

STRENGTHENING & DEVELOPING IN MYANMAR



Sustainability Report 2018

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BOARD STATEMENT



Dear Stakeholders,

It is our pleasure to present to you our inaugural sustainability report which covers the Group's environmental, social and governance (ESG) performance for the year. Through this report, we aim to improve the Group's transparency, accountability and progress towards sustainable growth. Furthermore, we believe that it will help us to improve our communication with our stakeholders regarding non-financial matters. We have prepared this report in accordance with the SGX Sustainability Reporting Guide and taken reference from the Global Reporting Initiative Standards: Core Option for disclosures on performance relating to material ESG topics.

We believe that the key to our long-term growth is to build a sustainable business. Hence, the Board and Senior Management have taken the responsibility to ensure that sustainable practices have been incorporated into our business strategy. Many topics have been identified through our materiality assessment, which we believe is of interest to both our internal and external stakeholders. We will establish some targets in these topic areas to work towards.

We regularly engage our stakeholders to gather feedback on issues faced from these various parties. This will guide us in the decision-making to further enhance the Group's ability to create a sustainable business. These stakeholders would include our customers, employees, local business partners and their employees, shareholders and investors as well as local communities.

As expressed in our mission statement, we want to play an active and pioneering role in the modernization and growth of Myanmar. We have not limited our role to just aiding the modernization and growth of Myanmar through our business operations, but have also contributed through other avenues. An example of this would be the Room to Read Program. The Room to Read Program is a non-profit promoting girls' education and children's literacy in Myanmar and the Group has pledged \$250,000 to this cause for 2018 and 2019. We will continue to maintain a focus on sustainable practices for our stakeholders.

Mark Bedingham

President and Chief Executive Officer

ABOUT THIS REPORT



Singapore Myanmar Investco (“SMI” or the “Group”) affirms its commitment to sustainability with the publication of its inaugural Sustainability Report. This Sustainability Report covers SMI’s performance and initiatives in the Environmental, Social and Governance (“ESG”) aspects. For purposes of preparing the Sustainability Report, SMI engaged Baker Tilly Consultancy (Singapore) Pte Ltd to facilitate development of the Sustainability Framework and materiality assessment of ESG issues.

The scope of this report covers the financial year from 1 April 2017 to 31 March 2018. The Sustainability Report has been prepared in accordance with the Global Reporting Initiative (“GRI”) standards 2016, Core option. Unless otherwise stated, the report covers the ESG performance of the Group across its core operations in Singapore and Myanmar.

Through this report, SMI hopes to share its commitment in managing the impact of key environmental, social and governance issues with its various stakeholders, including employees, investors, business partners, customers and the community. The Group has not sought external independent assurance for the preparation of this report.

For greater environmental conservation, an electronic version of this Sustainability Report will be made available on SMI’s corporate website (www.sin-mi.com). In addition, as part of our continual efforts on improving the report, we also welcome stakeholders to submit their feedback to enquiries@sin-mi.com

ABOUT THE GROUP



SMI is an investment and management company focused on the high-growth emerging economy of Myanmar. SMI adopts a diversified business model to capitalize on the strong trends in consumer spending, international tourism and infrastructure investment.

Through this versatile platform, SMI continues to build businesses in Travel & Fashion Retail, Food & Beverage, Auto Services, Construction Services and Logistics / Supply Chain to solidify its position as a fast-growing business in Myanmar.

Listed on the Main Board of the Singapore Stock Exchange, SMI has a highly capable and experienced management team with proven track record in finance, business development and emerging markets. With a strong reputation for partnerships and value creation, SMI continues to be a partner of choice in Myanmar for globally-recognized brands and companies.



STAKEHOLDER ENGAGEMENT

Stakeholders are individuals, groups of individuals and organisations that can affect or be affected by our business activities. SMI regularly engages with our stakeholders through various means, which helps us understand the importance of various stakeholder concerns and help guide us in our efforts in sustainable development.

The following table summarises the various stakeholder engagement activities, the key concerns of stakeholders which we have gathered, and our commitments to sustainability to address those key stakeholder concerns.

