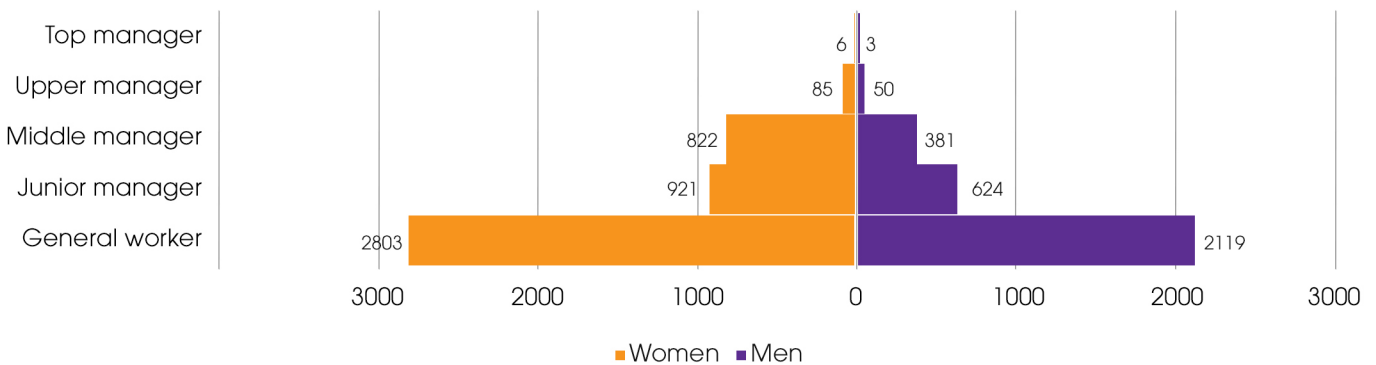


BEING AN EQUAL-OPPORTUNITY EMPLOYER

We aim to be a responsible employer, which means we offer opportunities to our people regardless of their gender, race, religion or ethnic group. Diversity is an asset for us, which helps us to reflect Myanmar vibrant society. We developed a recruitment policy to avoid any bias and to welcome anyone who is applying for a job in our Group. As a signal of our commitment, in 2018 we obtained the EDGE certification, and we are pleased to be the only retailer in Myanmar who managed to do so. CMHL is also a member of the Myanmar Business Coalition for Gender Equality.

Our workplace is gender balanced, and we consider only performance and merit when promoting colleagues. During the last reporting period, 1,049 people were promoted, of which 60% were women. To align our reporting with the EDGE requirements, we are now considering different levels of responsibility within our Company. 59% of our workforce are women. Our workforce’s breakdown by gender and levels is provided in the chart below. The pattern between men and women reflects that CMHL does not discriminate women.

Breakdown of our headcount by gender and grade



Everyday in CMHL is a true blessing for me, being a part of big family where everyone is very passionate and highly committed to own actions with years and years of experience. With much of challenge, I am constantly learning new thing in my past two years at CMHL. Personally, I believe that career development is to have a balance between success and happiness from hours that invested in work with a foreseeable development progress.

Htet Htet
Marketing Manager



REALISING OUR PEOPLE POTENTIAL

Retail is traditionally an industry where people can start their career at the bottom of the ladder, and climb it to get more responsibilities and interesting career paths. When they start with us, the majority of our employees begin on the ground as cleaners, cashiers, packers, etc. Our responsibility is to offer them training opportunities to develop their skills and expand their professional horizon.

Our talent & development team is responsible for managing our training activities. In 2018, CMHL updated its matrix skills, to reflect the evolution of our working and business environments. As a result, we updated our training catalogue to include new topics, review our approach on others, and make sure the way we train our people matches the best practices.

For FY 17/18, CMHL invested more in training: around 120,000 training hours were provided, and we managed to train 82% of our people at least once. Compared to FY 16/17, the average training hours per trainee increased by 18% from 9.5 hours to 11.3 hours. Furthermore, to diffuse our corporate values and business ethics across our team, we trained all our new recruits about our Code of Conduct during their orientation training. One of the key priorities for FY 17/18 was to develop the management skills of our people: 27% of the hours of training invested were related to that goal.





