



EMBRACING A BETTER FUTURE TOGETHER



2023 SUSTAINABILITY REPORT



COMPANY



PRODUCT



PEOPLE












PLANET



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 Co. Ltd, a company led by Daw Win Win Tint¹. Our main brands are:

OUR MAIN BRANDS

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Number of stores 210+



Number of employees 6,000+



Number of transactions between October 2021 and March 2023 55+ million

About this report

This report is CMHL's sixth sustainability report. It aims to provide our main stakeholders with an update on our progress on sustainability. This report reflects how we want to run our business and activities: transparently and responsibly. In this report, those interested in our non-financial performance will find a balance of quantitative data and statements describing our goals, actions, and current results.

In this report, all the quantitative data cover for 18 months:

- 2022 - From October 2021 to September 2022
- H1 2023 - From October 2022 to March 2023

¹ See more: <https://cityholdings.com.mm/>

LEADERSHIP STATEMENT

Dear stakeholders,

2022 and the first six months of 2023 continued to be challenging for CMHL, as we dealt with the protracted consequences of social, political, and economic crises. In our last statement we said that, as a responsible business, we cannot thrive when people are facing challenges. Nevertheless, we can and must adapt to safeguard jobs, serve our customers with joy, and enable Myanmar food producers and manufacturers to operate.

CMHL connects food producers and suppliers with consumers through our stores and e-commerce platform. But, as we aim to be a responsible retailer, we strive to create value for Myanmar, and we are delighted when, for example, farmers in Shan state can benefit from their relationships with us as their products can be bought by our consumers, who can then enjoy healthy, safe and affordable products. We are proud to enable this every day across our 210+ stores nationwide and through our e-commerce platform: our 6,000+ team serve 100,000 customers on average. Every day, our staff display Myanmar products on our shelves, and our customers can obtain high-quality, locally sourced and affordable products.

Since our last report, we have also transformed and adapted CMHL on various fronts. Socially, we created 600 new jobs, increased the remuneration of our colleagues and provided them with various means to cope with inflation. By sourcing more from Myanmar farmers, we ensured that the prices of essential products, such as cooking oil or eggs, were as stable as possible and did not negatively impact our consumers' livelihoods. Environmentally, we started to invest massively in renewable energy to power our stores: we aim to install up to 8 MW of capacity by the end of 2024, which will also help us reduce our carbon emissions. We are also pleased with our progress in reducing our plastic footprint. Our work with our stakeholders has started paying off, but we must continue our efforts. Finally, on the governance front, CMHL welcomed a new CEO in 2022, Phyo Min Kyaw, who was trained and coached by our former CEO, Glen Attewell.

More than ever, we know that our customers and team members choose to shop with, and work for, a company that is driven by clear and inspiring values. This sixth sustainability report aims to provide you with facts and data on our progress. It is a way for us to be accountable and cultivate our stakeholders' confidence, which is essential for embracing a better future together. Should you have any comments or questions about our report, do not hesitate to contact our sustainability officer by email at: sustainability@cmhl.com.mm.

Yours sincerely,



Win Win Tint
Group CEO
City Holdings Limited.

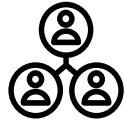


Phyo Min Kyaw
CEO
City Mart Holding Co., Ltd.

Highlights of our activities

OUR CONTRIBUTION FOR 2022 AND H1 2023

In 2023, 6000+ people are working for CMHL. Our headcount increased by 11% compared to September 2021.



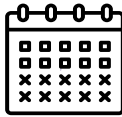
In 2022, 93% of employees were trained on different topics, and each trainee received, on average, 11.9 hours.



CMHL promoted 619 people in 2022 and 184 in 2023.



Our absenteeism rate was 3% in March 2023 compared to 13% in September 2021.



People



Product



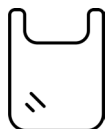
Planet



Company

EMBRACING A BETTER FUTURE TOGETHER

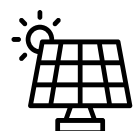
We distributed 46+ million plastic bags in 2022, which is 9% less compared to 2021 and partnered with various stakeholders to reduce our plastic footprint.



We reduced our CO₂ emissions by 20% in FY21/22 compared to FY20/21.



We are investing massively to install solar panels to power some of our stores.



54% of our sales in 2023 come from Myanmar-made food products compared to 50% in FY20/21.



We resumed supplier audits and we conducted 21 supplier audits in 2022 and 18 in 2023.



We received 107 customer complaints in 2022 and 230 complaints in 2023. We have resolved all of them by implementing new operating procedures.



We conducted 899 store audits in 2022 and 595 in 2023 to monitor the effectiveness of our standard operating procedures.



We identified 18 ethical incidents in 2022 and 12 in 2023 and we resolved all of them.



We changed the method of collecting our NPS score in 2022. Our customer NPS score for 2022 and 2023 was 37.



We ranked 1st in the 2022 Pwint Thit Sa report.

