



Our Code of Conduct

29 July 2016*

City Mart Holding Co., Ltd.

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About CMHL

City Mart Holding Co., Ltd. (“CMHL”) started in 1996 as a supermarket outlet at Aung San Stadium, Yangon, Myanmar. Today, it is the market leader in multiple retail formats in Myanmar and an icon in the country's retail industry.

We seek to serve more of Myanmar's population through outlet expansions and the introduction of new retail concepts. While increasing our footprint, we take into account the impact our actions have on our employees, customers, society, and the environment.

Our retail and F&B brands



Our retail and F&B joint ventures



Introduction from our Managing Director

Dear colleagues, customers, suppliers and business partners

Our Code of Conduct

2016 is a major year for CMHL as we celebrate our 20th anniversary. It is hard to believe that it has already been 20 years since we started serving our customers from our very first branch, at Aung San Stadium. Since then, we are extremely proud to have grown to become the leader of the Myanmar retail sector and one of Myanmar's best known private enterprises.

During our 20-year journey, we have always considered the effect our business actions have on the communities we serve and the environment. In 2013 we launched the City Love & Hope Foundation (the "Foundation") to focus our corporate social responsibility activities and in 2014 we made *Our Code of Conduct* available to the public for the first time. Last year we published the results of our first environmental and social review. We are constantly looking for ways to improve our responsible business practices.

In this edition of *Our Code of Conduct* you will find changes to our gift giving policy and stakeholder materiality analysis. The main change, however, has been to rethink how we implement *Our Code of Conduct*. It is vital that all CMHL directors and employees live by the standards that we set out here. For that reason, we have worked hard to improve how we communicate *Our Code of Conduct* and how we train, test and enforce it.

Please take this opportunity to read and understand the new edition of *Our Code of Conduct* and use it as a reference point in your work.



Win Win Tint

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Appendix 1:

City Love & Hope Foundation Terms of Reference

Appendix 2:

Contact details

*Version Control Table – Code of Conduct dated 29 July 2016

Amendments effective 31 January 2020 approved by Glen Attewell, CMHL CEO	
Section amended	Details of amendments
To whom does Our Code of Conduct Apply	Note that City Holdings Code of Conduct also applies to all CMHL stakeholders
Reporting gifts, hospitality or expenses received	City Holdings Group register of gifts included

Giving gifts, hospitality and expenses	Gifts to Government Officials - details of President's Office Guidelines included
Competition	Additional guidance provided for individuals
CMHL records, information and property	New section on privacy and data protection

Guide to *Our Code of Conduct*

Introduction

Our Code of Conduct is a dynamic document which sets out the standards we aim to achieve in the field of corporate responsibility. Since 2014 we have made *Our Code of Conduct* publicly available to all our stakeholders. We want to set an example to the business community in Myanmar and encourage the individuals and organisations with whom we come into contact to hold themselves to the same high standards to which we adhere.

To whom does *Our Code of Conduct* apply?

We are committed to upholding the highest standards of international corporate responsibility within CMHL. However, we recognise that our position of leadership in the Myanmar retail sector gives us a responsibility to encourage other companies in the country and region to meet these standards too. *Our Code of Conduct* therefore applies to the following stakeholders:

- all CMHL directors, officers and employees of all ranks and positions
- all agents, advisers, representatives and intermediaries who act for CMHL
- all our business partners, including our suppliers, contractors, sub-contractors and joint venture partners

While many of our standards will be specific to CMHL employees, other stakeholders are encouraged to apply these standards to their own staff.

Our customers may also find *Our Code of Conduct* of interest to gain an insight into how CMHL operates and are encouraged to refer to the information contained in *Contact us* and *Implementing Our Code of Conduct – Reporting breaches*.

The City Holdings Limited Code of Conduct also applies to the above stakeholders. The provisions of the City Holdings Code are consistent with the CMHL Code of Conduct.

Other sources of information

Our Code of Conduct details many of the standards by reference to which we operate. However, this document is not intended to be exhaustive. Different stakeholders should refer to the other documents to which they have access. For example, if you are an employee, you should also refer to your employment contract, the *Rules and Regulations for Employees* and policies such as our *Health Care Policy* and *Leave Policy*. If you are a supplier, you will be familiar with the *Terms and Conditions for Suppliers*.

United Nations Global Compact

CMHL is an active participant in the United Nations Global Compact and we continue to support its ten principles concerning human rights, environment, labour and anti-corruption. All ten principles are covered in *Our Code of Conduct* and those principles are set out in full at the relevant sections.

Updates and compliance reporting

Our Code of Conduct is a dynamic document. We continue to respond to Myanmar's changing business landscape by updating *Our Code of Conduct* as required. We will publicise the release of new editions through our website (www.cmhl.com.mm) and other available channels.

We invite all employees and stakeholders to contribute ideas to make *Our Code of Conduct* more practical, accessible and successful.

We are also committed to reporting on our compliance with *Our Code of Conduct* where possible. Please refer to *Implementing Our Code of Conduct – Reporting on compliance*.

Contact us

We welcome feedback from all stakeholders on *Our Code of Conduct*. Please refer to Appendix 2 for our contact information.