PLANET

No business can flourish in a poor environment. As a retailer, we are part of the food chain, and we rely on natural capital to source and offer healthy and natural food to our customers. Protecting our planet and our environment is not optional, it is a business imperative, and a way to echo society's expectations.

Reducing our environmental footprint is a way for CMHL to safeguard the sustainability of our operations while engaging with our customers and bring positive change to Myanmar society. As a result, we are working on several fronts to improve our environmental performance: energy, water, waste and GHG emission.

REDUCING OUR ENVIRONMENTAL FOOTPRINT

We need energy for moving the goods between our suppliers and our stores or for offering our customers a pleasant shopping experience. To reduce our energy consumption, we can activate different triggers, and when we can combine them, the results can be significant not only for the planet but also for our bottom line.

For example, when we are revamping our stores, we now consider green investments to lower the energy consumption of our assets throughout their life-cycle. As a result, we now select more energy-efficient refrigerators, opting for LED lighting systems, investing in sensors to monitor their temperature constantly to avoid overconsumption and to plan our maintenance activities better. By changing our practices slightly, we can also achieve great results; for instance, during night time, we will automatically turn off the lights in our storage areas or adjust the temperature of air conditioners. We installed GPS chips in our vehicle fleet to optimize the routes and encourage our drivers to pay more attention when they drive, to limit the gas consumption by adopting a smooth driving style, which will also be safer. By combining all these components, CMHL can save up to 10% of energy in certain branches, which contributes to the profitability of their operations.

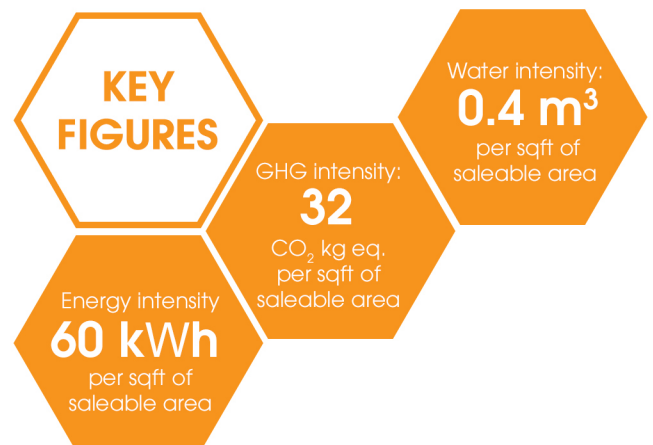
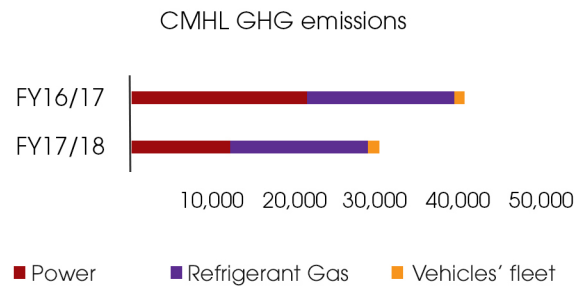


At marketplace by City Mart (Sule Square branch), we practice using electricity just right by not wasting it. “Money saved is money earned”. That’s where our practice comes from. No matter how hard we try to make sales, without reducing unnecessary expenses, it’ll be hard to make the profit. In the back store, we switch the lights off whenever they’re not being used or switch on for the necessary area only. In the front store, before and after store opening time, we switch on the lights in an alternative order. And, based on the situation, we use the ice machines half a day only when we’ve produced enough ice for the day for fresh produces. In this way, we try to save electricity to help reduce overhead costs and the results are visible indeed. I would love to encourage all my fellow colleagues to practice saving electricity as well.

Zin Mar Win
 (Acting Branch Manager)
 marketplace by City Mart (Sule Square Branch)

CMHL GHG EMISSIONS

We consumed 55 GWh of energy for FY 17/18, of which almost 75% were related to our power consumption, and the balance to the consumption of our vehicles’ fleet. Compared to FY 16/17, our GHG (Greenhouse Gas) emission decreased by 25% from 40,823 tonnes eq. CO₂ to 30,422.