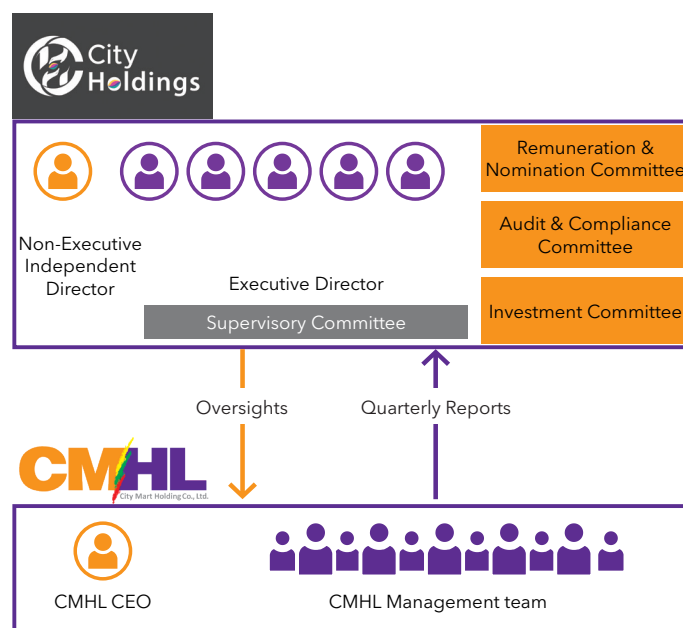
Corporate Governance

The overall structure of our corporate governance remains unchanged. CMHL is an entity under the City Holdings Group of Companies.

City Holdings' Board of Directors has established a dedicated committee to oversee CMHL: the Supervisory Committee. The Supervisory Committee can also rely on various other committees: the Remuneration and Nomination Committee, the Audit and Compliance Committee and the Investment Committee.

A new independent Non-Executive Director joined the City Holding Supervisory Committee.

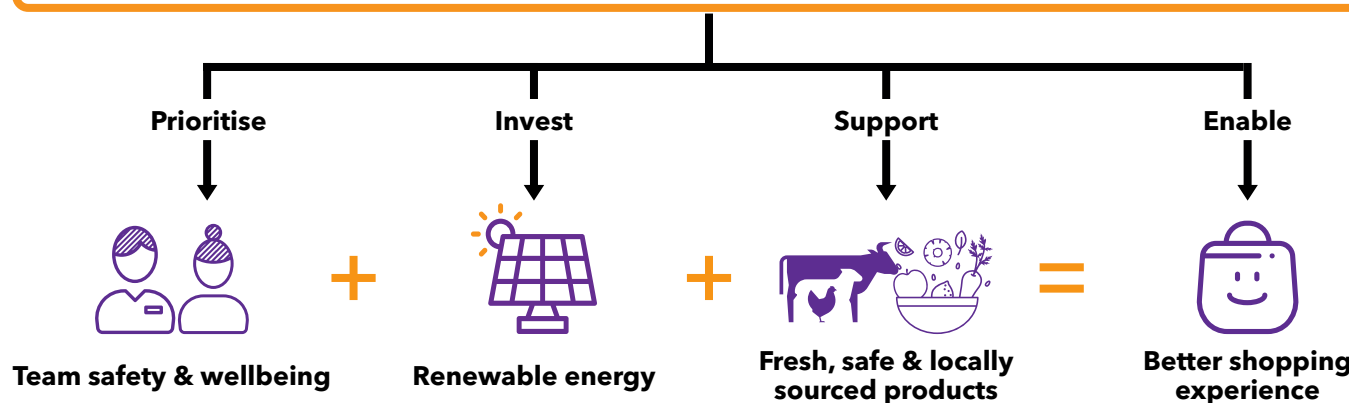
The main evolution in terms of corporate governance was the management of the succession of our CEO. U Phyo Min Kyaw, our former COO, was appointed to the CEO position. He benefited from the extensive experience and expertise of our former CEO, Glen Attewell. This move demonstrates that CMHL can manage the transition of some of its crucial functions seamlessly. More information about our corporate governance can be found on our website.



OUR ONGOING PRIORITIES FOR 2022 AND 2023 ARE OUTLINED BELOW.



Our 2025 vision offers a long-term and strategic compass to focus the CMHL's efforts. To secure our operations, we focused on the following areas to manage as effectively as possible the socio-economic and political crises.



It would be impossible to serve our customers without the commitment of our team. We revised and adjusted salaries to ensure that we offer good and well compensated jobs.

To power our operations, we cannot rely anymore on the EPC. We invest in renewable energy and energy efficiency measures to limit our carbon emissions and secure our business.

The political crisis disrupts our supply chain. We work with Myanmar farmers and food producers by sourcing more products from them, offering them new business opportunities, and supporting them as much as we could.

Our customers expect to shop safely in our stores and to find affordable products. We adapted our operating procedures to safeguard their safety and security; and ensure our prices are competitive.





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

Our approach to sustainability

Initiated in 2017, our sustainability strategy is a means to align CMHL's priorities with our stakeholders' interests. Structured around 4 axes and 12 priorities, our 2025 retail plan now constitutes our sustainability DNA. Each of these priorities helps us sustain and develop our operations and creates value for our stakeholders. This integrated approach is our way to deliver our 2025 strategic vision and be The Responsible Company, the benchmark for responsible business practices in Myanmar.

