



2019 SUSTAINABILITY REPORT



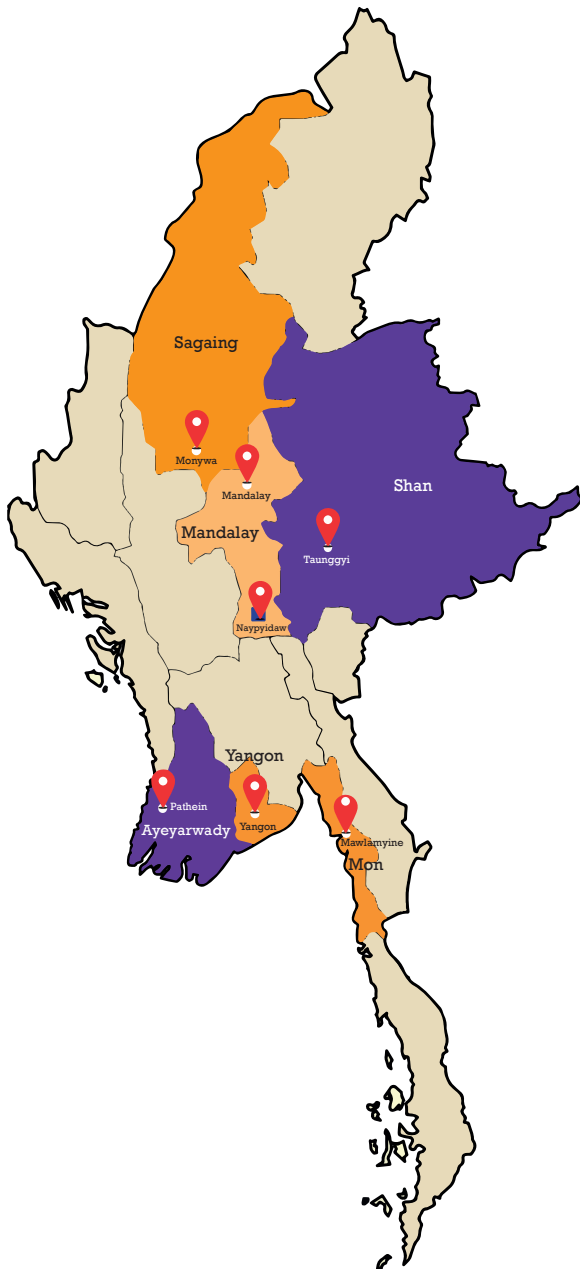
COMPANY

PRODUCT

PEOPLE

PLANET

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. CMHL is part of City Holdings Limited, a company led by Daw Win Win Tint.

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 200+



Number of employees 7,700+



Number of transaction in one year 5.2 Million

OUR MAIN BRANDS



Contents

Strategic Report

Leadership statement	3
2019 highlights	4
Our 2025 strategic vision	5
Our business model	6
CMHL sustainability approach	7
Our contribution for the fiscal years FY19 and FY2018/19	8

Company

Enhancing our corporate structure	9
Managing our risks more efficiently	10
Ensuring the compliance of our operations	10
Embracing good business ethics	11
Unlocking CMHL productivity with technology	12
Safeguarding the integrity of our data	12
Forging long-term relationships with our suppliers	13-15
Contributing to Myanmar's prosperity	16

Products

Fostering responsible consumption in Myanmar	17-19
Enriching our shopping experience	20

People

Strengthening our culture	21
Becoming an employer of choice	22-23
Elevating our people potential	24
Reinforcing safety	24

Planet

Lowering our environmental footprint	25
Tackling wastage	26-28

Reporting

Standards	29
Materiality analysis	30
Data	31-33

ABOUT THIS REPORT

This report is CMHL's third 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 2019 sustainability report, all the quantitative data cover the period from April 2018 to March 2019 (FY18/19) and from April 2019 to September 2019 (FY19) unless stated otherwise.

For the perimeter, the report includes, for the first time, all the entities operated by CMHL and mentioned in the page 1. However, Seasons is not included anymore as it has moved to another reporting line as part of City Holdings. The data disclosed in this report have not been audited by a third-party. For the qualitative data, the reporting period covers 2019 as a calendar year. 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.

Other information and contents are also available on our website: <http://www.cmhl.com.mm/sustainability/>

STRATEGIC REPORT

Leadership statement

Dear stakeholders,

Conscious businesses act as a force for good: they create value for all their stakeholders. They embrace the future and are keen to engage people in building a better society. They strive to benefit people.

At CMHL, we strive to be such kind of business: our values shape how we conduct our operations; our 2025 vision clarifies our ambition. Indeed, we are on a journey to reinvent ourselves, and we consider sustainability as a strategic means to ensure that CMHL is a company future-ready. Such a project would not be possible without the support of our colleagues, suppliers, and customers: their trust honours us, daily.

2019 was a defining year for CMHL. We established a new corporate structure that will support CMHL's long-term development. The management team was reinforced, with the appointment of new senior executives. More than ever, we are ready and focused on delivering our 2025 sustainable plan and steering long-term value that benefits our stakeholders.

We are pleased to share with you our third sustainability report. For the first time, this report covers the entirety of our business, and you will find inside straightforward information about the progress we made in 2019, including:

- new assets that reflect our willingness to server better our consumers
- a broader range of products to elicit responsible lifestyles in Myanmar
- closer collaboration with our suppliers to enhance food chain management
- improved working conditions that led to higher HR productivity
- significant investment to reveal the full potential of our employees
- lowered environmental impacts of our activities
- renewed compliance of our operations with Myanmar laws



We can be proud of these results: our team was instrumental in these achievements. However, we should be more ambitious: our stakeholders are expecting us to act as a leader, and we intend to do so.

Our current assets lay the ground for future opportunities: at CMHL, we aim to lead the transformation of the Myanmar retail sector. We are determined to offer better jobs to our people, work more closely with our partners and, tirelessly, to serve our customers, every day, better.

Should you have any comments or questions about our report, do not hesitate to reach our sustainability manager by email at sustainability@cmhl.com.mm

Yours sincerely

Win Win Tint
Group CEO
City Holdings Limited.

Glen Attewell
CEO
City Mart Holding Co., Ltd.

2019 Highlights

In 2019, we continued our efforts to deliver our 2025 strategic vision.

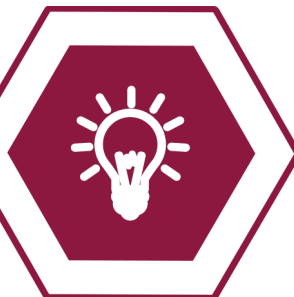
The table below mentions some of the most important results obtained during the last year:

Strategic pillar	Sustainability priorities	Outcomes
 The Innovative company	Customer Experience	 <ul style="list-style-type: none"> 400,000 consumers joined our loyalty programme: City Rewards. 10,000+ clients are using our e-commerce platform to order frequently online.
 The First-choice company	Supply Chain Management	 <ul style="list-style-type: none"> We invested in building a new Distribution Centre. Its 170,000 sqft will support our business' growth and enhance the performance of our supply chain.
 The Market-leading company	Responsible Offer	 <ul style="list-style-type: none"> Launch of a new format to offer a renewed shopping experience to our clients and communities: a standalone City Care. Opening of 18 new stores to be closer to our customers.
 The Valued company	Responsible Offer	 <ul style="list-style-type: none"> 50% of our sales are made with Myanmar made food products. We sold twice more vegetables that comply with the Good Agricultural Practice Standard.
 The Homegrown company	Company Transformation	 <ul style="list-style-type: none"> CMHL became part of City Holdings, new holding company for the group of companies owned and operated by the family of Daw Win Win Tint. A new management team was appointed to run CMHL.
 The Employee's company	Working Conditions	 <ul style="list-style-type: none"> Our team worked hard to ensure better compliance with Myanmar laws and regulations. We developed a Manager Handbook to foster better managerial practices. Sadly, we had seen one fatality in 2019.
 The Employee's company	Talent management	 <ul style="list-style-type: none"> We increased our training efforts almost twofold to provide more training for our trainees.
 The Responsible company	Stakeholders Engagement	 <ul style="list-style-type: none"> We ranked 1st in the 2019 Pwint Thit Sa ranking. We engaged our suppliers extensively to brief them about the changes induced by the new laws and regulations related to labelling. Our group CEO, Daw Win Win Tint was recognised by CSR Works International as one of the Asia's Top Sustainability Spewomen for 2019.
 The Responsible company	Waste Management	 <ul style="list-style-type: none"> We distributed 15% fewer plastic bags per transaction for FY19 compared to FY17/18.
 The Responsible company	Shared Value	 <ul style="list-style-type: none"> CMHL is one of the top tax-payers in Myanmar. For FY18/19 and FY19, we paid more MMK 22.8 billion and MMK 12.3 billion respectively to the government.