TACKLING WASTAGE

Managing waste is a challenge for retailers all around the world, and it is probably an even greater challenge in emerging countries like Myanmar. At CMHL, we believe it is our responsibility to start managing our waste better. We are also convinced that we will be successful if we can engage with local authorities and other key stakeholders because we believe that better collaboration between the private and public sector is very much needed to achieve results. Therefore, when Mandalay's Mayor visited one of our branches in June 2018 during a No plastic bag day, we were proud to share our feedback. CMHL will do its best to contribute to the ambitious waste-management action plan released recently by MCDC.



During the visit of Dr. Ye Lwin, Mandalay's Mayor

CMHL is working on different fronts to get results. We know that to get results, we need to encourage our people and customers to adopt new behaviours. We started to raise our employees' awareness to manage our waste better in our head office and segregate plastic, paper and general waste to encourage recycling. We are also discussing with Thant Myanmar to educate the public on those issues because CMHL cannot tackle this challenge alone. This effort is part of our work to reduce the use of plastic bags in our stores.



NO PLASTIC BAG DAY

During FY17/18, we decided to double the number of no plastic bag days. Previously, no plastic bag days were a challenge and a potential source of tension between our cashiers and our customers. We are pleased that our customers are now supporting the idea. The proof of this trend? We sold 25% more reusable bags (277,000+ units) during FY 17/18 compared to FY 16/17. After opting for biodegradable plastic bags in 2017, we managed to reduce our plastic consumption significantly, which induced an additional saving of US\$ 400k on a yearly basis. However, we handed out 1.37 bags per sale in 2018: we need to work harder to reach our goal, which is to go below 1 bag handed out per sale.

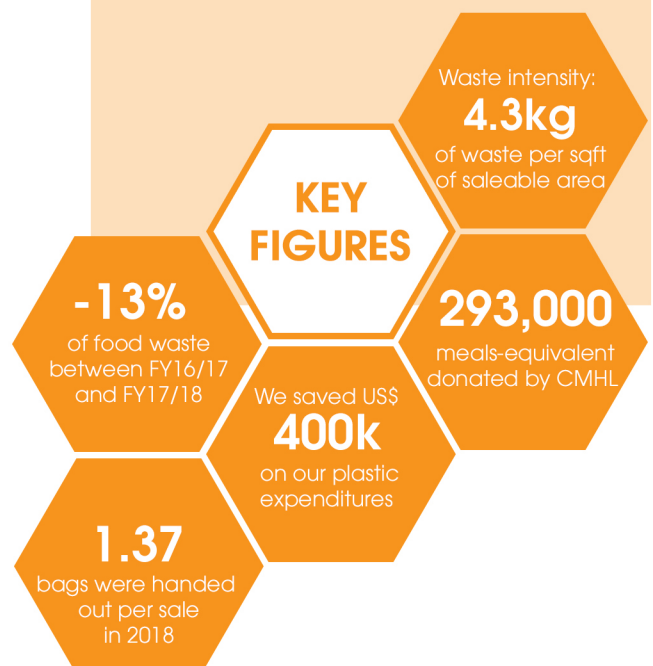


CMHL is also working to better quantify and manage its own waste. This year, we manage to collect data related to waste management from all our stores, unlike last year where we covered only 18 stores. Our operations generated 4,073 tonnes of waste in 2018, of which 1,128 tonnes of cardboard and 33.8 tonnes of plastic.



Avoiding food waste

We use 3 different levers to reduce food wastage: better inventory management, juicing the fruits by removing the parts that have been damaged, and donating food to those in need. We reduced our food wastage by 13% compared to FY 16/17 while we increased our food donation by 5%. We donated the equivalent of 293,000+ meals during FY 17/18.





REPORTING

We are committed to report on our progress. We use international standards to structure our reporting system, identify the most relevant topics, and communicate our performance transparently.

STANDARDS

We follow 4 main standards to structure our non-financial reporting:



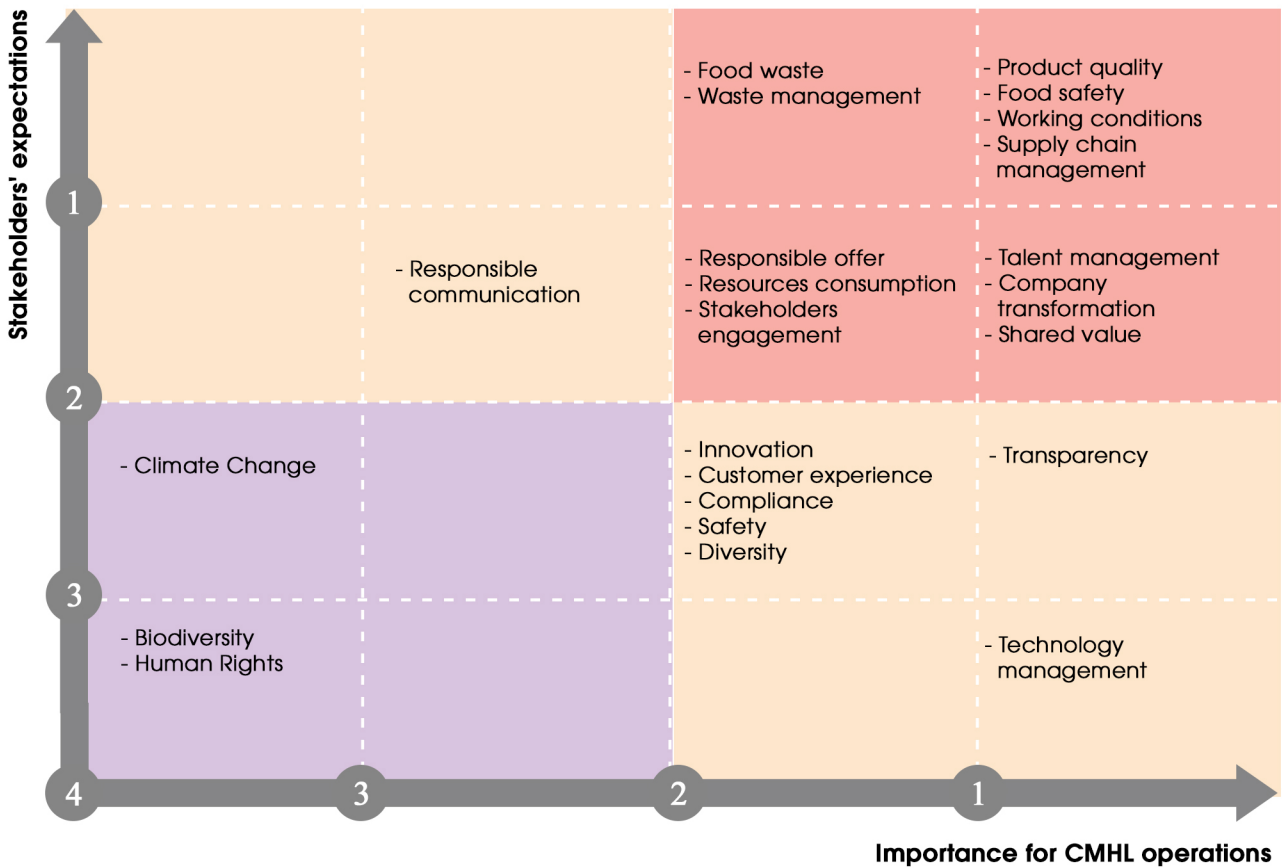
Global Compact
Network Canada

In addition, we use the AA 1000 Standards to structure our approach for identifying and prioritizing the expectations of our stakeholders. The results are our materiality matrix (see below). It demonstrates CMHL’s adherence to these principles:

- **Inclusivity:** to understand our stakeholders’ expectations, we engaged them in dialogue. At Group level, and internally, our sustainability team met with our key management. Externally, we discussed with different organizations (NGOs, business partners, experts, etc.) to gather their views regarding CMHL sustainability challenges. At the store level, our managers are in touch with our customers, employees and communities on a daily basis. The mapping of our different stakeholders is available on our website.
- **Materiality:** to focus our efforts on the most important challenges, we conduct peers’ reviews. We selected a list of topics which were relevant for our sector and Myanmar. In 2017, CMHL top management reviewed and validated the prioritization of the issues identified.
- **Responsiveness:** we disclose our UNGC COP report every year, and we are now publishing our sustainability report on a yearly basis.

MATERIALITY ANALYSIS

Our materiality matrix is the outcome of our stakeholders' engagement process. It was validated by our top management in 2017 and reviewed in 2018 to ensure its consistency and relevance.



Currently we consider the following SDGs as the most relevant for CMHL:



Today in Myanmar, providing safe, secure and healthy food is essential. CMHL is working internally and with its suppliers to achieve food safety and promote better agricultural practices.