Please refer to *Implementing Our Code of Conduct – Reporting breaches* for guidance on reporting breaches of *Our Code of Conduct* and our commitment to protect those who report breaches in good faith.

Fairness and integrity

Introduction

CMHL's mission is to be the leading retailer in Myanmar with the highest market share in each retail format. To achieve our mission we compete vigorously but we also compete fairly and with integrity. CMHL expects all employees and business partners to adhere to the same high levels of business conduct.

Compliance with laws

CMHL commits to comply with all laws that are applicable to our operations.

With the transition from military to civilian government, the legal landscape in Myanmar is experiencing many changes. The government is updating a large number of laws which remain unchanged since the colonial administration pre-1948. We monitor legal developments and respond to them by changing our working practices where necessary. If any laws or regulations are unclear, CMHL endeavours to enter into a dialogue with the relevant authorities to ensure CMHL's compliance.

We expect our employees and business partners to consider how legal developments affect their areas of work.

Our Legal and Compliance Department is happy to discuss and share best practices. Please contact them on the details contained in Appendix 2.

Anti-corruption

CMHL takes a zero tolerance approach to corruption or bribery committed by our directors or employees, regardless of their position in our organisation, or business partners (which, for the avoidance of doubt, includes those who are authorised to act on our behalf or represent us (for example agents, advisers, representatives and intermediaries) as well as suppliers, contractors and sub-contractors).

We do not give, promise or offer to give or discuss giving an undue advantage to any person, whether a public official or a private employee, in order to influence that person to act in an improper manner.

We comply with Myanmar's Anti-Corruption Law 2013. We will closely monitor the application of this law and the enactment of any subsidiary legislation to ensure that we are in compliance and following best practice. We expect our employees and business partners to be familiar with this law. Again, our Legal and Compliance Department is happy to discuss and share best practices. Please contact them on the details contained in Appendix 2.

We conduct anti-corruption training for all employees and directors. See *Implementation of Our Code of Conduct - Training*.

We are committed to performing anti-corruption due diligence before we enter into a relationship with a new business partner to give us more comfort that we are not dealing with counterparties which are engaged in bribery or corruption. We also seek to obtain a declaration from the business partner that they are not engaged and will not engage in such activity. We will then monitor our business partners on an ongoing basis regarding their anti-corruption compliance. For example, we will question unusual or excess payments made by a business partner that raise suspicions of non-compliance with our policy.

Monitoring of the anti-corruption policy

Our anti-corruption policy is regularly monitored to ensure that it is suitable, adequate and effective and improvements will be implemented as appropriate. Updates to *Our Code of Conduct*, including this anti-corruption policy, will be released through our website (www.cmhl.com.mm) and other available channels.

Our audit and risk committee is required to evaluate our anti-corruption policy on an annual basis. The criteria they assess our policy against are any reported breaches of our anti-corruption policy internally and any changes in government policy or international practice relating to anti-corruption externally. Since 2014 our key findings are that our anti-corruption policy is suitable, adequate and effective for our current purposes.

Number, type, and status of complaints

We have not had any complaints under our anti-corruption policy in the last year.

United Nations Global Compact - anti-corruption

Our commitments described in this section and the practices we put in place to implement them allow us to adhere to the anti-corruption principle of the United

Nations Global Compact as follows: “*Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.*”

Receiving gifts, hospitality and expenses

An employee may not receive gifts, hospitality or expenses from suppliers or our other business partners if such gifts, hospitality or expenses are intended to encourage the employee to give preferential treatment to that supplier or business partner. Our suppliers and business partners may not offer such gifts, hospitality or expenses.

We have developed the following principles to help employees and business partners understand what conduct we believe is acceptable and what would breach our policy. However, employees and business partners should consider carefully the facts of each situation. If there is doubt as to whether offering or accepting a gift, hospitality or expenses may breach our policy, you may contact our HR Director for clarification on the details contained in Appendix 2.

Gift, hospitality and expenses principles

1. Cash gifts are never acceptable. Business partners should not offer cash to our employees and our employees should not accept cash if it is offered as a gift by a supplier or business partner.
2. Employees and business partners should avoid the appearance of impropriety. Lavish entertainment and high value gifts are likely to appear to be improper and should therefore be avoided.
3. Suppliers should not offer discounts or special rates to our employees.
4. In some circumstances, gifts of small value or reasonable entertainment can be acceptable. The following principles apply in these commonly encountered situations:

Low value gifts: Low value gifts, for example branded stationery or office equipment, are likely to be acceptable if they are used for office and not personal purposes.

Business entertainment: Employees may from time to time be invited by a supplier or other business partner to attend a product launching event, sporting event, cultural activity or other entertainment event. It may be

appropriate for such offers to be made and accepted by reference to the following guidelines:

- a. The supplier or business partner will be in attendance
- b. Business will be discussed at the event
- c. The value of the entertainment is reasonable and not excessive
- d. Employees' business judgements and decisions will not be influenced by the entertainment or by the expense involved
- e. The offer of entertainment is not made at a particularly sensitive time, for example when proposals or bids are being sought or a new contract is due to be negotiated
- f. Offers should not be made or accepted routinely or very frequently
- g. Employees should always inform their manager if they are offered corporate entertainment

Business meals: It may be appropriate for our employees and business partners to conduct business over meal times or arrange to have a business meal to share information and ideas. Employees should not routinely plan meetings over mealtimes so as to be the recipient of a "free" meal. However, the occasional business meal may be appropriate provided that the guidelines set out above for business entertainment are followed. Also, on receiving internal authorisation, employees should occasionally offer to pay for the meal for the supplier or business partner at CMHL's expense.