Our 2025 strategic vision

The Innovative Company

serving through our physical and digital platforms, always enhancing customer experience through innovative technology.



The First-choice Company

the preferred business partner because of our integrity, knowledge of the market, ability to execute and volume.



The Market-leading Company

in each retail format with highest market share and zero loss making stores.



The Valued Company

which provides safe, quality-assured, healthy products and sources locally wherever possible.



The Homegrown Company

which is independent, publicly listed and partly employee owned.



The Responsible Company

the benchmark of excellence for responsible business practices and a leading contributor in helping the government create economic value.



The Employee's Company

the no 1 employer of choice in the retail industry because of the culture and values that we embody and the growth opportunities we offer.



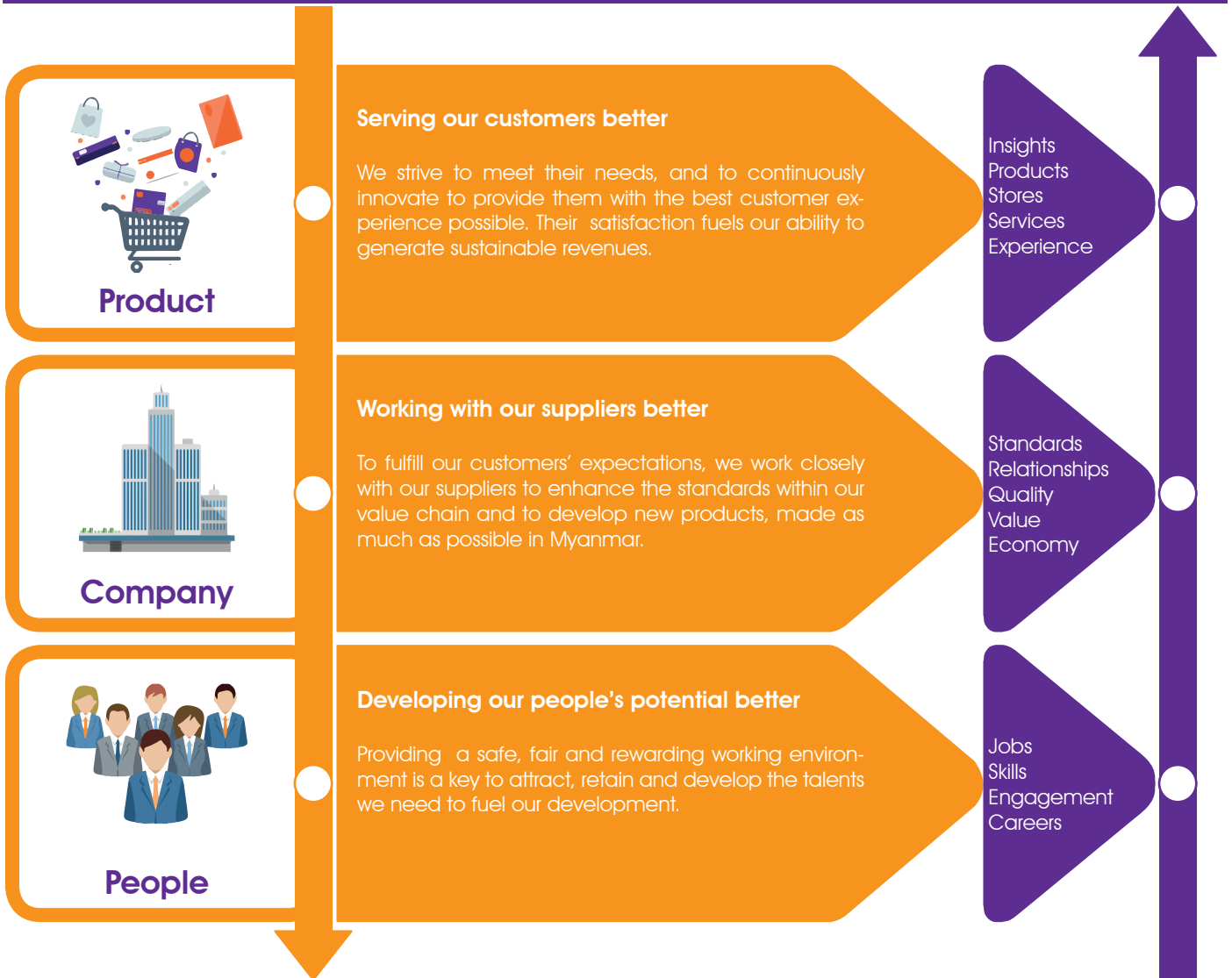
Our business model


OUR 2025 STRATEGIC VISION


- The Innovative Company**
To be a leader in innovation and digital transformation.
- The First-choice Company**
To be the first choice of our customers for the products and services we offer.
- The Market-leading Company**
To be a market leader in our core business.
- The Valued Company**
To be a company that is valued by our stakeholders.
- The Homegrown Company**
To be a company that is homegrown and locally sourced.
- The Responsible Company**
To be a company that is socially responsible and environmentally friendly.
- The Employee's Company**
To be a company that is a great place to work for our employees.

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**





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. Structured around 4 axis and 12 priorities, our 2025 retail plan constitutes now our sustainability DNA. Each of these priorities helps us not only to sustain and develop our operations but also creates value for our stakeholders. This integrated approach is our way to deliver our 2025 strategic vision and to be The Responsible Company, the benchmark of responsible business practices in Myanmar.


Every year, our sustainability team, led by our sustainability manager, 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	FY19	FY 18/19	More Details
<p>People</p>	Working conditions	Accident Frequency rate (per 200,000 hours worked)	0.34	0.25	p. 24
		Turnover rate (in %)	N/A	66%	p. 22
		% of women holding a management position	33%	36%	p. 23
	Talent management	Average training hours per trainee	15.1	23.6	p. 24
		% of people trained	107%	121%	p. 32
<p>Planet</p>	Waste management	Waste intensity of the saleable area (kg per sqft)	N/A	3.2	p. 27
		Number of plastic bags handed out per sale	1.17	1.11	p. 26
	Food waste	Reduction of food wastage	20%	7%	p. 27
	Resources consumption	GHG intensity of the saleable area (kg CO ₂ eq. / sqft)	N/A	19.6	p. 26
		Energy intensity of the saleable area (kWh / sqft)	N/A	58.4	p. 26
		Water intensity of the saleable area (m ³ / sqft)*	N/A	0.33	p. 27
<p>Product</p>	Food safety	% of customer complaints related to food safety	16%	16%	p. 31
		Number of food safety incidents	1	0	p. 14
	Responsible offer	% of sales made with Myanmar made food products	50%	47%	p. 17
	Product quality	% of customer complaints related to product quality	19%	15%	p. 31
<p>Company</p>	Company transformation	% of Customer Satisfaction	73%	N/A	p. 20
	Stakeholders engagement	Number of breaches regarding the Code of Conduct	75	173	p. 11
	Supply chain management	Number of local Myanmar food supplier audits	28	36	p. 14
	Shared value	Expenditures on philanthropic activities (MMK million)	47	114	p. 16
		Tax paid to the government (MMK billion)	12.3	22.8	p. 16

Our contribution for FY19 and FY18/19

We reduced our turnover rate by 13% for FY18/19 compared to FY17/18.



We trained all our workforce, and each trainee received 23.6 hours for FY18/19 of training vs. 11 for FY17/18.



49 accidents occurred, unfortunately and, sadly, one was fatal.



780+ people were promoted, of which 50% were women.



During FY19, we gave 15% less plastic bags per transaction compared to FY17/18.



We sold **340,000+ reusable bags** for FY18/19 which is **23% more** compared to FY17/18.




We wasted **7% less food** for FY18/19 compared to FY17/18. **we donated also 54.5 tonnes of food.**



We reduced our GHG intensity by 40% between FY18/19 and FY17/18. Meanwhile we improved the energy efficiency of our operation by 3%.




We are HACCP Compliant for our fresh food products. We manage **1 incident related to food safety** that had **no consequence** for our customers.