Every year, our sustainability team, led by our sustainability officer, assesses the relevance of our approach following a four-step methodology.

1. Engagement with various stakeholders to get their feedback.
2. Reviewing previously identified issues to confirm their importance for CMHL's business and stakeholders. This is summarised in our materiality analysis, which is available on <https://www.cmhl.com.mm/csr>
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 and facilitate the assessment of our performance.

Pillar	Priorities	KPIs	H1 2023	2022	More details
 People	Working conditions	Accident frequency rate (per 200,000 hours worked)	32%	45%	Page. 19
		Turnover rate (%)	14%	34%	Page. 18
		% of women holding a management position	43%	43%	Page. 18
	Talent management	Average training hours per trainee	17	11.9	Page. 19
		% of people trained	41%	93%	Page. 19
 Planet	Waste management	Waste intensity of the saleable area (kg/sq ft)	0.6	1	Page. 19
		Number of plastic bags handed out per sale	1.27	1.31	Page. 19
	Food waste	% of food waste recovered	-	-	-
	Resource consumption	Greenhouse gas (GHG) intensity of the saleable area (CO ₂ kg eq./sq ft)	20	34	Page. 19
		Energy intensity of the saleable area (kWh/sq ft)	27	31	Page. 19
		Water intensity of the saleable area (m ³ /sq ft)	0.1	0.27	Page. 19
 Product	Food safety	% of customer complaints related to food safety	0%	7%	Page. 18
		Number of food safety incidents	5	4	Page. 18
	Responsible offer	% of sales involving Myanmar-made food products	54%	53%	Page. 18
	Product quality	% of customer complaints related to product quality	100%	93%	Page. 18
 Company	Company transformation	Net promoter score	37	37	Page. 18
	Stakeholder engagement	% of ethical incidents resolved	100%	100%	Page. 18
	Supply chain management	Number of stores audits	595	899	Page.11
	Shared value	Expenditure on philanthropic activities (MMK million)	1.9	9.6	Page. 18

- 2022 - From October 2021 to September 2022
- H1 2023 - From October 2022 to March 2023



PEOPLE

More than 6,000 employees serve our customers daily at our stores. At CMHL, we believe that client satisfaction results partly from our team serving joyfully. We do everything we can to support our employees in safeguarding their livelihoods, ensuring their safety, and offering them a better workplace environment.

SUPPORTING OUR PEOPLE

To serve our customers, we rely on our team. Therefore, whenever they deal with challenging times, we stand ready to support them. To ensure that their purchasing power is not too significantly impacted by inflation, we acted on several fronts:

1. We reviewed our team member salaries to ensure that the compensation offered by CMHL is fair and competitive. As a result, we decided to provide them with an exceptional allowance, which was then integrated into their basic salary to help them cope with the inflation. On average, we increased the salaries of our colleagues by 15%.
2. CMHL decided to offer emergency loans for its associates. With this scheme, they can borrow up to 100,000 MMK without any interest and repay their loan within six months. 70% of our people benefited from this measure.
3. We organised two doantion initiative giving cooking oil and rice to our most vulnerable team member. 6,000+ members were supported in the past few months.
4. We also decided to maintain the transportation system we set up previously so that colleagues could safely commute to and from work, enabling them to save money on their transportation budget.

5. We believe that whenever our team provide exceptional customer service, they should be rewarded: it enables us to compensate staff who are serving with joy. Therefore, whenever a customer provides positive feedback highlighting the role and performance of one of our associates in improving their customer journey, they are entitled to a special bonus.

6. Last but not least, we created more than 600 jobs between September 2021 and March 2023. Providing good jobs to people is crucial to enable them to make a decent living and support their families.

ENSURING WORKPLACE SAFETY

The safety of our people is paramount: we can only welcome our customers in our stores if our colleagues can work safely. Therefore, dedicated teams closely monitor safety and security by assessing and reviewing risks regularly, such as the following:

- More shoplifting as the socioeconomic situation deteriorated in 2022 and 2023. Therefore, security team and associates must be adequately trained to handle such issues carefully and diligently. We also developed emergency response plans to enhance the readiness of our teams if they have to deal with serious security issues such as explosions, attacks, fires, etc.
- Volatile and fluid situations, especially for the branches located in conflict-affected areas or whose supply might be disrupted by the ongoing conflicts. Risks might then be reviewed daily, and the operations and opening hours might be adjusted if needed to safeguard our team members and customers.

Our HSE team also checks whether our people properly enforce the guidelines and policies in all our branches. Likewise, our team monitors our HSE performance. In 2022, we recorded 29 work-related accidents, and 11 in the first six months of FY22/23. Fortunately, we had zero fatality cases.