Business travel: In conducting business that requires out-of-town travel, employees may receive offers from suppliers or business partners to pay for transportation, accommodation and meals. It may be appropriate for such offers to be made and accepted by reference to the following guidelines:

- a. The supplier will be at the travel destination
- b. Business is the sole reason for travel

- c. The supplier or business partner will pay only for the employee's expenses and not for the employee's family members or other travelling companions
- d. Employees should always inform their manager if they intend to accept an offer relating to business travel

Reporting gifts, hospitality or expenses received

- Each employee must report all gifts, hospitality or expenses received from a supplier other business partner to their manager including the following information: date of receipt; name of recipient; name of supplier or other business partner; and a description of what was received. The manager must report such information to the relevant head of department. Each head of department must keep a complete record of gifts, hospitality or expenses which will be subject to scrutiny by the audit committee.
- If you receive a gift or offer of hospitality valued over MMK 1 lakh (MMK100,000) you must report it using the Gifts and Hospitality Reporting Form available at the City Holdings' online Compliance Hub SharePoint. This will be sent to your manager for approval and details will automatically be recorded details in the Gift & Hospitality Register. Gifts considered to be overly-*generous or* extravagant gifts must be donated to charity or returned.

Giving gifts, hospitality and expenses

There are many circumstances in which a director or employee may wish to give gifts, hospitality or expenses to another person or company on behalf of CMHL. Generally, the principles regarding *receiving* gifts and hospitality set out above should be also be followed in this situation.

The following additional considerations are also relevant:

- Employees may only give gifts, hospitality or expenses that are within the limits of their authority. For gifts, employees will generally have to seek director approval.
- Just as receiving cash gifts is never acceptable, giving cash gifts is strictly prohibited. It can, however, be acceptable to give CMHL gift vouchers as gifts subject to the relevant approval. Gift-giving to government officials is governed by very strict laws and regulations. If these laws and regulations

are violated it can have very strict consequences for CMHL and the company and the individual. Refer to our anti-corruption policy above for more details.

Gifts to Government officials

Under the **President's Office Guidelines** gifts to members of the Government, commissions or organisations established by the Government or to public employees are prohibited if the gift giver is seeing a favour or to do business with the government, wants a benefit from the person or wants the person to omit to do something. Gifts may be accepted in the following limited situations:

- Gifts with a value of no more than 25,000 MMK (the maximum value of gifts which may be received from a person or organisation within a year shall be 100,000MMK);
- gifts with a value of no more than 100,000MMK which are given on a special annual occasion such as Christmas or Thadingyut.

As with all situations, cash is never acceptable as a gift. Refer to the section on anti-corruption above for more details.

Conflicts of interest

All directors and employees owe a duty to act in the best interests of CMHL as they are fulfilling their roles. If a director or employee feels that he or she is unable to act in the best interests of CMHL due to a conflict of interest, this situation should be reported to the relevant manager or the HR Department.

Conflicts of interest may arise for a number of reasons. The following are some examples but they are by no means exhaustive. Common sense should be used when identifying whether a conflict of interest exists.

Examples of conflicts of interest

- a. Employee A works in CMHL's Merchandizing Department. Employee A's husband is one of CMHL's suppliers.
- b. Director B owns a plot of land in Mandalay. CMHL is considering acquiring the plot of land to develop a new shopping centre.

- c. The family of Employee C own a food and beverage business, XYZ Co., Ltd. CMHL is considering entering into a joint venture with XYZ Co., Ltd. to operate restaurants.

These situations do not mean that CMHL cannot deal with the supplier, buy the plot of land or enter into the joint venture. However, the relevant employee or director is required to declare his or her interest to their manager or the other directors. That employee or director may then be prevented from working on the particular transaction.

Dealing fairly with others

CMHL is proud to be the leading retailer in Myanmar and we intend to compete vigorously to ensure that we maintain our leading position. However, we are also committed to competing fairly to allow a level playing field for our competitors and business partners.

Customer relations

Everyone involved in our operations must serve our customers fairly and honestly in every transaction, providing service of the highest standard.

Competition

We respect Myanmar's Competition Law and intend to conduct our business in line with international standards of fair competition.

We will not take the following actions which we deem to be anti-competitive:

- We will not abuse our leading position in the Myanmar retail market
- We will not participate in any agreement with our competitors which improperly interferes with free market forces in any market
- We will not discuss pricing or other sensitive business secrets with our competitors if the effect of such discussions is to limit legitimate competition
- We will not attempt to obtain trade secrets or other confidential information of a competitor through the use of inappropriate means

You must never discuss, directly or indirectly, matters such as prices, pricing intentions, pricing strategies, product or marketing plans, confidential terms of sale or any other commercially sensitive topics with our competitors

You must never gather information about our competitors using deception, theft, misrepresentation, or other illegal or unethical means nor in a way that can violate competitors' intellectual property, confidentiality or trade secrets

You must never pressure or agree with a supplier on retail prices – the pricing is always at the retailers discretion.