We conducted **2,100+ audits** of our stores for FY18/19 which represents an increase of **64%** compared to FY17/18.



50% of sales are made with Myanmar food products: this is **5% more** compared to FY17/18.



We sold **twice more** vegetables that comply with the **Good Agricultural Practice Standard**.



Our activities are generating more than **35.1 Billion MMK** of tax paid to the government.



We ranked **1st** in the 2019 **Pwint Thit Sa** report.



We accounted **75 breaches** of our code of conduct for FY19.



We spent **161 million MMK** for our philanthropic activities.






2019 CMHL Management team

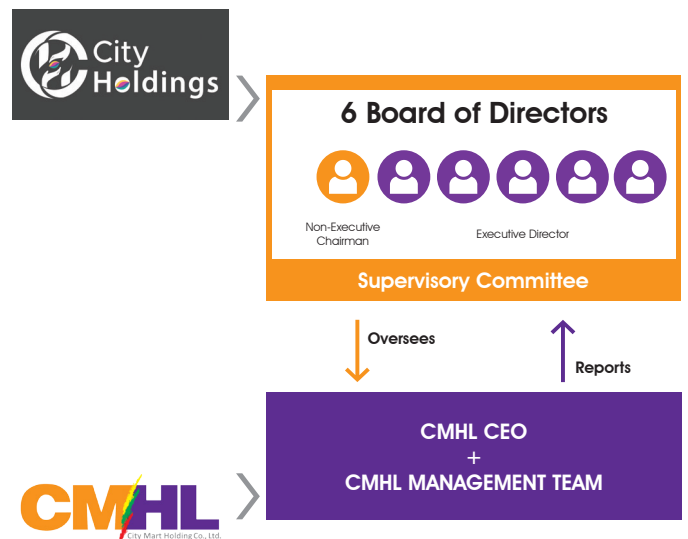
COMPANY

With our 2025 vision, we aim to be the benchmark of excellence and a leading contributor in helping the government create economic value. To achieve this goal, we need to transform CMHL to safeguard our ability to create long-term value for all our stakeholders. 2019 was a critical year to ensure that our organization was fit for the future: we adapted our management structure, reinforced our corporate governance and used more technology to operate our business more efficiently.

Enhancing our corporate structure

Companies with sound corporate governance and a clear corporate structure have a competitive advantage over their peers. They can execute more efficiently their strategy because decision-making is more conducive. In 2019, the CMHL Board of Directors met 4 times and all the BOD Members attended 100% of the meetings.¹ They decided to reshape CMHL's structure to make the company more fit for the future.

- First, CMHL is part now of City Holdings, a holding company led by Daw Win Win Tint and owned by her family.² Every quarter, CMHL top management reports to City Holdings' Directors of the Board during *ad hoc* meetings.
- Second, CMHL has appointed a new CEO. New people were also recruited and promoted to new managerial positions. The primary responsibility of the management team is to implement CMHL strategy and to report the progress transparently to City Holdings.
- Last, the CMHL management team is working to ensure that the standards, process and operating procedures are defined and applied consistently by all departments across the organisation. This will help to streamline the organisation and support its performance.



CMHL corporate governance structure

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

² See: <https://www.cityholdings.com.mm/companies>

Managing our risks more efficiently

One of the most concrete consequences of this new organisation is related to risk management. The Finance team is accountable and responsible for monitoring the risks across the organisation. It maintains a register of the different risks that might impact CMHL. The risks identified are broad and are related to various factors (market conditions, business continuity, reputation, supply chain, people, etc.) The table below summarises our approach.

Frequency	Actions
Monthly	<ul style="list-style-type: none"> ■ The Finance team updates the risk register and briefs CMHL's top management. The risks prioritisation and the mitigation plan are discussed and updated. ■ City Holding's Group CEO and Group CFO are also informed.
Quarterly	<ul style="list-style-type: none"> ■ CMHL's top management reports to City Holdings' Supervisory Committee. During this meeting, the Supervisory members can review the effectiveness of CMHL's risk management and ensure that it contributes to CMHL's sustainability.

"CMHL is never happy with staying still. Our team is always looking for the most innovative way to achieve our goals. 2019 saw many transformations across the group. We set up The Hub, a strategic enabler for the group's business divisions. The Hub, where our Group CEO and functional heads such as Finance, People and Legal sit, leverages "best in class" corporate governance to empower and support our business leaders. Our supervisory board continues to evolve to best serve the interests of our stakeholders. In 2019 it launched initiatives in risk management, business continuity planning and compliance to ensure that our business is prepared for hazards and adverse events. The compliance function especially had a busy year dealing with new regulations concerning labelling, employment matters and consumer protection."

Robin Scott
Group Transformation Director, City Holdings Limited.



Ensuring the compliance of our operations

Myanmar laws and regulations are evolving constantly and on several fronts. In that regard, 2019 was a busy year as our team was involved to ensure CMHL compliance with two laws that were both enacted in 2019: the Consumer Protection Law and the Occupational Health and Safety (OHS) Law.

Regarding labelling, with the Consumer Protection Law, the Myanmar Government aims to empower Myanmar consumers with information that will help them to make better choices. To comply, all the food producers in Myanmar shall check their packaging and make sure that it mentions correctly the right information. CMHL was concerned as a food producer and as a retailer of products manufactured by others. Therefore, we engaged 360+ suppliers through 4 workshops to ensure that they were informed and ready to deal with the consequences of this new law.

On safety, CMHL invested significantly to improve the safety of its workplace. Moreover, its organisation dedicated to safety was also reinforced: a dedicated committee was established to supervise and coordinate CMHL's efforts on safety. Likewise, a specific team was created with an HSE manager responsible for developing, monitoring and enforcing CMHL roadmap on safety.

Embracing good business ethics

At CMHL, we expect everyone, from the Board of Directors to the employees to comply with our values (see page 21), principles and Code of Conduct. They shape our ethics: 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, the team takes action. For FY18/19 and FY19, 173 and 75 breaches were confirmed respectively.

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, 80% of the people who joined our Company were trained in business ethics. Next year, we will update our Code of Conduct to cover new topics such as data privacy and security.

Key Figures



Our Principles



Unlocking CMHL productivity with technology

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.

To benefit from the potential offered by technology, we have to streamline our IT infrastructure and to ensure its security. Indeed, last year, our IT team continued its work to simplify CMHL IT architecture. This will lead to a more efficient system: the results achieved regarding the improvement of the reporting system are promising.

We achieved significant results on two fronts in 2019: we rolled out a new solution for improving our logistic (see page 13). Moreover, the IT and finance teams worked closely together to improve and automatize the collection of financial data. Now, 90% of the financial information sent weekly to the top managed are automatically gathered and computed. It has several benefits:

- First, it reduces the time spent to prepare these reports;
- Second, the financial team has more time to analyse the data and add value;
- Last, most importantly, it leads to a better meeting, better decisions and wider use of the data across the organisation.

We are also working to offer more opportunities to our business partners: soon, they will access to more information, which will help them to plan their own business more efficiently. They will receive automatically more and better information about the sales of their products which will benefit all the stakeholders involved. Our suppliers will have more visibility on their future revenue; it will be easier for our store managers to manage their inventory; our consumers will find the products they like on our shelves.

Safeguarding the integrity of our data

In 2018, we launched our e-commerce platform, City Mall On-Line, and our loyalty programme, City Rewards. At the end of 2019, 10,000 persons frequently shop on City Mall On-Line, and 400,000 customers joined City Rewards, and 50% of them are buying from CMHL every month.

In 2019, CMHL proactively developed a Privacy Policy in relation to customer personal information and the use and protection of the data we collect on line and via our apps. In addition to this measure, our IT team conducted different tests to assess the vulnerabilities of its system and identify specific areas of improvement. We are currently working to reinforce the security of our system.



"Technology is an important driver of a company's performance and business intelligence plays an important role. CMHL has invested and will continue to do so in the area of business intelligence so that we can make better decisions that will ultimately benefit our customers and stakeholders".