BUILDING A BETTER WORKPLACE

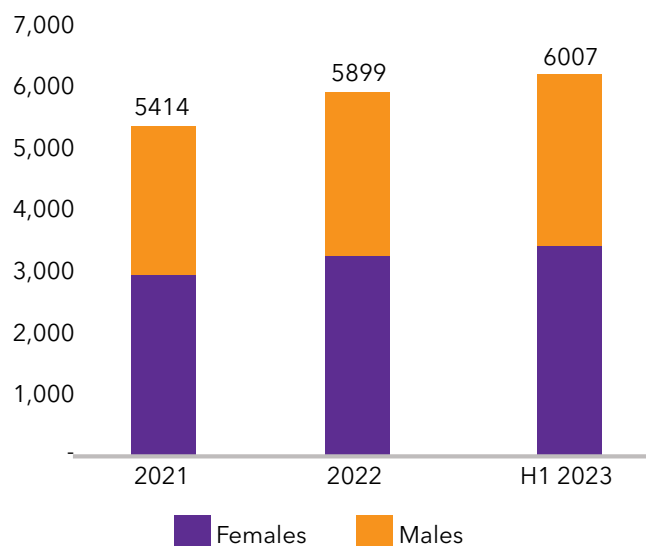
At CMHL, we are committed to building a respectful workplace. We are one of the founding members of the Business Coalition for Gender Equality (BCGE). We are working with BCGE to conduct a GEARS assessment, which will help us design an action plan. In March 2023, we had 6,000+ on our payroll, of whom 56% are women. To enhance our workplace, we focused on the following:

- After engaging with our colleagues, we realised we had to adjust some of our policies and guidelines, providing them with more flexible conditions. For instance, team members have more latitude when they want to take leave during weekends.
- We started implementing a new program - Serve With Joy - to enhance the quality of the service and experience we offer our customers. We developed a specific training module to raise awareness and onboard all our people who are in touch with our customers. We also streamlined and simplified our job descriptions to ensure they are fully aligned with our goals and enable our people to focus on what matters - serving our customers. Finally, we used technology more systematically to ease access to various applications and training opportunities and help our colleagues deliver more added-value jobs and better customer experience.
- We also established a Fun Committee to organise quarterly events for our colleagues and foster a feeling of belonging across CMHL, from the head office to every store. During these difficult times, we consider it essential for our people to feel confident about their team members. In June 2023, our parent company, City Holdings, organised its first Group-wide party: the City Family Fun Fair. All our colleagues and their families were invited.

As a result, the turnover rate in H1 2023 was 14%, down from 34% in 2022 and 58% in 2021. Likewise, our absenteeism rate decreased from 13% in FY20/21 to 3% at the end of March 2023. This demonstrates that our team members appreciate the support we are providing them with and that they appreciate our efforts despite the challenges our company has to handle to sustain its activities. We also continued to invest in training our team members. In 2022, we trained 93% of our people, and each trained person received, on average, 12 training hours. We also promoted 619 people in 2022 and 184 in 2023. Among them, 56% were women in 2022, and 65% in 2023.



Headcount evolution



Key Highlights



More than **6,000+** people serve our customers every day.



Our turnover rate in 2022 was **34%** and **14%** in 2023.



We recorded **29** workplace accidents in 2022 and **11** in 2023.



Our absenteeism rate for 2022 was **4%** and decreased by **69%** compared to the previous year (**13%**).



We trained **5,450+** people in 2022 to improve their skills and competencies. It increased by **67%** compared to the previous year.



COMPANY

We work closely with our suppliers to provide our customers with healthy, quality-assured and affordable products. To ensure a constant supply of products, we partner with Myanmar farmers and manufacturers to source as much as possible from them, optimise our logistics, and elevate standards across our value chain. In doing so, we also support them in safeguarding jobs nationwide.

LOCALISING AND SECURING OUR SUPPLY CHAIN

Importing goods remained challenging in 2022 and 2023. Our ability to import goods remained very much affected by the complication of getting import licenses on time and transacting in foreign currency with our international partners. Therefore, we accelerated our efforts to localise our supply chain and source as much as possible from Myanmar farmers and food producers. As a result, we managed to increase by almost 10% the share of our sales involving Myanmar-made food products, from 50% in 2021 to 54% at the end of March 2023. To achieve this, we did the following.

- The construction of our collection centre in Aung Ban enabled us to ramp up our procurement from Shan farmers. We also trained them to ensure they understand our requirements and can meet our food safety standards. Thus, we sourced 50% more vegetables from Shan State. Likewise, to amplify this dynamic, we set up a new collection centre in Hmawbi to engage with farmers in this area

- To ensure that our suppliers properly implement our food safety standards, our team resumed its audit work, as it was possible to visit them on site. We conducted 39 audits between October 2021 and March 2023, covering various topics such as hygiene, child labour, etc. We focus on suppliers whose products have received complaints from our customers, as well as new suppliers and suppliers who do not meet all our requirements previously. The quality of the dialogue between our team and suppliers enabled them to improve their practices globally. However, as cold chain management became more complicated due to the electricity shortage, we experienced one issue with a dairy product, which we had to remove from our shelves (see Page 11 for more information).
- Most of our food suppliers are MSMEs and struggle to manage their cash flows. Therefore, we revised our payment terms to enable them to receive funds more quickly. Likewise, we also work with banks to help farmers finance their working capital, using our orders as a form of guarantee to receive funds from banks within a maximum of two weeks. Most suppliers are interested in this mechanism, which lowers their capital access costs.
- Lastly, our suppliers can also use our e-commerce platform to sell their products to our consumers. Our vendors provide 20% of the items sold on our platform. They can start selling online while benefiting from our technical support and solutions. In the coming months, we aim to help them increase online sales.