If you are unsure about any matter relating to Competition Law you should raise the matter with your manager who can consult with the Legal Department for guidance as required.

Marketing communications

Myanmar has not yet developed a strong legal framework to protect consumers from false or misleading marketing communications. At CMHL, we adhere to the following principles so that our marketing communications are fair and useful to our customers and achieve international standards of compliance. Marketing communications includes all advertisements in print and on broadcast media, posters and billboards, promotional material, customer communications, online campaigns and social media.

- Every factual statement made in our marketing communications should be accurate and verifiable. If we are unable to verify a statement or if there is doubt as to whether or not it is accurate then this statement must be removed from the marketing communication.
- We will never intentionally mislead customers in our marketing communications and will take best efforts to avoid our marketing communications from accidentally misleading customers.
- Our marketing communications must not contain anything that is likely to cause offence. We recognise that Myanmar society is comprised of many ethnic groups and religions and will be sensitive to each of their traditions and beliefs. We will also take care to avoid causing offence on the grounds of gender, sexual orientation, disability or age.
- When launching an online campaign or using social media, we will fully identify ourselves and not use aliases or mislead the public about our identity.

- Please refer to our *Alcohol and Tobacco Selling and Marketing Policy* (available on www.cmhl.com.mm) for our specific policies on alcohol and tobacco marketing communications.

We expect our advertising agencies and consultants to adhere to these principles. If there is any doubt about their application, you should contact our Marketing Director on the details contained in Appendix 2.

Political involvement and contributions

We do not participate, directly or indirectly, in party politics and we do not make any form of donation to political associations or individual politicians in Myanmar or elsewhere.

CMHL records, information and property

CMHL records

All CMHL records must give a true and fair view of our business. It is essential for the proper operation of our business that all transactions are recorded in accordance with our accounting procedures. All employees must exercise due care and skill when recording transactions. To dishonestly record or conceal a transaction would be seen as a serious breach of this policy and may be illegal. This is the case whether the dishonesty was to receive a personal benefit or if it was to simulate achievement for CMHL.

No director or employee shall take or refrain from taking any action that may improperly influence or deceive CMHL's internal or external auditors.

We maintain a strict system of internal controls which is overseen by our audit committee. To report any concerns relating to this policy, please contact our Finance Director on the details contained in Appendix 2.

Confidential information

In today's digital world, information can be as valuable to a business as physical assets such as land, buildings and stock. Much of our information is confidential, meaning that it is not known or available to the general public. Such information includes financial results, trading terms with our suppliers and transactions that are still in the negotiation phase. It is very important to our business that this information is kept confidential. To disclose it could negatively affect our competitive position, damage our relationships with suppliers or expose us to legal consequences, for example if we breach a non-disclosure agreement with a business partner.

All directors and employees must protect our confidential information. They must not disclose such information without proper authorisation or use such information for personal gain. Information is not always disclosed intentionally. We must take care not to leave important documents in public places, accidentally email documents to the wrong recipient or discuss confidential information where there is a risk of being overheard. If you are presenting on behalf of the company in a

meeting or a conference, you should carefully review your materials to ensure that they do not contain confidential information. If you are concerned that you may have improperly disclosed confidential information, you should communicate your concern to your manager immediately.

Privacy and data protection

Although Myanmar does not yet have privacy or data protection laws, CMHL is committed to good practices in protecting private personal data such as personal information and credit card and bank account details. Personnel should only use private personal data of customers and any other persons for approved work purposes. Private personal data should only be used for purposes the person has consented to. All personnel who handle customer data must comply with the **CMHL Privacy Policy**.

Transparency

While there may be legitimate reasons to keep certain information confidential, in general, we believe in being transparent about our business and business procedures. Only by encouraging transparency can the Myanmar business community gain trust from the Myanmar people and international parties.

We voluntarily make available the information in *Our Code of Conduct* as well as the other information available on www.cmhl.com.mm to set an example to other businesses in Myanmar to shed light on their dealings. We commit to avoid selective or misleading disclosure and to work towards even greater transparency as our business expands and evolves.

Property

Property that belongs to CMHL is intended to be used for the sole purpose of promoting the business of CMHL. Employees must not use CMHL property for personal benefit, damage or destroy CMHL property or remove CMHL property from our premises without approval.

ICT resources

Specific policies apply to our information and communication technology (ICT) resources, for example, computers, email, fax and telephones. When using our ICT resources all employees must remember that they are representing CMHL. Every written, oral or electronic communication can enhance or hurt CMHL's image. Our

ICT resources must not be used for slanderous, libellous, obscene or distasteful communications.

Examples of conduct that is not permitted include:

- Accessing web sites that contain sexually explicit material or offensive content.
- Using a CMHL email address for personal business.
- Intentionally introducing computer viruses or other malicious software to CMHL's systems.
- Copying data or software without permission for personal use or to sell

Our employees

Introduction

CMHL offers a wide variety of job opportunities across Myanmar. Our Group employed 7,929 members of staff as at 30 June 2016. We have a very strong record of encouraging female employees. 59% of our staff are female and 59% of our managerial level staff are female. Many employees interact with the public in our branch network. Others perform important roles behind the scenes in our head office, distribution centres or on the road as drivers and logistics staff. CMHL strives to provide our employees with the opportunities to demonstrate their full potential within the CMHL group.