Ronald Lee
Project Director



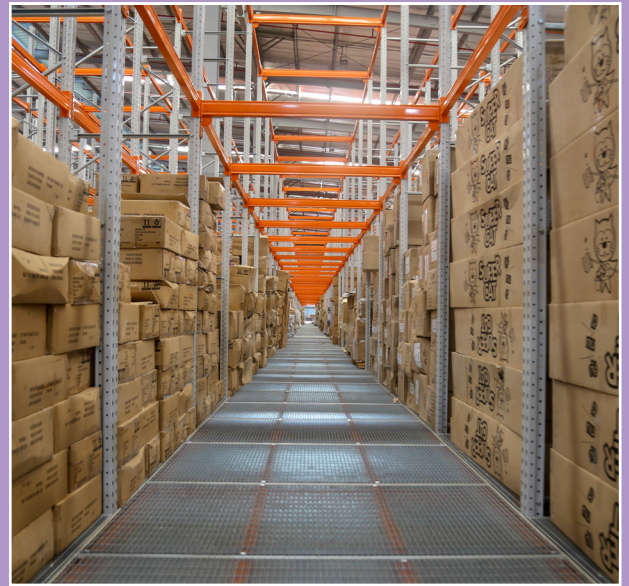
Forging long-term relationships with our suppliers

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.

Establishing a better food chain in Myanmar

To provide our consumers with better products, we need to improve the traceability of the food chain. Therefore, we aim to establish more direct relationships with food producers. Why? Because it brings more value to the farmers who can grow better products and which value is higher on the market. Consumers are eager to buy products with a superior nutritional profile. By buying directly from the producers, CMHL can make those products more accessible while ensuring that farmers receive fair remuneration for their work. And it works: last year, CMHL doubled its purchase of products complying with GAP standards – from 8% in 2018 to 16% for 2019. Likewise, to raise awareness, CMHL organized a visit to Singapore to share with some of its suppliers international best practices, and to inspire them.

A new inventory management system



CMHL is investing significantly to improve the management of its supply chain and the better use of technology is essential. In 2019, a new system was installed to enhance our inventory management, automatize replenishment plans and increase the overall efficiency of our logistics. With this solution, we can automatically register and track all the items stored in our warehouse. It helps us to save time and to focus our efforts on tasks that are creating more added-value.



Using loyalty points for a just cause

CMHL decided to support M2030, a Singapore based NGO, which aims to fight malaria. CMHL launched M2030 campaigns in selected stores of City Mart Supermarkets, marketplace by City Mart, and Ocean Supercenters in Yangon, Mandalay and Naypyitaw. Members of our City Rewards could give their points to fund various initiatives and fight malaria.

Sharing our strategy with our suppliers

We organized our third Supplier Conference in December 2019. During this event, we shared with hundreds of suppliers our plan to improve our supply chain and provide our consumers with better products.



Uplifting food safety standards

Embracing new business standards is never easy. CMHL expects from its suppliers to fully comply with the FDA's regulations. However, some of them may not have received all the documents yet. Therefore, when our suppliers can demonstrate that they are waiting for FDA's feedback, CMHL is keen to continue working with them, and our audit team monitors their compliance against the 39 criteria of our scorecard.



In 2019, we reinforced our audit capacity and refined our audit approach. Compared to FY17/18, we can now audit twice many more suppliers on a monthly basis. As a result, we controlled 64 suppliers during the reporting period and we paid special attention to high-risk areas and categories like vegetables, meat, seafood, etc. On average the performance achieved by our suppliers was consistent with our former audit campaign. During FY19, we had one incident related to food safety: during an audit, we realized that one of the beverages we sold could not meet our requirements. As a result, we removed immediately this products from our inventory and made sure that our clients were safe.

"CMHL aims to source its products directly from farmers. This will enhance the traceability of the food chain while increasing the values for the farmers/producers, consumers, and company. This approach is CMHL's commitment to establish mutually beneficial relationships".

Kyaw Kyaw Myint
Fresh Food and Production Manager



Supporting the first food safety forum organized in Myanmar

In September 2019, CMHL supported the organisation of the first food safety forum in Myanmar attended by government officials, business leaders and experts. We were part of the panel to discuss the challenges and opportunities in the food processing industry in Myanmar.

Key Figures



"Thanks to CMHL's guidance, we learned how to upgrade our food safety standards. We are monitoring closely more parameters: it helps to secure our operations, and ultimately benefit our customers. We will do our best to build a mutually beneficial relationship with CMHL".

Aung Thuza, Supplier

Strengthening our logistics capacities

In 2019, we hit a significant milestone: we built a new Distribution Centre, 3 times larger than the previous one. This new asset will help us scaling our operations, increasing the productivity of the team, offering new solutions to our suppliers while lowering the environmental footprint of our supply chain. How?



Our previous warehouse was too small to handle all the flow of goods we had to manage to supply our stores. Therefore, some of our suppliers had to deliver themselves their products to our stores. This induced more traffic in Yangon, and could also complicate the operations in our branches. Moreover, its design was not perfect: offloading goods was difficult, ensuring that temperature-sensitive items were properly handled was complicated; our people had to work longer shifts which was not satisfactory for them, and for the Company as HR costs were higher. The new Distribution Centre solved all these pain points.

- Icon:** Forklift with arrows indicating movement.
Text: We can offload 34 trucks simultaneously. Our workers can access all the goods faster and transfer them to their destination more quickly.
- Icon:** Location pin with a hash symbol (#).
Text: We installed a system to track all the items stored in our inventory and improve the management of our stock.
- Icon:** Thumbs up gesture.
Text: Our people do not need to work overtime anymore. The work-life balance is better, and they are happier.
- Icon:** S-shaped path with a snowflake and a thermometer.
Text: For our suppliers as well, it is more convenient: they save time by delivering all their products to our warehouse.
- Icon:** Snowflake and thermometer.
Text: We have better equipment to manage more effectively the cold chain and all the temperature-sensitive items.
- Icon:** Cloud with a truck and a gear.
Text: With fewer vehicles on the road, we are contributing to reducing traffic, air pollution and CO₂ emissions.



Contributing to Myanmar's prosperity

Being a responsible taxpayer

As a responsible company, we aim to ensure that the value we create benefits to our stakeholders as well. Indeed, CMHL is one of the biggest taxpayers in Myanmar, which is part of creating the country's economic value. For FY18/19, CMHL was listed as one of the ten biggest taxpayers for the Commercial Tax. For FY 18/19 and FY19, we paid more than MMK 35.1 billion to the government.

Supporting philanthropic activities

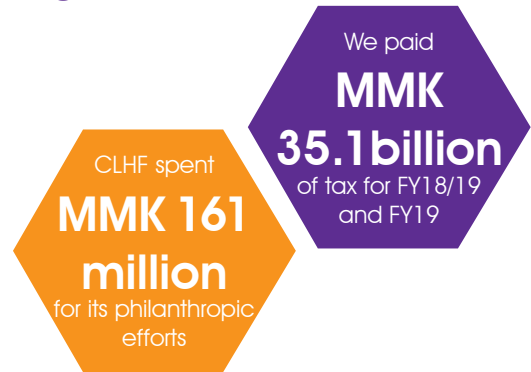
We also support, through our corporate Foundation, the City Love & Hope Foundation (CLHF), various initiatives that are related to 4 pillars: community livelihoods, education, environment and health. All the projects supported must be related to these topics. Likewise, we ensure that the organisations we support are reputable and trustworthy.



Our Foundation spent MMK 161 million for FY18/19 and FY19. For example, last year, the City Love & Hope Foundation signed a Memorandum of Understanding with the Parami Liberal Arts & Science Foundation and awarded 3 scholarships which value is USD 15,000. Likewise, our Foundation is keen to support other projects that promote handmade crafts and products of Myanmar manufactured by social enterprises during weekend bazaars.



Key Figures



Involving our customers to provide a brighter future to Myanmar children



CMHL partnered with Po Wal Kae Par, a not-for-profit organization that encourages Myanmar people to buy stationeries and books for underprivileged children. Our shoppers were truly generous, contributing over MMK 54 million worth of stationery and school items for the cause.





PRODUCTS

We thrive to serve our customers every day, better. Their loyalty and their satisfaction help us sustaining 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? Simply, we want to bring to our clients new products and new ways of buying them. People can buy our products online or in one of our formats which will meet their needs better. They expect to buy from us good, healthy and products made in Myanmar.