Stakeholder	Platforms	Frequency	Key feedbacks / concerns	Commitments to Sustainability
Employees ("Employees" in this report refers collectively to the employees of SMI and its local business partners)	Interviews / feedback sessions	Ad-hoc	✓ Employee safety and welfare	✓ Provide fair and equal opportunities to all employees
	Regular dialogue sessions with Senior Management	Bi-monthly	✓ Staff training and development opportunities	✓ Create a safe and cohesive working environment
	Performance appraisals	Annual	✓ Remuneration and benefits	✓ Be transparent and clear in the Group's communication
	Team bonding sessions	Ad-hoc	✓ Fair and competitive employment practices	✓ Fairness of performance appraisals
	Training	Ad-hoc	✓ Overseas training trips	✓ Promote intra company and interdepartmental mobility of employees
Shareholders and Investors	Annual and Extraordinary General Meetings	Annual	✓ Updates on financial performance	✓ In-house General Counsel to ensure SMI's compliance to all relevant standards
	Analyst reports	Quarterly	✓ Economic and political environment in Myanmar	✓ SMI has strict delegation of authority policies that ensure good governance
	Investor relations contact	Annual	✓ Compliance to international standards on anti- corruption	✓ SMI has engaged a public relations and investor relations service provider to promote regular communications to shareholders
	SGX announcements, media release and interviews	Ad-hoc	✓ Long-term growth prospects	✓ SMI is committed to transparency and timely disclosures of material matters
	Company website	Perpetual		

STAKEHOLDER ENGAGEMENT

Stakeholder	Platforms	Frequency	Key feedbacks / concerns	Commitments to Sustainability
Government Departments and National Agencies	Official visits	Ad-hoc	<ul style="list-style-type: none"> ✓ Compliance with laws and regulations relating to various business sectors ✓ Facilitating the growth of the Myanmar economy 	<ul style="list-style-type: none"> ✓ SMI has appointed a Government Affairs Director who maintains close contact with a wide spectrum of Government Departments in Myanmar ✓ Engagements with Government Departments and National Agencies ✓ Member of Singapore Business Federation and Securities Investors Association (Singapore)
	Meetings, briefings and regular reporting	Ad-hoc		
	Joining trade associations and industry forums	Ad-hoc		
The Community	Sustainability report	Annual	<ul style="list-style-type: none"> ✓ Supporting the local community 	<ul style="list-style-type: none"> ✓ Employs ethnic minorities in Myanmar ✓ Sponsored Room to Read to promote literacy in Myanmar
	Corporate social responsibility activities	Ad-hoc		



World Change Starts with Educated Children.®

Room to Read was founded in 2000 and focuses on the literacy and gender equality in education of children in low-income communities.

SMI is proud to be supporting Room to Read's two-year literacy project in Myanmar. The goal of this project is to foster a habit of reading in primary school children, through the establishment of school libraries.