Here we set out our policies to encourage and protect our employees. We expect all our business partners to test themselves against these standards. In particular, our construction contractors directly employ workers to fulfil roles on our construction sites. We expect these workers to be afforded the same protections as our employees.

Who we employ

We look for the best candidate for each position and do not discriminate on the grounds of gender, marital status, age, religion, physical ability, sexual orientation, political beliefs or social class.

We are firmly against child labour and do not employ people under the age of 16 to work for in CMHL in any capacity.

Employee rights and benefits

Our employees are entitled to all applicable rights under Myanmar law and international standards. In particular, we commit to safeguard the following rights:

- We recognise the dignity of all persons and respect their freedom and privacy
- All employees shall be entitled to just and favourable remuneration
- Employees shall be entitled to fair working hours and holiday entitlement

- We allow our employees freedom of association and the right to engage in collective bargaining
- We will not discriminate on the grounds of gender, marital status, age, religion, physical ability, sexual orientation, political beliefs or social class in the workplace or when considering promotions
- All employees should be allowed to perform their role without being bullied, harassed or threatened
- We will not force anyone to work for CMHL and will refuse to deal with business partners that engage in forced or compulsory labour practices

We consider these rights to be the minimum standards that we offer our employees. In order to foster a culture where people are proud to work for us, we offer various benefits to all employees, including provision for health care, favourable terms to buy expensive household essentials using hire purchase, a special provident fund and staff discounts.

People development

We believe a role at CMHL should be more than just a job. It should be a career. Several of our employees have been working with us since we started the company in 1996 and have risen through the ranks to managerial positions. We commit to provide all employees with the opportunities to emulate their successes and fulfil their potentials within the CMHL organisation.

Our Training & Development Manager is happy to help answer any questions about our training programmes on the details contained in Appendix 2.

For all other questions regarding our employee policies, please contact our HR Director on the details contained in Appendix 2.

Employee behaviour

We expect our employees to uphold the highest level of professionalism while engaging in CMHL business. Employees should familiarise themselves with all laws relevant to their operations and ensure that they comply with every one of them.

Aggressive or intimidating behaviour, theft, dishonesty or fraudulent behaviour by our employees will not be tolerated.

Employee social media policy

Social media plays an increasingly important role in business and society. CMHL's official social media presence is managed by our Marketing Department in accordance with our marketing policy detailed above. No employee may use CMHL's social media accounts or state that they are representing CMHL or one of its brands without the consent of our Marketing Director.

Employees also need to take care when they are using their personal accounts. The best policy when using social media is to treat communication online the same way as face-to-face communication:

- Use common sense – remember that what you write may be seen by more people than you think
- Do not use aliases or hide your identity to say things that you are not comfortable saying in your own name
- Do not tell lies or post offensive messages
- Do not post sensitive information or pictures from your role in CMHL
- If you are commenting on any aspect of CMHL's operations, identify your name, your position and include the disclaimer "the views expressed are mine alone and do not necessarily reflect the views of CMHL"

If you are in doubt about whether it is sensible to post something or not, the safest course of action is not to post.

United Nations Global Compact – labour

Our commitments described in this section and the practices we put in place to implement them allow us to adhere to the labour principles of the United Nations Global Compact as follows:

“Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

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

Our branches and other premises

Introduction

As well as over 100 retail branches, we operate offices and distribution centres in Yangon and Mandalay and several construction sites across the country. Our branches welcome thousands of Myanmar residents and visitors every day while our other premises host our employees and our contractors and their employees. We are committed to ensuring that all our branches and other premises are healthy, safe and secure places in which to work or to visit.

Health and safety

A number of our premises have specific health and safety policies because of the nature of the activities that take place there. For example, our distribution centres have policies to deal with heavy machinery, safe storage and food preparation while our construction sites have policies addressing the specific risks associated with large-scale construction. Since January 2016, we have been required to follow the World Bank Group Environmental, Health, and Safety Guidelines.

This section sets out commitments which are of general relevance to all our premises. For more specific information about any aspect of our health and safety policies, please contact our Projects Manager on the details contained in Appendix 2.

We make the following health and safety commitments:

All employees will be trained in health and safety that is relevant to their role

Our Training & Development Department includes a section on health and safety in the induction training of every member of our staff. The training is tailored depending on the role the employee will take up.

All employees will be provided with suitable equipment for their role

Employees have access to the personal protective equipment necessary to enable them to perform their role safely and effectively. Equipment such as gloves, hard hats and high visibility clothing will be provided as necessary.

Where employees are required to use tools and machinery, our Maintenance Department is responsible for ensuring that such equipment is well-maintained and safe for use.

First aid will be available in all our premises

We provide first aid training to employees and ensure that at least one trained employee is on duty in each of our branches and other premises during operating hours.

We will be prepared for fires or other emergencies in all our premises

We carry out fire and emergency preparedness inspections of all our premises. Based on these inspections we ensure that the proper equipment is installed to deal with emergencies and that staff are trained to deal with situations if they arise. We are preparing custom “Fire and Emergency Evacuation Plans and Procedures” for all our premises which will be put on public display.