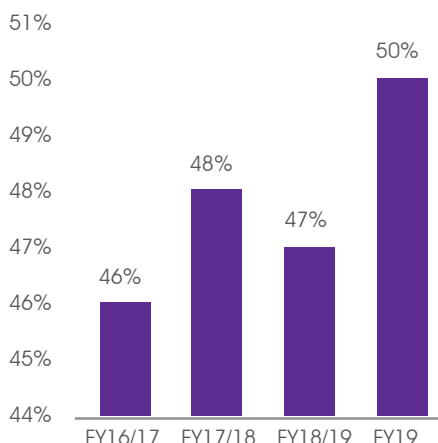
Fostering responsible consumption in Myanmar

As a retailer, we also bear responsibility for the products we source, sell and promote. Therefore, we are looking to offer products that are healthy, locally produced and which consumption will not harm the environment.

Easing the access to Myanmar market to local producers

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 (see page 14). When the suppliers can deliver the products, the success is immediate as Myanmar people are keen to buy local, high-quality products made in Myanmar. The revenues generated by our Myanmar made food products grew for the last financial year to reach 50% of the food products sold by CMHL (see chart). We also started to sell more non-food products made in Myanmar: for instance, we sold over 14,000+ blankets or 14,000+ purses made in Myanmar and both launched in 2019. Likewise, we are developing the sales of cosmetics, shampoo and soap made in Myanmar. As a homegrown, we are delighted to see how responsive our customers are with our range of products Pride of Myanmar.

Evolution of the % of sales made with Myanmar Made food products



“As a Myanmar retailer, one of our primary goals is to support the development of our economy; through our shelves, we can connect Myanmar farmers and suppliers to consumers. In 2019, we worked closely with our suppliers to launch better products made in Myanmar with a smaller environmental footprint. In the coming months, we will explore new options to reduce further the plastic we place on the market in Myanmar”.

Phyoe Min Kyaw
Chief Operating Officer



Key Figures



New format for City Care

We launched last year a new format for City Care: bigger; our new standalone store offers a broader range of cosmetic products made with raw materials sourced in Myanmar. Likewise, our consumers can find traditional medicinal products also produced in Myanmar. They can buy confidently: in our stores, all the products comply with FDA requirements. Moreover, they can always benefit from the advice of our experts related to healthy lifestyle and nutrition.



Myanmar culture, the other pride for Myanmar

City Books and Music strives to promote Myanmar culture. Last year, we organised more events to bring together our readers and their favourite authors. We also noticed that parents were eager to offer books to their children: we sold 20% more books for FY19 compared to FY18/19. Indeed, when reading, one can embrace endless possibilities and dream of a brighter future for Myanmar.

Reducing the impacts of the products' consumption

According to a research published in 2019 by Thant Myanmar, 119 tons of plastic runs down the Ayeyarwady daily.¹ As the leading Myanmar retailers, we are committed to lowering the environmental impacts of our operations, with a specific focus on plastic bags (see page 26). Nevertheless, according to different research, plastic bags account only for 8% of the plastic placed on the market by retailers in the UK. Therefore, as we aim to become The Responsible Company, we started to test various initiatives to offer new alternatives to our clients.

Indeed, when we partner with local producers, we can innovate with them to reduce the environmental impacts of products' consumption. For example, last year, we were keen to work with Shwe Taung Nyo Gyi to remove plastic from the packaging of our City Farm eggs. Likewise, for some vegetables, we managed to perform similar changes. The results? A packaging made from cardboard which is made in Myanmar with recycled material locally and that can be recycled as well endlessly.

Likewise, thanks to the efforts of our merchandizing team, we started to offer an alternative for single-use products made with plastic. Indeed, since last year, our customers can buy 15 new products to lower their environmental footprint: biodegradable plates, box, cutlery, etc. Within a few weeks, we sold more than 22,000 items, which seems promising first step.

¹ See: <https://www.thantmyanmar.com/en/riversurvey>



Enriching our shopping experience

We are continuously investing in expanding our network of stores across Myanmar. At the end of FY19, CMHL operated 200+ branches and 10 formats across the country. Our expansion has been quite significant since FY 16/17 (see chart 1); we opened more than 50 branches, including 1 new Marketplace in Yangon recently.

We plan to pursue further opportunities to be closer to our clients. For instance, in Yangon, we now have 3 City Mart that are open 24x7 to offer more convenience to our clients. Finally, we are also investing in renovating our stores (like Junction 8 in Yangon) and in changing the layouts of our stores to provide a better shopping experience for our customers.

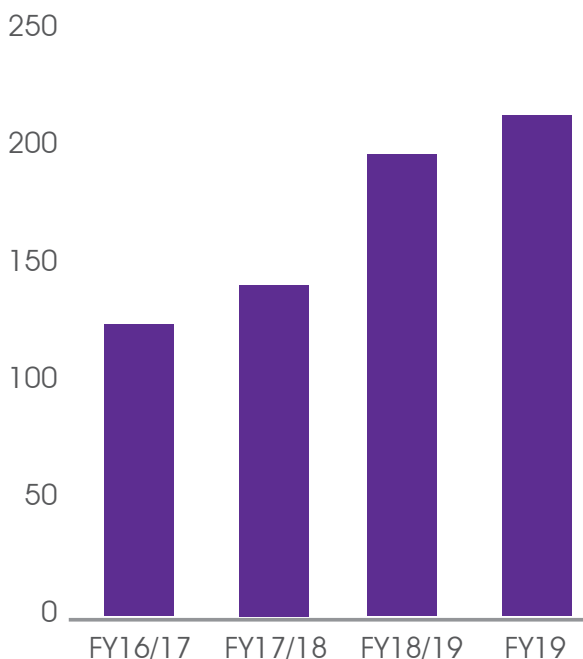
To monitor the quality of the experience provided to the shoppers, our audit team control every month our stores: they conducted 1,000+ and 2,100+ audits for FY19 and FY18/19 respectively. To complement these audits, our marketing team monitors the complaints and feedback submitted by our clients. We surveyed our customers recently, and the average satisfaction rate reached 73%. Likewise, we received 968 complaints from our clients from April 2018 to September 2019 while serving almost 95 million clients during the same period.

“Our network of stores is part of a customer’s daily life, not only do we provide food for their families, but we also have that common goal to help improve their quality of life in general, by putting measures in place to ensure delivery of good quality products and services at all times”.

Ana Punongbayan
Marketing Director



Evolution of our network of stores



Key Figures





PEOPLE

Every day, our 7700+ colleagues power CMHL by serving our customers tirelessly, across the country, to provide them with the best experience possible. As a people company, we strive to provide them with a safe and respectful workplace, rewarding careers opportunities, and a corporate culture to be proud of.

Strengthening our culture

Our corporate values shape our identity. We strive for excellence, and we know that teamwork is crucial 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's development. However, we acknowledge that we can and should do more to build a stronger culture and to make it tangible across our organisation.

Shifting our people's mindset is crucial if we want to achieve our 2025 strategic vision and become the Employee's Company. Indeed, we aim to empower everyone in our organisation: our people should understand easily how their performance influences the CMHL future. Making this connection more clear is instrumental in modelling a workplace where individuals are accountable for how the Company as a team succeeds. Building higher performing teams is critical for the sustainability of our operations. We tested different options, and some of them contributed to increasing our HR productivity by almost 30%.

Our Values



Becoming an employer of choice

Providing a respectful workplace

One of the most significant achievements for our HR team was the reduction of our turnover by almost 10 points between FY17/18 and FY18/19. This is the results of the work initiated previously. First, we optimized our recruitment process. This helps us to select more efficiently the right candidates for our positions and to ensure that the expectations of the candidates are more aligned with ours.

Second, we introduced some flexibility as some of our employees are students: they need to attend their exams, and in their case, providing them with flexible time contributes to retaining them. Last, we introduced a new system for reviewing the performance of each employee: it contributed to reinforce the dialogue between our people and their managers. Besides the results on the turnover, our absenteeism rate decreased significantly to reach 1.3% for FY18/19 compared to 5% for FY17/18. This demonstrates our ability to offer better working conditions to our employees.

To ensure that we are offering a pleasant working environment that meets our people's expectations, we will conduct an Employee Satisfaction Survey in 2020. Its results will provide us with insights to become a better employer.

Key Figures



"As committed in our 2025 vision, CMHL strives to become the "Employees' Company". One of the initiations we had last year was to listen to our employees and streamlined our processes to bring efficiency in the way we work. This allowed us to reduce the turnover rate significantly contributing to the increase in retention rate. Likewise, we have also invested in our "Learning Institute" to provide trainings that matter to the business and to our employees. In the coming months, we will continue to support the transformation of our mindset by making sure all employees feel empowered, accountable and responsible for making CMHL a company of the future".