But to secure our supply chain, we also must ensure that all drivers involved in our logistics can work safely despite the ongoing conflict. To that end, we closely monitor the risks related to driver safety, and engage regularly with our suppliers involved in logistics to share information and agree on potential risk mitigation plans. We are also considering other means to transport goods across the country to minimise risk safety: we recently transported goods to resupply our store in Mawlamyine by train. We also installed GPS systems in our fleet of trucks, enabling our team to monitor any potential incidents. So far, we have not had any severe road accidents or incidents involving our truck drivers.

IMPROVING OUR CUSTOMER EXPERIENCE

We use technology on two fronts to enhance customer experience:

- In 2022, we started to implement a new POS system. By the end of 2023, all our main formats were equipped, except City Express. Thanks to this innovation, we managed to reduce our customer waiting time by 21%, and the issues experienced by consumers when they were about to check out by 41%. As this rollout proved successful, we will continue to equip our convenience store in 2024.
- Due to the curfew and other challenges, customers were eager to use City Mall Online (CMO), our ecommerce platform. CMO offers them more options to shop with us whenever convenient for them. We observed a significant improvement: our sales volume and orders grew four times. Furthermore, we can arrange a 1-hour delivery within 23 townships in Yangon and 6 in Mandalay. Consumers can also opt for a delivery on the day after if it is more convenient for them. Consumers living elsewhere can receive their products within two to five days.
- Finally, with City Rewards, our customers can enjoy more benefits and use their points to travel, go to the gym, etc. It is a way for us to foster healthier lifestyles. In 2023, we had 700,000 members who were part of our loyalty program, of whom 150,000 shop monthly with us. They account for 25% of our sales.

We also resumed our expansion plan, to place branches closer to our customers. In 2022, we managed to open 23 new City Express branches of the 30 we initially planned. Likewise, we decided to rebrand our Neighborhood format as Mini City Mart, as our customers are more familiar with the City Mart brand. Our approach with this format remains the same: the assortment of products should be as relevant as possible to reflect the preferences of each community living around our Mini City Mart.



Acting with integrity

As a company, we are powered by our corporate values. Our Code of Conduct details how we aim to conduct our business. Between October 2021 and March 2023, we identified 30 cases where our staff did not fully comply with our policies. After investigating, we resolved all these cases.

Furthermore, we trained 1,710 people during this period to ensure they know and understand our values, principles and Code of Conduct.



Key Highlights



54% of our sales come from Myanmar-made food products.



We are building a new collection centre in Hmawbi to source more from local farmers.



700,000+ members joined our City Rewards program, and **150,000** shop with us every month.



We sourced **50%** more vegetables from Shan State



We conducted **39 supplier** audits between October 2021 and March 2023



The number of our sales and orders online grew **four times**.



PRODUCTS

Our customers are looking for affordable, high-quality products as inflation remains high. Our team works tirelessly to provide them with food and non-food items sourced locally, with no compromises on quality. We also welcome and reflect on the feedback we receive - it helps us build strong relationships with our customers and earn their trust.

MONITORING PRODUCT QUALITY

As a retail company, we are responsible for the products we source, sell and promote. Therefore, we always ensure that we deliver the best quality products to our customers. However, in 2022 and 2023, extended and frequent power outages impacted our cold chain severely. In March 2023, we launched a new dairy product; however, shortly afterwards, we started to receive complaints from customers about the quality. Unfortunately, we recorded nine food safety incidents between October 2021 and March 2023. We investigated and then decided to reinforce our processes to ensure the freshness of our products and safeguard food safety as follows:

- We updated our operation procedures to ensure that temperature-sensitive items can be received, handled and displayed on our shelves within 30 minutes maximum by enhancing our receiving areas to optimise the delivery of such products.
- We also increased the frequency of our testing to measure the quality and integrity of fresh food and perishable items more regularly. Likewise, we engaged with our suppliers to ensure they had all the necessary equipment to control the temperature strictly when transporting goods.

- We also decided to embrace a precautionary approach by suspending the launch of this new product.

Our internal audit team is also responsible for monitoring how our stores handle the quality of food products, especially vegetables, meat, dairy products, etc. To incentivise good practices, we started a program using competition amongst stores, where top performers across CMHL receive a monthly bonus. This helps to motivate our staff, align their performance with a better customer experience, and link their remuneration with the company's overall results. We conducted more than 1,490 inspections in our stores to ensure their compliance with our standards. As a result, and despite multiple operational challenges, we managed to renew our HACCP certification in four of our Marketplace stores in 2022 and 2023.