Smoking, alcohol and drug policy

No smoking is allowed in the indoor areas of any of our premises.

Our employees may not possess illegal drugs on any of our premises. Our employees may not be under the influence of illegal drugs or alcohol while they are on our premises and may not consume illegal drugs or alcohol on our premises.

Security

The security of our customers, employees and visitors to our branches and other premises is of the utmost importance to us. We employ security personnel at all our premises. The security personnel at our branches are trained to perform bag searches and use handheld scanners to screen potentially dangerous devices from being brought into our branches.

Anyone who has any questions regarding our security arrangements should contact our Shopping Centre Manager on the details contained in Appendix 2.

Community and the environment

Introduction

The changes that are occurring in Myanmar have the potential to improve the lives of many in the country. However, during times of change, there is a danger that vulnerable members of society are left behind or suffer as a result of new developments. We are fortunate in Myanmar to have clean air, green spaces and abundant wildlife. However, if we do not manage our progress in the correct manner, there is a risk that we sacrifice our environment for short term gain.

We commit to support our local communities and limit our environmental impact. In this section, we set out some of the actions we are taking to achieve this.

Corporate social responsibility

We are very appreciative of the support our businesses receive from the communities in which we operate. We have been undertaking corporate social responsibility (“CSR”) activities for many years as a way of saying “thank you” – by giving back to society and helping underprivileged communities and groups.

In 2013, we launched the City Love & Hope Foundation to coordinate our CSR efforts and take our contribution to the local community and society to the next level. The Foundation is aimed at aiding four sectors: Education, Health, Environment and Community Living.

For full details of our CSR programmes, please refer to the terms of reference of the Foundation, which are attached to *Our Code of Conduct* as an Appendix.

Environment

We commit to support environmental causes through the City Love & Hope Foundation. As one of our key focus areas, we will report on environmental and social impact assessments and management plans that we produce, commission or receive in our half-yearly report. See *Implementation of Our Code of Conduct – Reporting on compliance*.

Stakeholders

We have identified the following stakeholders in addition to our management and shareholders. We proactively engage with the stakeholders as set out in the table. Please use the details listed in the Appendix to contact the relevant person.

Stakeholder	Proactive engagement	Contact person/people
Customers	We regularly seek feedback from customers to improve the experience we offer in our store network including through surveys and interviews	Customer service desk representatives Marketing Director
Employees	We engage with our employees through numerous channels. Our City Family newsletter is published monthly to update all employees on our business. All employees attend training suitable to their roles. We seek employee feedback through suggestion boxes and proactive engagement by our HR department.	HR Director
Local community	We seek consent from the owners of all properties that are adjacent to our developments before construction commences The City Love & Hope Foundation organises numerous events with local communities, including health drives and community library projects	Projects Manager Marketing Director
Government and civil society	We play an active role in several organisations which work with government and civil society with the aim of improving the business and retail environment in Myanmar. Organisations include the Myanmar Retailers Association and Myanmar Business Forum.	General Counsel

Stakeholder materiality

We assess stakeholder materiality by plotting corporate social responsibility issues in terms of two dimensions: the importance of the issue to stakeholders and the importance of the issue to CMHL. After an assessment of materiality, we identified the following key sectors in which to focus our corporate social responsibility efforts: education, health, environment and community living. For full details of our CSR programmes, please refer to the terms of reference of the Foundation, which are attached to *Our Code of Conduct* as an Appendix.

Land ownership

Land ownership in Myanmar is a complicated subject. There are several different categories of land and many laws and regulations which affect how land can be owned, possessed and operated. Technically, land in Myanmar is “owned” by the government but in this section we use the word “owned” to refer to government grants, long leases and other long term rights which result in a private party having most of the rights of an “owner”.

We are committed to recognising and protecting people’s land and resource rights, particularly the rights of those located near to, or who may be affected by, our operations. We put this commitment into practice in different ways depending on the structure by which we operate each branch.

The types of structure we have for our branches may be broken down as follows:

1. We lease retail space from a third party

Many of our branches are located in shopping centres which are owned and operated by third parties. We lease retail space from the third party and operate a branch in the space. These shopping centres have been developed by a third party who has secured rights over the land and constructed the buildings.

When this structure is used, we need to be satisfied that the developers of the shopping centre recognised and protected the land and resource rights of any people affected by the development. We undertake due diligence on the development. If we are concerned that land and resource rights were not protected then we will choose not to lease space in that shopping centre.

2. We lease land from a third party to develop our own shopping centre

In these instances we do not own the land but enter into a medium term lease with the owner of the land to develop our own shopping centre.

For our existing projects, the land has been vacant when it is offered to us for lease and so we have never had to deal with dislocation or resettlement of people under this structure (or indeed any structure). However, it is important to us that the owner of the land protected the land and resource rights of any people who may have been living on the land when the owner acquired the land. We undertake due diligence on the ownership of the land. If we are concerned that land and resource rights were not protected then we will choose not to lease the land.

Before we begin development of a shopping centre, we will undertake community engagement. We will not begin construction until the owners of all properties that are adjacent to the development have consented in writing to the construction commencing.