Pwint Phyu Han
Group CPO, City Holdings



Fostering better management practices

We updated our Manager Handbook in 2019. This document is shared with all the supervisors and it provides them with all the information they need to communicate clearly with the ir team about topics that matter for all our employees: performance evaluation, salary increment, training, etc. Moreover, it clarifies as well who is responsible within CMHL for making specific decisions. Our managers can focus more their time and attention to support their team.

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.

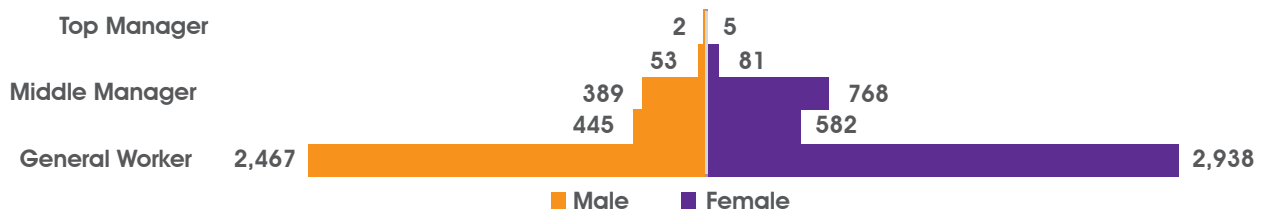
As a signal of our commitment, in 2018 we obtained the EDGE certification, and we are pleased to be the only retailer in Myanmar who managed to do so. CMHL is also a member of the Myanmar Business Coalition for Gender Equality.

Our workplace is gender balanced, and we consider only performance and merit when promoting colleagues. During the last reporting period, 784 people were promoted, of which 50% were women. Across our Company, 57% 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. Moreover, in 2019, we established a dedicated room in our headquarter for the mothers who need privacy.

Key Figures



Breakdown of our headcount by gender and level



Elevating our people potential

As a retailer, we are proud to develop the potential of our employees: retail is an industry where people can start with a junior position and then climb the management ladder, thanks to training and the careers' opportunities offered. Last year, 784 people were promoted to higher positions, more than 10% of our workforce.

We increased our training efforts significantly: we trained more people, and we provide them more hours of training:

- We trained 30% more people for FY18/19 compared to FY17/18 thanks to our training centre.
- On average, our trainee received more hours of training, from 11 hours for FY17/18 to 23.6 hours for both FY18/19, which is a significant increase.
- The main focus for the training last year were the development of technical skills (63% of the training hours were dedicated to this topic), soft skills (14%) and health and safety (5%).

"Ever since I joined CMHL in 1999, my learning curve had never stopped within these 21 years of service. I've seen tremendous changes within the company, and I'm so proud to see the rapid growth of the company in terms of technology, functional process, and organizational structure after I had come back from the oversea assignment about 7 years in Singapore and Bangkok. As the business expands into different sectors, there are more learning points, choices and career opportunities that come up for us to be more capable and confident at work.

For the juniors, it seems like tiring work with lots of pressure, but actually, they can learn and improve their competencies while having certain responsibilities. And for the newcomers, the more they understand the internal culture and processes, the more they will be comfortable working at CHML.

Zar Lwin Moe
General Manager (Oversea Sourcing & City Brand Department)



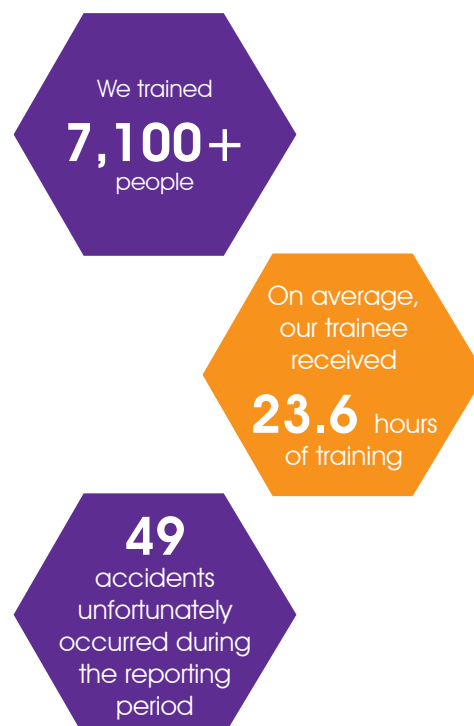
Reinforcing safety

Regarding safety, our goal is to reach 0 accidents in our workplace. 2019 was a structuring year for our HR team: we ensured that CMHL complied with the new Occupational Health and Safety Law (see page 10).

We made significant progress on that matter last year: first, we set up a committee in charge of monitoring and managing Health, Safety and Environment (HSE) risks across CMHL. Therefore, to test the evacuation procedures of our headquarter, we organized a fire drill exercise, ensured that the emergency exits were operational, etc. Likewise, we monitor closely if our employees are wearing their personal protective equipment whenever needed to prevent any incidents.

Globally, CMHL safety performance improved. We recorded 20 and 29 accidents for FY19 and FY18/19 respectively compared to 49 for FY17/18. As a consequence our frequency rate also improved to reach 0.25 accident per 200,000 hours worked for FY18/19 compared to 0.68 for FY17/18. For FY18/19, 5.8% of the absences were related to occupational diseases: it is stable compared to previous years. Sadly, we had 1 fatality: a passenger in a vehicle died from the consequences of a road accident on the Yangon to Naw Pyi Taw highway. Following this tragic accident, the company reviewed the drivers' work-time schedule, added additional manpower and trained all of them to ensure that they could drive safely. Moreover, to ensure that they are driving safely, our HSE team can now monitor data provided by a GPS system and give better feedback to the 37 drivers working for CMHL.

Key Figures





PLANET

Like every organisation, our operations impact the environment. As a retailer, we rely on natural capital to source and offer healthy and natural food to our customers. Moreover, limiting our environmental footprint is good for our business and it echoes our customers' expectations.

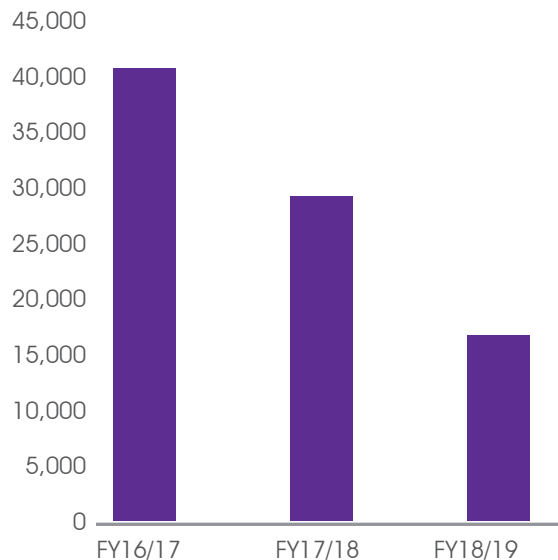
Reducing our environmental footprint is a way for CMHL to safeguard the sustainability of our operations while engaging with our customers and bring positive change to Myanmar society. As a result, we are working on several fronts to improve our environmental performance: energy, water, waste and GHG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

Lowering 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. At CMHL, 68% of the energy we consumed is electricity; therefore ensuring a reliable supply of power is critical for us; unfortunately, we experienced a lot of power shortage in 2019, which led us to use more back-up generators. Moreover, the Government of Myanmar increased last July significantly the electricity price. These two factors combined increased our emissions of greenhouse gas, and our energy costs.

In 2019, we hired a facility manager who is now accountable for reducing our energy consumption. A roadmap is under development and will be then implemented in 2020. The objective? Identifying investment where the return will be positive for the planet and for our bottom line. We will be able to compare various scenarios and select the most suitable options for the sustainability of our operations. The organisation will also benefit from the lesson learnt of particular teams: for example, City Express developed and tested different approaches to reduce its energy consumption, and the results are promising.

Evolution of our GHG Emission (t CO₂ eq.)



For FY 18/19, our energy consumption reached 56,994 MWh (vs 55,955 MWh for FY17/18). However, the energy intensity of our operations declined by 3% between FY17/18 and FY18/19 to reach 58.4 kWh per sqft of saleable area. During the same period, we reduced our carbon footprint significantly. Indeed, compared to FY17/18, our GHG (Greenhouse Gas) emissions decreased by 37% from 30,422 tonnes eq. CO₂ to 19,108. Why? We reduced to optimize the gas needed to operate our air-conditioning system, and this had a positive impact.