CMHL is led by one of the most successful women entrepreneurs in Myanmar. We are deeply committed to women empowerment in Myanmar as it is one of the keys for sustainable development. We aim to be a role model company regarding gender equality.



As a company, we are working to develop our business; it will contribute to offer good opportunities to Myanmar citizens who are looking for interesting job opportunities but also to our suppliers as they will then be able to expand their own operations.



As a retailer, our goal is to promote sustainable lifestyles. Therefore, we are striving to promote sustainable consumption habits with our consumers. We are also partnering with our suppliers to develop a better working food chain in Myanmar which will waste fewer resources and maximize its shared value.



Myanmar is one of the countries that will be heavily impacted by climate change. Today its economy relies mostly on agriculture. The consequences for Myanmar farmers and the different actors of the food chain will be quite significant, and our operations may be largely impacted. We are working to reduce our energy consumption and our CO2 emissions.



Through our commitment to comply with all relevant laws and take a zero tolerance approach to corruption in our organization, we aim to set a strong example to the Myanmar business community that you can "do well by doing good".

Products

KPIs	Unit	Value	GRI Standards	UNGC principles	SDG
Food safety					
Number of food safety incidents	Number	0			SDG 12
Total number of complaints	Number	754	GRI 416		SDG 12
Total number of complaints related to food safety	Number	78	GRI 416		SDG 12
% of sales made with Myanmar made food products	%	48%	GRI 204		SDG 8
% of complaints related to food safety	%	10%	GRI 416		SDG 12
Product quality					
Total number of complaints related to product quality	Number	16	GRI 416		SDG 12
% of complaints related to food safety	%	2%	GRI 416		SDG 12

Company

KPIs	Unit	Value	GRI Standards	UNGC principles	SDG
Company transformation					
% of customer experience index	%	68%	CMHL		SDG 8
Business ethics					
Number of breaches regarding the Code of Conduct	Number	51	GRI 205	10	SDG 16
Number of potential incidents reported regarding the Code of Conduct	Number	364	GRI 205	10	SDG 16
% of new hires who have been trained on anti-corruption and business ethics	%	100%	GRI 205	10	SDG 16
Supply chain					
Number of local Myanmar food supplier audits	Number	36	FP 1		SDG 8
Shared value					
Budget for philanthropic activities	MMK	100,000,000	GRI 203		SDG 8
Global amount of tax paid CMHL directly and indirectly	MMK	29,372,172,395	GRI 201		SDG 8

*Indicates where the impact occurs within the organization.

People

KPIs	Unit	Value	GRI Standards	UNGC principles	SDG
Work place					
Number of people working for CMHL on 31/03/2018	Number	7,809	GRI 102	3,4,5,6	SDG 8
Number of females	Number	4,563	GRI 102	3,4,5,6	SDG 5
Number of males	Number	3,246	GRI 102	3,4,5,6	SDG 5
Number of permanent full-time contracts	Number	7,794	GRI 102	3,4,5,6	SDG 5
Number of females for rank 1	Number	215	GRI 102	3,4,5,6	SDG 5
Number of females for rank 2	Number	2,527	GRI 102	3,4,5,6	SDG 5
Number of females for rank 3	Number	844	GRI 102	3,4,5,6	SDG 5
Number of females for rank 4	Number	665	GRI 102	3,4,5,6	SDG 5
Number of females for rank 5	Number	164	GRI 102	3,4,5,6	SDG 5
Number of females for rank 6	Number	63	GRI 102	3,4,5,6	SDG 5
Number of females for rank 7	Number	53	GRI 102	3,4,5,6	SDG 5
Number of females for rank 8	Number	24	GRI 102	3,4,5,6	SDG 5
Number of females for rank 9	Number	3	GRI 102	3,4,5,6	SDG 5
Number of females for rank 10	Number	5	GRI 102	3,4,5,6	SDG 5
Number of males for rank 1	Number	321	GRI 102	3,4,5,6	SDG 5
Number of males for rank 2	Number	1,891	GRI 102	3,4,5,6	SDG 5
Number of males for rank 3	Number	615	GRI 102	3,4,5,6	SDG 5
Number of males for rank 2	Number	263	GRI 102	3,4,5,6	SDG 5
Number of males for rank 5	Number	76	GRI 102	3,4,5,6	SDG 5
Number of males for rank 6	Number	31	GRI 102	3,4,5,6	SDG 5
Number of males for rank 7	Number	30	GRI 102	3,4,5,6	SDG 5
Number of males for rank 8	Number	16	GRI 102	3,4,5,6	SDG 5
Number of males for rank 9	Number	2	GRI 102	3,4,5,6	SDG 5
Number of males for rank 10	Number	0	GRI 102	3,4,5,6	SDG 5
% of women holding a management position	%	40%	GRI 102	3,4,5,6	SDG 5
Total number of departures*	Number	6,208	GRI 103	3,4,5,6	SDG 8
Total number of resignations*	Number	6,157	GRI 104	3,4,5,6	SDG 8
Turnover rate*	%	76%	GRI 401	3,4,5,6	SDG 8