3. We acquire ownership of the land and develop our own shopping centre

Under this structure, we make the commercial decision to own the land instead of leasing it. We purchase the government grant or other right to the land either directly from a government department or from a private third party. We then develop our own shopping centre on the land.

For the existing land that we own, the land has been vacant when it is offered to us for sale and so we have never had to deal with dislocation or resettlement of people under this structure (or indeed any structure). However, the same considerations apply when we buy land as when we lease it. We undertake due diligence on the ownership history of the land to satisfy ourselves that people's land and resource rights were protected. If we are concerned that land and resource rights were not protected then we will choose not to buy the plot of land.

As with land that we have leased for development, we will not begin construction on our owned land until the owners of all properties that are adjacent to the development have consented in writing to the construction commencing.

Dislocation or resettlement of people

As discussed above, we have never had to deal with a situation whereby people are dislocated or resettled because of one of our developments or land purchases.

If this situation were to occur in the future, we commit to comply with international standards regarding the resettlement of people. We will publish information on the sites of resettlement, the number of households resettled by the development and how we have restored the livelihood of persons affected by the development.

Human rights

Introduction

We are committed to respecting the protection of internationally proclaimed human rights and ensuring that we are not complicit in human rights abuses.

We review many sources to ascertain which rights can be considered internationally proclaimed human rights. The key documents that we consider are:

- The Universal Declaration of Human Rights (www.un.org/en/documents/udhr)
- The International Covenant on Civil and Political Rights (<http://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx>)
- The International Covenant on Economic, Social and Cultural Rights (<http://www.ohchr.org/EN/ProfessionalInterest/Pages/cescr.aspx>)
- The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (<http://www.ilo.org/declaration/lang--en/index.htm>)
- Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework (http://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_en.pdf)

The specific policies that allow us to achieve our commitment to respect the protection of human rights are prevalent throughout the whole of *Our Code of Conduct*. For example:

- our commitments to uphold labour rights are contained in *Our employees – Employee rights and benefits*
- our policy to provide healthy, safe and secure workplaces can be found in *Our branches and other premises – Health and safety* and – *Security*
- our efforts to protect the rights of the communities we serve are described in *Community and the environment*

Human rights due diligence

To test our compliance with our policies which relate to human rights, we undertake human rights “internal due diligence” every six months. This involves each head of department being asked to complete a questionnaire on his or her department’s compliance record for the period.

While we can control our own actions, to avoid being *complicit* in human rights abuses, we rely on the support of all our business partners. We undertake “external due diligence” on new business partners to test their commitment to protecting human rights. We will choose not to deal with business partners who we believe are not doing enough to uphold human rights.

United Nations Global Compact – human rights

Our commitment to human rights allows us to adhere to the human rights principles of the United Nations Global Compact as follows:

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

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

Implementation of *Our Code of Conduct*

Training and testing

We commit to train all our employees on the use of *Our Code of Conduct*. We are implemented testing of *Our Code of Conduct* for almost all our employees and all employees at a management level.

Our Training & Development Manager is happy to answer any questions about our training and testing programmes on the details contained in Appendix 2.

Code of Conduct Champions

We are in the process of appointing Code of Conduct Champions in all departments of our business. Their role will be to help the rest of their department to understand and comply with *Our Code of Conduct*. They will receive extra training to ensure they can undertake their role effectively. The position will be voluntary and we expect employees to be keen to be involved.

Reporting on compliance

To monitor our compliance with *Our Code of Conduct* we commit to publish a report to set out our compliance record and progress. The report will cover our key progress and actions with the following key areas being covered, among others:

- anti-corruption
- health and safety
- land ownership
- environment

Communicating breaches

We urge all our stakeholders to get in touch with us if they encounter any breach of *Our Code of Conduct*, not just our employees and business partners. Local communities or customers who are affected by our actions or have any complaints or grievances should feel free to communicate these to us. All relevant contact details are listed in Appendix 2.

We have special provisions for employees who wish to report breaches of *Our Code of Conduct*. This is because employees may fear that reporting breaches could result in them being seen as “trouble-makers” and risk losing their jobs or being looked over for promotions. We believe that full and honest reporting by our employees is an essential method to monitor compliance with *Our Code of Conduct*. We therefore wish to alleviate employees’ fears by committing that no employee will suffer demotion, penalty or other reprisals for raising concerns or reporting violations of *Our Code of Conduct*.

Our employees may enter into a fully confidential, two-way communication regarding concerns or grievances, through any of the contact details listed in Appendix 2. In particular, they should feel comfortable reporting in confidence to our central HR department who commit to respond to every concern or grievance.

We recognise that employees may wish to raise their concerns or grievances anonymously. This is why we operate “Comments Boxes” in every one of our premises. These boxes are locked and are opened and emptied by a member of our central HR department on a monthly basis. Employees and managers of each of our premises do not have access to the Comments Box in their premises to ensure that no contributions are filtered before they reach the HR department.

Implementation and summary of grievances

In the past year we have received a small number of complaints from the community about our No Plastic Bag Day. This is an initiative whereby we do not provide plastic bags to customers on the fifth day of each the month as part of our commitment to protecting the environment. Some customers felt inconvenienced and expressed their concerns on our Facebook page. We have taken efforts to increase our education regarding environmental sustainability as well as to train our frontline staff to respond better to customers’ concerns. We also provide used carton boxes for customers’ convenience on No Plastic Bag Day. Other complaints were for individual matters and we have generally managed to resolve them with the concerned party in good time.