Our City Farm brand offers Myanmar-made food products, whose consumption is rising (see Page 13). Our team closely monitors the price of various food items to ensure that our prices are competitive with those offered in wet markets, especially for vegetables and eggs. In some instances, when the fluctuation of the prices was too high, CMHL decided not to pass all the price increase on to its customers, but rather to absorb part of the increase to ensure the products' affordability. When we had no choice but to increase prices, we raised them gradually.

Between October 2021 and March 2023, we received 337 complaints: 7 were related to food safety, and the others were related to product quality. We did not receive any specific complaints about the price of our products.

Key Figures



210+ stores



We serve almost **100,000** customers in our stores every day.



We received **337** complaints between October 2021 and March 2023.



Unfortunately, **4** food safety incidents occurred in 2022 and **5** in 2023.

EXPANDING OUR PRODUCT PORTFOLIO

While our team is mainly focused on expanding our range of Myanmar-made food products, we are also working to develop our portfolio of non-food products. Our approach is simple: we carefully select genuine products approved by the FDA and aligned with our standards.

Our customers can also shop for multiple locally manufactured items, such as blankets, kitchen tools, etc. Furthermore, they can obtain specialised products for their health, family members, etc. through our different formats.

City Care offers customers more than 3,000 health & wellness items, including prescription-only medicines. We started to expand this category of products two years ago and have multiplied the assortment by 4 times since then. This enables our customers to get high-quality medicines at an affordable price, as 95% of our products are sourced locally. Finally, we also invested in enhancing our customer experience: we opened two new shops in Yangon, expanded five of our stores and optimized the space of five other branches.



Our customers can also shop with us for books to enable their children's learning experience. Furthermore, to provide our customers with books to help them develop their skills and learn, we decided to establish our own publishing house, City Discovering House. We are focusing on books to help people build their English and soft skills.

With City Baby Club, parents can shop for products that meet stringent quality standards for the well-being of their children. We also work closely with local manufacturers to offer baby pillows, beds, etc. We also ensured a continuous milk powder supply by engaging with brands that met the FDA's requirements. Furthermore, all our products are available through our City Mall Online platform, which is a convenient option for working parents.



Measuring the satisfaction of our customers

At CMHL, we want to be trusted by our customers. We measure their satisfaction regularly: satisfied and happy customers are the best ambassadors. We conduct regular surveys to identify any areas of improvement. From 2021 onwards, we decided to measure the satisfaction of our customers at the branch level: this enables us to set specific targets and reward top performers.

In 2021, we started to use the net promoting score to assess our performance. It remained stable between October 2021 and March 2023, with 37 points. We will work to improve our results.



PLANET

Our two main environmental impacts result from our energy consumption and the waste induced by our operations. For us, it is critical to be more energy efficient, invest in renewable energy, and limit our plastic footprint by partnering with multiple stakeholders to safeguard our planet.

SAVING ENERGY, A BUSINESS IMPERATIVE

Access to electricity became more problematic: frequent and extended power outages impact our operations significantly. We must rely more on generators to power our operations, and securing diesel supply can be challenging, leading us to adjust the temperature in our stores to reduce our energy consumption, which could impact the comfort of our staff and customers during the hot season.

Therefore, we are working to install solar panels to reduce our reliance on the grid and limit the use of diesel power generators. In 2022, we started to test a new solution in one of our biggest stores in Yangon. The results were positive, so we decided to install more solar panels for our branches. We aim to have up to 8 MW of solar capacity installed at the end of 2024. This will also help us minimise our carbon footprint. Likewise, for our convenience stores, we purchased various equipment to reduce the disruption of power outages on our operations: we started to procure batteries and inverters to operate for 5 to 6 hours without power generators.

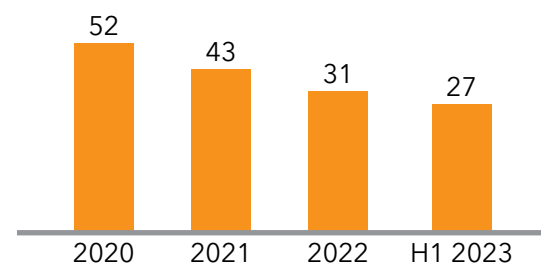
In 2022, we consumed a total of 31 GWh, representing a 26% decrease compared to 2021. Likewise, our energy intensity continuously decreased between 2020 and H1 2023:

it was reduced by almost 50% from 52 kWh per sq ft in 2020 to 27 kWh per sq ft at the end of March 2023. In 2022, the share of diesel in our energy mix reached 26% in 2022, compared to 12% in 2021.