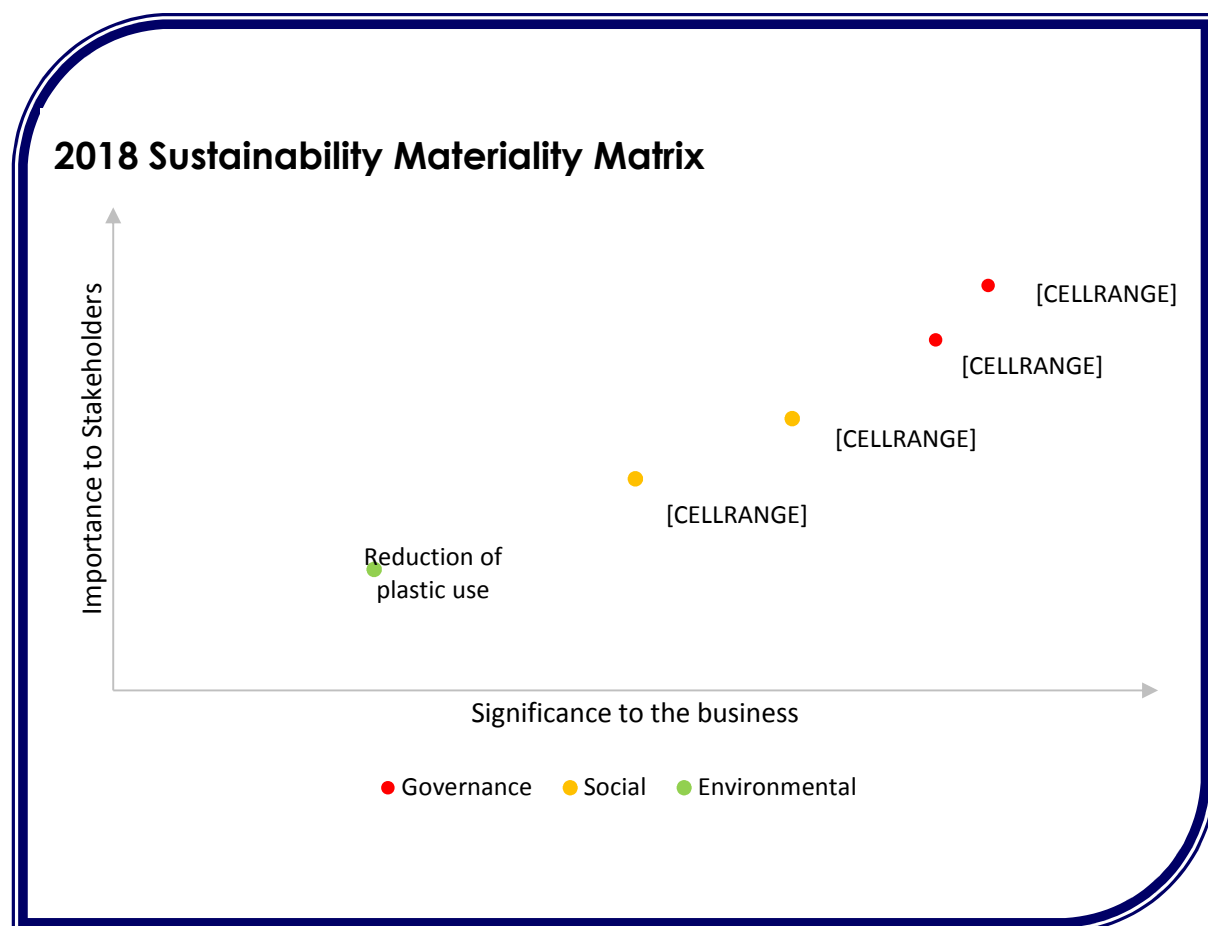
Working with the local partners, Room to Read will provide training and materials for the libraries to ensure effective management, use, and sustainability. Our President & CEO, Mark Bedingham, is a member of Room to Read's Singapore Advisory Board.

MATERIALITY ASSESSMENT






The conduct of materiality assessment helps to identify factors that can have a present or future impact on SMI's value creation, and hence its business over time.

To keep abreast of material and critical issues, SMI periodically evaluates and reviews its business operations against the changing business landscape, emerging global trends, stakeholders' opinions and regulatory developments.

Led by the CEO, the various Business Unit Heads assist in providing inputs and executing matters pertaining to the Group's sustainability. Our review focuses on 3 key aspects and 5 identified material topics, with the material factors being plotted based on their importance to stakeholders against the significance to our business in the materiality matrix below.



MATERIAL TOPICS: AT A GLANCE

Material Topics	Relevance	How are we addressing the issue
Governance Dimensions		
Regulatory Compliance 	SMI is committed to conduct and manage its business and assets in compliance with applicable laws and regulations, which is essential for the long-term sustainability of the business.	SMI has put in place internal controls and procedures to embed compliance into its day-to-day operations. In addition to proactively identifying and responding to applicable new rules and regulations, internal audits are also carried out annually to ensure compliance.
	Corporate Governance Good corporate governance is necessary to enable SMI to operate more efficiently, effectively as well as mitigating risk and safeguarding the interests of our stakeholders.	SMI is committed to good corporate governance and transparency in its endeavours. All employees are aware of the corporate code of conduct and are expected to abide by it.
Social Dimensions		
Diverse and Equal 	Opportunity An inclusive workforce provides SMI with diverse perspectives, skills and talents. As such, SMI ensures that everyone is given fair opportunities regardless of ethnicity and gender.	SMI adopts merit-based recruitment practices and emphasises diversity and inclusiveness, with the individual's competencies and job fit being the basis of hiring.
Employee Training and Development 	Our people are critical assets to the Group and it is therefore crucial for us to invest and support them in their development.	Employees are sent for training programs to upgrade and improve their skillset. The training courses includes language classes on English and Mandarin, allowing the local Burmese employees to better serve the customers.
Environmental Dimensions		
	Reduction of Plastic Use Responsible use of resources such as plastic, reduces the environmental impact on the local ecology and make us a more cost-effective organisation.	Paper bags have been introduced to reduce the usage of plastic bags at our retail stores. Moving forward, we aim to replace the use of plastic cups for milk at our Coffee Bean and Tea Leaf outlets, with porcelain milk jars.