Penalties

The penalties that we impose for breaches of *Our Code of Conduct* will depend entirely on the facts of each situation.

Employees should be aware that breaches of law or *Our Code of Conduct* may result in disciplinary action which could result in fines, suspensions or, in the most serious cases, termination of employment.

If we discover that a business partner has breached *Our Code of Conduct* we will enter into a dialogue with the business partner to see how the breach can be rectified. If we believe that the breach compromises our ability to work with the business partner, we may be compelled to end the business relationship.

All stakeholders should bear in mind that some breaches of *Our Code of Conduct* could result in offences being committed which could result in criminal prosecutions.

Evaluation

Our board of directors has the responsibility to evaluate the success of the implementation of *Our Code of Conduct* at least once a year.

Appendix 1

City Love & Hope Foundation
Terms of reference

Introduction

The City Love & Hope Foundation (the “Foundation”) was launched in May 2013 focusing our corporate social responsibility (“CSR”) activities to allow us to contribute even further to local communities and society.

As our Managing Director, Daw Win Win Tint, said at the launch of Foundation, "We are very appreciative of the community's support to our businesses and this is just one way of us to say ‘thank you’ – by giving back to society and helping underprivileged communities and groups. On a bigger note, we aim to help move Myanmar and her people towards a more positive direction."

These terms of reference set out the aims of the Foundation and how we operate it.

Foundation aims

The Foundation is aimed at aiding four crucial sectors – namely education, health, environment and community living. We have chosen to focus our efforts on specific sectors to ensure that we can make a real difference in these targeted areas. We believe that the sectors we have chosen are the ones which are of vital importance to Myanmar society and also the ones in which we, as Myanmar’s leading retailer, can make a big impact.

Education

We aim to help Myanmar children reap their highest academic potential. We will achieve this aim through various activities including:

- Setting up libraries in poorer communities
- Supporting the UNIAP Central Committee in the fight against human trafficking, including pledging funds for life skills development programmes for victims of human trafficking

Under this banner, we will also aid organisations to educate the Myanmar people about important topics, for example promoting anti-human trafficking awareness.

Health

We aim to promote healthy living among the people of Myanmar and increase public awareness of health issues. Examples of the activities we will use to achieve this aim are:

- Free health checks at our branches
- Organising sporting events such as “fun-runs”

Environment

We aim to promote environmental awareness and sustainability in Myanmar. We will achieve this aim through various initiatives including:

- Making donations to organisations working to preserve Myanmar’s forests and environmental biodiversity
- “No plastic bag” days in our branches

Community living

We aim to promote sustainable living amongst poorer communities or groups and empower them to be self-reliant and independent. Some of the activities to achieve this aim include:

- providing sales space for organisations or homes to sell their handicrafts at our branches
- Sponsoring underprivileged students to do vocational training

Foundation organisation

To achieve our aims we organise the Foundation as follows.

1. Committee

- 1.1. The Foundation shall be operated by a committee (the “Committee”). The Committee shall be comprised of ten employees of City Mart Holdings Co., Ltd. (the “Committee Members”).
- 1.2. The Committee Members shall be appointed for one year terms beginning 1 April of each year (“Term”).
- 1.3. Employees may nominate themselves to be Committee Members prior to the beginning of each Term. If more than 10 employees self-nominate, management shall decide which employees shall become Committee Members giving preference to employees who have not served on the Committee before.
- 1.4. The Committee Members shall nominate one of their number to act as chairperson (the “Chairperson”). The Chairperson shall be responsible for setting the times of meetings and inviting the other Committee Members to the meetings.

2. Committee meetings

- 2.1. The Committee shall meet once every calendar month for a two-hour meeting.
- 2.2. Committee Members who are unable to attend a meeting may send another representative from their department to attend the meeting on their behalf. Such representative shall have all rights that the Committee Member has.

3. Decision-making

- 3.1. Decisions of the Committee shall be made by a majority of Committee Members. In the event of an equality of votes, the Chairman shall have a casting vote.
- 3.2. When making decisions, the Committee shall always have regard to the aims of the Foundation.

4. Budget

- 4.1. Management shall set a budget for the Foundation before the beginning of each Term.
- 4.2. The Committee shall use its best efforts to allocate the entire budget to the aims of the Foundation during the Term.
- 4.3. If funds are required above the budget, the Committee may petition management for further funds providing full reasons as to why such further funds are required to meet the aims of the Foundation.

5. Aims

- 5.1. The Foundation shall support all four aims during each Term. However, to ensure that the Foundation makes a maximum impact on the community and society, the Committee shall be entitled to select one aim as a focus for that Term and allocate a larger share of the budget to that focus aim.

Appendix 2

Our contact details

CMHL *Contact details*

Email: enquiry@city.com.mm

By post: City Mart Holding Co., Ltd. Head Office
No.1-11, Padonmar Stadium (East Wing),
Bargayar Street, Sanchaung Township,
Yangon, Myanmar

By phone: +95 (01) 508460, +95 (01) 508461

In our branches at the Customer Service counters