Today, 73% of our emissions are related to our power consumption vs 19% for refrigerant gas.

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. Among the various type of waste, plastic waste is particularly crucial to handle.

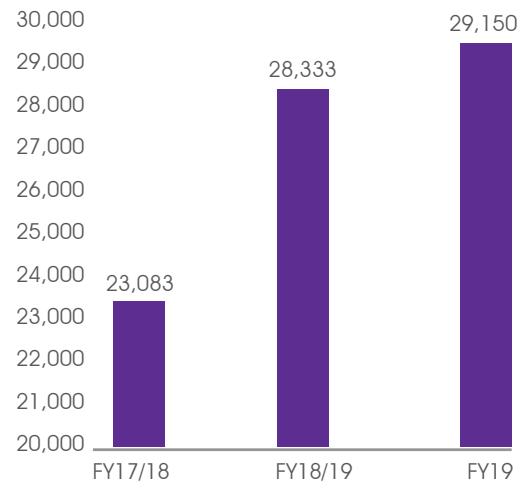
Avoiding plastic bags

At CMHL, we initiated in 2013 a campaign to raise awareness and involve our consumers to be part of the solution. We also offer them to buy reusable bags from us.

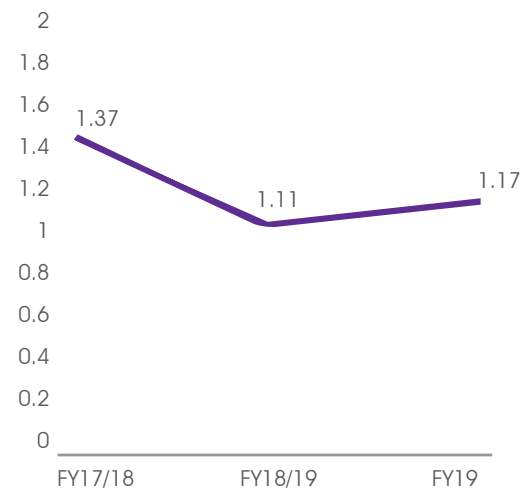
In October 2019, we decided to engage our consumers to know more about their perception regarding plastic bags. Today, 97% of our consumers reuse the plastic bags they receive when they shop, mostly in their trash bin to collect their garbage. During our "No Plastic Bag Day", 49% of the consumers surveyed said they were bringing their own bag, and 91% of our consumers are supportive of this initiative. We also asked our cashiers their feedback as they are the ones dealing with our customers. During these days, a fifth of our cashier has to deal with at least 20 complaints from our customers as they expect to get a plastic bag. To decrease the number of plastic bags handed to our clients, we have to raise awareness, but also to involve our cashiers. Overall, during the last years, we managed to improve our performance on those topics:

- On average, we handed 1.17 bags per transaction for FY19 compared to 1.37 for FY17/18. This represents a decrease of 15%. In our first sustainability report, we committed to handling no more than 1 plastic bag per transaction. Our management decided to review our goal: by FY20/21, we aim to halve the number of plastic bags given per sale compared to FY17/18.
- Likewise, we distributed 340,000 reusables bags for FY18/19 and 174,900 ones between April and September 2019. On a monthly basis, we distributed 26% more reusable bags for FY19 compared to FY17/18.

Number of reusable bags sold monthly



Number of plastic bags handed per sale



Standing with you to fight plastic pollution



Some of our employees are very much aware of the consequences of plastic pollution. Indeed, during the 2019 World Environment Day, our Home Line and General Merchandising team decided to start using reusable products for their daily life. This also had a consequence on our product offering: we started to provide our consumers with more alternatives to single-use products made with plastic (see page XX). Like all our consumers and concerned citizens, we try to be part of the solution.

Structuring our approach to waste management



Our new Facility manager is developing a roadmap to structure and optimise our waste management system. We aim to comply with the ISO 14,001 standards within a 2 years period.

Key Figures



Minimising food waste

We estimate that 80% of the wastage induced by our activities are related to food. Therefore, the less we throw, the more we benefit. To ensure that we are paying attention to this particular topic, we have:

- define for each store a target to reach.
- set up a procedure. We use two main levers to reduce food wastage: better inventory management and juicing the fruits by removing the parts that have been damaged.

On average, we managed to reduce by 7% the quantity of food wasted for FY18/19 compared to FY17/18. We also donated 54.5 tonnes of food during the reporting period to limit food wastage.





REPORTING

We report our progress transparently: we believe it is essential for cultivating the trust of our stakeholders. 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:



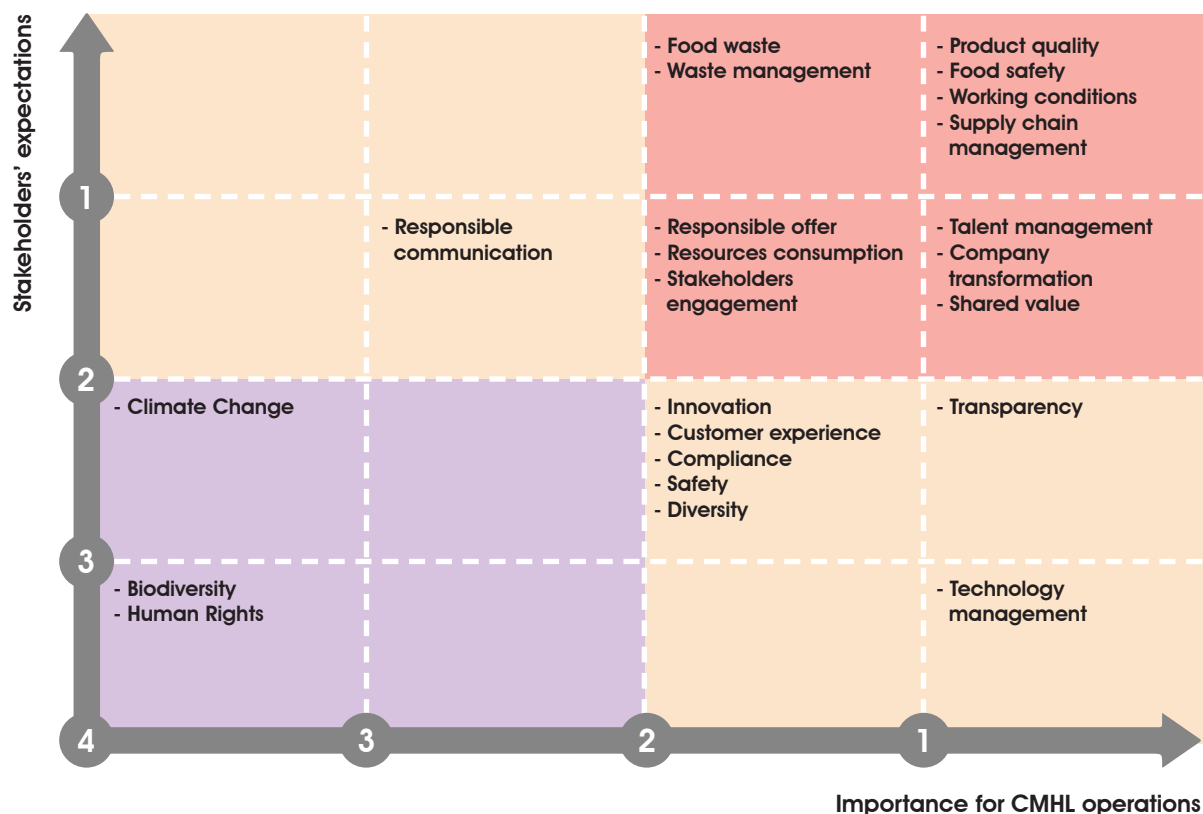
In addition, we use the AA 1000 Standards to structure our approach for identifying and prioritizing the expectations of our stakeholders. The results are our materiality matrix (see below). It demonstrates CMHL's adherence to these principles:

- **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 topmanagement 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.

We also considered for the first time the Myanmar Sustainable Development Plan (MSDP) to identify how our actions are contributing to delivering Myanmar national development vision. Our sustainability report could be seen as our answer to the following action plans: 3.1.5; 3.1.10; 3.2.1; 3.2.3; 3.2.4; 4.4.6; 4.4.8 and 5.1.6.

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 2019 by our sustainability team to ensure its consistency and relevance.