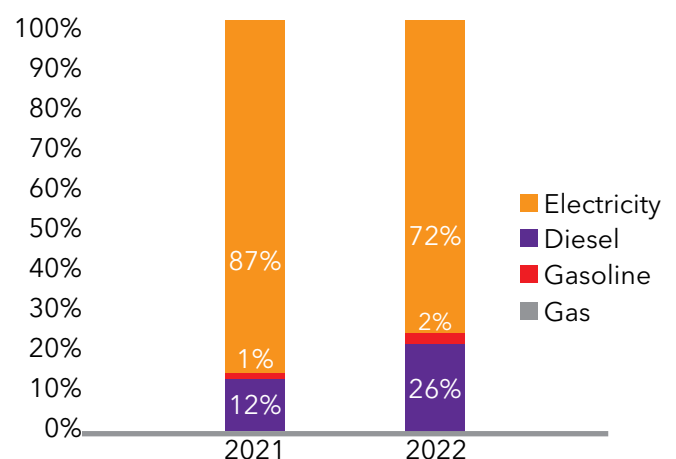
We also noticed a reduction in our carbon emissions: we emitted 33,902 tonnes of CO₂ eq. in 2022, which is 21% less than our emissions in 2021. However, we did not include some of our scope 3 emissions this year. In 2022:

- 76% of our GHE emissions came from Scope 1, of which 68% came from our refrigeration and airconditioning systems, and 8% from our generators and fleet of vehicles.
- 24% of our GHG emissions came from Scope 2, resulting from our electricity consumption from the EPC.

Energy intensity by saleable area (Kwh per sqft)



Evolution of our energy mix



REDUCING OUR WASTE AND PLASTIC FOOTPRINT

Managing waste is a challenge for retailers across the globe. It is even more complicated in a country like Myanmar. We cannot precisely monitor the quantity of waste produced by our activities; we can only estimate it. Last year, we assessed that our activities generated 996 tonnes of waste, compared to 764 tonnes in 2021.

However, we have more clarity on our plastic footprint because we precisely record the number of plastic bags we supply to our customers. In 2022, we distributed 1.31 plastic bags per sale, compared to 1.66 in 2021. At the end of March 2023, we managed only to distribute 1.27 plastic bags per sale. This positive evolution reflects our work to train our staff and engage our customers to raise awareness. We also sold 100,000+ reusable bags between October 2021 and March 2023.

Furthermore, in early 2023, we started to work with Prevent Plastics to better manage the waste induced by our activities in our distribution centre. They helped us prioritise and structure an action plan to reduce our waste production, as summarised in the table below. We then engaged with our people to reduce, reuse and recycle our waste more systematically.

Action plan implemented in our distribution centre

Reduce	<ul style="list-style-type: none"> Engage with our suppliers to optimise the way they package goods to reduce waste. Find alternatives to single-use plastic for wrapping and packaging goods.
Reuse	<ul style="list-style-type: none"> Better segregate our types of waste to reuse systematically all paper boxes. Ensure that all rubble sacks are used for internal purposes instead of being thrown away.
Recycle	<ul style="list-style-type: none"> Upcycle wood pallets in furniture. Up to 60% of the wood pallets are now used for producing office furniture. Resell specific types of materials to recyclers: we generated up to 160 lakhs MMK by reselling some materials.



Key Highlights



We reduced our power consumption by **26%** between 2022 and 2021.



We started a pilot project to install solar panels in one of our stores, and we plan to have up to **8 Mega Watts** of installed solar capacities by the end of 2024.



Our GHG emissions decreased by **21%** in 2022 compared to 2021.



CMHL received **337** customer complaints between October 2021 and March 2023.



We distributed **21%** fewer bags per sale in 2022 compared to 2021.



Our water intensity remains stable between 2021 and 2022: we consumed

0.27 cubic meters of water per sq ft.



NON-FINANCIAL REPORTING

We report our progress transparently and proactively: we believe this is essential in cultivating our stakeholders' trust. We use international standards to structure our reporting system, identify material topics, and disclose our results.

This report has been reviewed and approved by CMHL management. In this 2022 sustainability report, all the quantitative data cover the period from October 2021 to September 2022 (FY21/22) and from October 2022 to March 2023 (H1 FY22/23) unless otherwise stated.

The report includes all the entities operated by CMHL, which are mentioned on page 1. The data disclosed in this report has not been audited by a third party. The reporting period for the qualitative data covers the calendar year 2022 and for the first semester of 2023 unless otherwise stated.

Standards

We follow four main standards to structure our non-financial reporting.



Currently, we consider the following SDGs the most relevant to CMHL:



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.³

Since our last report, we decided to suspend our participation in the UN Global Compact (UNGC) as we could not fully benefit from the support and guidance of the UNGC in Myanmar. However, this report provides our readers with our approach to meeting the requirements of the UNGC's ten principles.

AA 1000 Standards

In addition, we use the AA 1000 Standards to structure our approach to identifying and prioritising our stakeholders' expectations. The result is our materiality matrix (available on our website). This demonstrates CMHL's adherence to the following principles.

- **Inclusivity:** to understand our stakeholders' expectations, we engaged them in dialogue. At the Group level and internally, our sustainability team met with our key management. Externally, we held discussions with various organisations (NGOs, business partners, experts, etc.) to gather their views regarding CMHL's sustainability challenges. At the store level, our managers are in daily contact with our customers, employees, and communities. The mapping of our different stakeholders is available on our website.
- **Materiality:** to focus our efforts on the most important challenges, we conduct peer reviews. We selected a list of topics that were relevant to our sector and to Myanmar as a whole. CMHL's top management regularly reviewed the prioritisation of the issues identified.
- **Responsiveness:** we disclose our sustainability report yearly.