*Indicates where the impact occurs within the organization.

Training

Total number of people trained*	Number	10,660	GRI 404	3,4,5,6	SDG 8
Total trainings hours provided*	Hours	119,996	GRI 404	3,4,5,6	SDG 8
% of people trained*	%	82%	GRI 404	3,4,5,6	SDG 8
Average hours of training provided per person*	Hours	11	GRI 404	3,4,5,6	SDG 8

*Indicates where the impact occurs within the organization.

People

KPIs	Unit	Value	GRI Standards	UNGC principles	SDG
Working condition					
Total number of hours of absence due to sickness and occupational disease	Hours	47,266	GRI 403	3,4,5,6	SDG 8
Number of workplace accidents	Number	59	GRI 403	3,4,5,6	SDG 8
Number of work related deaths in the year	Number	0	GRI 403	3,4,5,6	SDG 8
Fatality rate (per 1,000,000 hours worked)	Number	0	GRI 403	3,4,5,6	SDG 8
Accident Frequency rate (per 1,000,000 hours worked)	Number	3.4	GRI 403	3,4,5,6	SDG 8
Talent development					
Number of employees promoted in the year to a higher category	Number	1,049	GRI 405	3,4,5,6	SDG 5
Number of women promoted in the year to a higher category	Number	627	GRI 405	3,4,5,6	SDG 5

Planet

KPIs	Unit	Value	GRI Standards	UNGC principles	SDG
Energy					
Energy intensity of the saleable area	kWh / sqft	60.2	GRI 302	7,8,9	SDG 13
Total energy consumed	kWh	55,955,955	GRI 302	7,8,9	SDG 12
Total electricity consumed	kWh	38,308,093	GRI 302	7,8,9	SDG 12
Diesel consumption	kWh	3,179,761	GRI 302	7,8,9	SDG 12
Gasoline consumption (Car Only)	kWh	14,467,911	GRI 302	7,8,9	SDG 12
GHG					
Greenhouse gas emission	CO2 t eq	30,422	GRI 305	7,8,9	SDG 13
Greenhouse gas intensity	CO2 kg eq / sqft Waste	32.8	GRI 305	7,8,9	SDG 13
Waste					
Waste intensity of the saleable area	Kg per sqft	4.38	GRI 306	7,8,9	SDG 12
Number of plastic bags handed out per sale	Number	1.37	GRI 301	7,8,9	SDG 12
Number of plastic bags distributed	Number	62,801,698	GRI 301	7,8,9	SDG 12
Number of reusable bags sold	Number	277,965	GRI 301	7,8,9	SDG 12
Quantity of cardboard	viss	690,924	GRI 301	7,8,9	SDG 12
Quantity of hard plastic	viss	20,713	GRI 301	7,8,9	SDG 12
Food Waste					
% of food waste recovered	%	2%	CMHL	7,8,9	SDG 12
Food donated	kg	146,695	GRI 203	7,8,9	SDG 2
Water					
Water consumption	m3	362,318	GRI 303	7,8,9	SDG 12
Water intensity	m3 per sqft	0.39	GRI 303	7,8,9	SDG 12

Our GRI Index can be found on our website.

If you need more information about this report, please reach us by email :
sustainability@cmhl.com.mm

City Mart Holding Company Limited
1-11, Padonmar Stadium (East Wing), Bargayar Street, Sanchaung Township, Yangon,
Union of Myanmar.