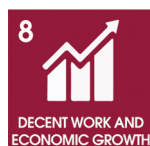
Currently we consider the following SDGs as the most relevant for CMHL:



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 part of City Holdings, a company 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".

Data

Products

KPIs	Unit	Value FY 19	Value FY 18/19	GRI Standards	UNGC principles	SDG
Food safety						
Number of food safety incidents	Number	1	0	416-2		16
Total number of complaints	Number	366	602	416-2		16
Total number of complaints related to food safety	Number	57	98	416-2		16
% of sales made with Myanmar made food products	%	50%	47%	204-2		12
% of complaints related to food safety	%	16%	16%	416-2		16
Product quality						
Total number of complaints related to product quality	Number	71	91	416-2		16
% of complaints related to product quality	%	19%	15%	416-2		16

Company

KPIs	Unit	Value FY 19	Value FY 18/19	GRI Standards	UNGC principles	SDG
Company transformation						
% of customer satisfaction (NPS)	%	73.3%	-	102-44		8
Business ethics						
Number of breaches regarding the Code of Conduct	Number	75	173	205-3	6,10	16
% of new hires who have been trained on anti-corruption and business ethics*	%	100%	100%	205-2	10	16
Supply chain						
Number of local Myanmar food supplier audits	Number	28	36	102-44		8
Shared value						
Philanthropic expenditure	Millions MMK	47	114	203-1		9
Global amount of tax paid by CMHL directly and indirectly	Billions MMK	12.3	22.8	207-4		16

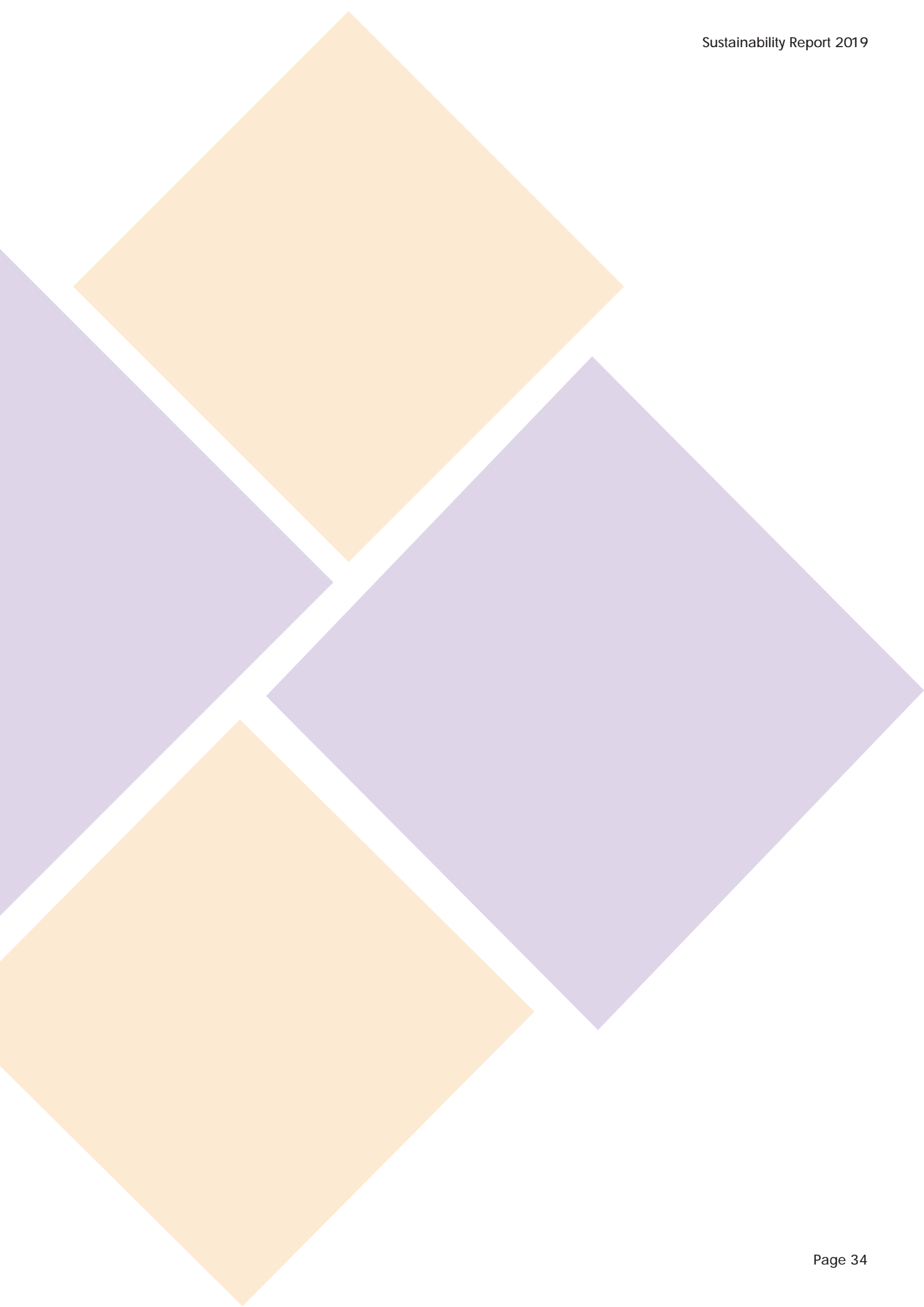
*City Express is excluded.

People

KPIs	Unit	Value FY 19	Value FY 18/19	GRI Standards	UNGC principles	SDG
Workplace						
Number of people working for CMHL	Number	7,740	7,268	102-8	6	8
Number of females	Number	4,384	4,336	405-1	6	5,8
Number of males	Number	3,356	2,932	405-1	6	5,8
Number of permanent full-time contracts	Number	7,482	7,268	102-8	6	8
% of women holding a management position	%	33%	36%	405-1	6	5,8
Total number of departures	Number	2,252	4,942	401-1	6	5,8
Total number of resignations	Number	2,177	4,769	401-1	6	5,8
Turnover rate	%	N/A	66%	401-1	6	5,8
Training						
Total number of people trained	Number	8,316	8,798	404-1	6	4,8
Total trainings hours provided	Hours	125,738	207,718	404-1	6	4,8
% of people trained	%	107%	121%	404-1	6	4,8
Average hours of training provided per person	Hours	15.1	23.6	404-1	6	4,8
Working Condition						
Total number of hours of absence due to sickness and occupational disease	Hours	-	18,096	403-10	6	8
Number of workplace accidents	Number	20	29	403-9	6	8
Number of work related deaths in the year	Number	1	0	403-9	6	8
Fatality rate (per 200,000 hours worked)	Number	0.02	-	403-9	6	8
Accident Frequency rate (per 200,000 hours worked)	Number	0.34	0.25	403-9	6	8
Talent Development						
Number of employees promoted in the year to a higher category	Number	229	555	404-3	6	5,8
Number of women promoted in the year to a higher category	Number	106	288	404-3	6	5,8

Planet

KPIs	Unit	Value FY19	Value FY 18/19	GRI Standards	UNGC principles	SDG
Energy						
Energy intensity of the saleable area	kWh / sqft	N/A	58.4	302-3	7,8	12,13
Total energy consumed	kWh	42,638,485	56,994,047	302-1	7,8	12,13
GHG						
Greenhouse gas emission (Scope 1)	† CO ₂ eq	N/A	5,077	305-1	7,8	13
Greenhouse gas emission (Scope 2)	† CO ₂ eq	N/A	14,030	305-2	7,8	13
Greenhouse gas intensity	kg CO ₂ eq / sqft	N/A	19.6	305-4	7,8	13
Waste						
Waste intensity of the saleable area	kg per sqft	N/A	3.2	306-2	7,8	6,12
Number of plastic bags handed out per sale	Number	1.17	1.11	301-1	7,8	8,12
Number of plastic bags distributed	Millions	39.9	67.1	301-1	7,8	8,12
Number of reusable bags sold	Number	174,900	340,866	301-1	7,8	8,12
Quantity of cardboard	viss	320,142	683,575	301-1	7,8	8,12
Quantity of hard plastic	viss	11,586	38,436	301-1	7,8	8,12
Food Waste						
% of food waste recovered	%	N/A	-7%	CMHL	7,8,9	12
Water						
Water consumption	m ³	159,603	317,535	301-1	7,8	6
Water intensity	m ³ per sqft	N/A	0.33	301-1	7,8	6





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