³ You can find our GRI Index on our website.

DATA ANNEX

Disclaimer

This report contains future predictions based on current expectations, which may not come true due to uncertainties. We do not update these predictions.

The data is accurate at the time of publication, but some figures are estimates. This report covers (October 2021 to September 2022 and October 2022 to March 2023) unless stated otherwise.

Third-party information has not been verified. We follow recognized reporting standards, but interpretations may vary.

Non-financial data, like environmental and social information, may not be directly comparable to financial data. Future goals are aspirational and depend on external factors like regulations and technology.

Data

Product

KPIs	Unit	Value H1 2023	Value 2022	GRI Standards	UNGC Principles	SDG
Food safety						
Number of food safety incidents	Number	5	4	416-2		16
Total number of complaints	Number	230	107	416-2		16
Total number of complaints related to food safety	Number	-	7	416-2		16
Sales involving Myanmar-made food products	%	54%	53%	204-2		12
Complaints related to food safety	%	0%	7%	416-2		16
Product quality						
Total complaints related to product quality	Number	230	100	416-2		16
Complaints related to food safety	%	100%	93%	416-2		16

Company

KPIs	Unit	Value H1 2023	Value 2022	GRI Standards	UNGC Principles	SDG
Company transformation						
Net promoter score		37	37	102-44		8
Business ethics						
New hires trained on anti-corruption and business ethics	Number	599	1031	205-2	10	16
Number of ethics-related incidents	Number	12	18	205-3	6, 10	16
% of ethics-related incidents resolved	%	100%	100%	205-3	6, 10	16
Supply chain						
Local Myanmar food supplier audits	Number	18	21	102-44		8
Shared value						
Budget for philanthropic activities	MMK	100,000,000	200,000,000	203-1		9

People

KPIs	Unit	Value H1 2023	Value 2022	GRI Standards	UNGC Principles	SDG
Workplace						
People working for CMHL on 30/09/2020	Number	6,007	5,899	102-8	6	8
Number of women	Number	3,347	3,292	405-1	6	5,8
Number of men	Number	2,660	2,607	405-1	6	5,8
Permanent full-time contracts	Number	5,160	4,818	102-8	6	8
Women holding a management position	%	43%	43%	405-1	6	5,8
Total departures	Number	818	1,984	401-1	6	5,8
Total resignations	Number	291	855	401-1	6	5,8
Turnover rate	%	14%	34%	401-1	6	5,8

KPIs	Unit	Value H1 2023	Value 2022	GRI Standards	UNGC Principles	SDG
Training						
Total people trained	Number	2,463	5,458	404-1	6	4, 8
Total training hours provided	Hours	41,955	65,112	404-1	6	4, 8
People trained	%	41%	93%	404-1	6	4, 8
Average hours of training per person	Hours	17	12	404-1	6	4, 8
Working conditions						
Total hours of absence due to sickness and occupational disease	Hours	24,246	25,398	403-10	6	8
Number of workplace accidents	Number	11	29	403-9	6	8
Frequency rate (per 200,000 hours worked)	Number	32%	45%	403-9	6	8
Number of work-related deaths	Number	-	-	403-9	6	8
Fatality rate (per 200,000 hours worked)	Number	0%	0%	403-9	6	8
Talent development						
Employees promoted in the year to a higher category	Number	184	619	404-3	6	5, 8
Women promoted in the year to a higher category	Number	119	347	404-3	6	5, 8
Planet						
KPIs	Unit	Value H1 2023	Value 2022	GRI Standards	UNGC Principles	SDG
Energy						
Energy intensity of the saleable area	kWh / sqft	27	31	302-3	7, 8	12, 13
Total energy consumed	kWh	27,878,916	31,061,830	302-1	7, 8	12, 13
GHG						
Greenhouse gas emissions (Scope 1)	CO ₂ t eq	12,084,266	25,835,757	305-1	7, 8	13
Greenhouse gas emissions (Scope 2)	CO ₂ t eq	8,386,105	8,066,163	305-2	7, 8	13
Greenhouse gas emissions (Scope 3)	CO ₂ t eq	-	-	305-3	7, 8	13
Greenhouse gas intensity	CO ₂ kg eq / sq ft	20	34	305-4	7, 8	13
Waste						
Waste intensity of the saleable area	Kg / sq ft	0.6	1	306-2	7, 8	6, 12
Plastic bags handed out per sale	Number	1.27	1.31	301-1	7, 8	8, 12
Plastic bags distributed	Number	26,255,425	46,127,674	301-1	7, 8	8, 12
Reusable bags sold	Number	46,787	55,862	301-1	7, 8	8, 12
Quantity of cardboard	Viss	449,980	821,654	301-1	7, 8	8, 12
Quantity of hard plastic	Viss	9,028	21,844	301-1	7, 8	8, 12
Foodwaste						
Food donated	kg	-	-	203-1	7,8,9	12
Water						
Water consumption	m ³	105,379	273,311	301-1	7,8	6
Water intensity	m ³ / sq ft	0.10	0.27	301-1	7,8	6



SUSTAINABILITY REPORT 2023