GOVERNANCE



The SMI Board and Management are committed to continually enhance our shareholders' value by observing a high standard of corporate governance and commitment at all levels, reinforced by strong internal controls.

Regulatory Compliance

As a responsible organisation, SMI seek to comply with all relevant laws and regulations including the Listing Manual of SGX-ST ("Listing Manual"), Companies Act and Employment Act. In addition, we have attained the required Business Permits and Licenses for our operations in Myanmar.

Examples of the Business Permits and Licenses that we have attained includes Business Licenses for the operation of SMI Rental Ltd, SMI Food Concept Ltd and Mar Myanmar Ltd in Myanmar, as well as the warehouse operation permit for Senko-SMI Myanmar Co Limited.

On top of that, we have also attained the required restaurant permits issued by Yangon City Development Committee ("YCDC") for the operation of Ippudo Ramen and Crystal Jade Kitchen at Junction City, as well as Coffee Bean & Tea Leaf at Yangon International Airport Terminal 1, Terminal 3, Myanmar Plaza and Junction Square.

In FY2018, there were no incidents of non-compliance with any applicable laws and regulations for which significant fines or non-monetary penalties were imposed on the Group. Moving forward, SMI looks to sustain its continual efforts in ensuring full compliance.

Corporate Governance

Committed to achieving a high standard of corporate governance, SMI adheres to the principles and guidelines of the Code of Corporate Governance 2012 (the "CG Code"). Additionally, the Board and Senior Management is dedicated to conducting business with integrity consistently, setting the tone at the top.

Risk Assessment and Management

Risks arises from varying forms and can have material adverse impact on the performance of the Group. Moreover, these risks could also be beyond the control of the Group. Nonetheless, SMI aims to mitigate our exposures through appropriate risk management strategies and internal controls.

The Board is responsible in overseeing the risk governance in the Group, ensuring that the Management maintains a sound system of risk management and internal controls to safeguard stakeholders' interests and our Group's assets. Internal audits are also carried out annually to provide independent assurance to the Audit Committee ("AC") on the effectiveness and adequacy of our internal control and compliance processes.

Details of the Group's approach to risk management and internal controls are set out in the Corporate Governance Report, which can be found in page 37 of the Annual Report.

On top of our risk management approach, policies and procedures including the Employees' Code of Conduct, Anti-corruption and Whistle blowing are also in place to instil the value of integrity and transparency within the Group.

Employees' Code of Conduct

All SMI employees are expected to adhere to the Employee Code of Conduct, shared on the company's intranet. Employees who engage in any misconduct or whose performance is unsatisfactory may be subject to disciplinary action up to and including immediate dismissal. The Code of Conduct provides the following examples of misconduct that shall lead to disciplinary actions:

- Dishonest actions or unethical conduct;
- Unauthorised dissemination of the Group's confidential documents and data;
- Acting beyond the authority granted to his/her position; and
- Receiving of gifts or money from business counterparts without prior approval from the Group

Anti-Corruption

An Anti-Corruption policy is in place, setting out rules governing the following areas:

- Reporting on actual or suspected corruption and bribery
- Guidance on gift giving and acceptance
- Training and awareness
- Disciplinary action

The Anti-Corruption policy will be communicated to all employees during the initial staff onboarding process and as appropriate, in accordance with the commitment to ensure that all employees are aware of SMI's stance on anti-corruption.

Whistle Blowing

SMI's whistleblowing policy provides a channel for employees to raise concerns about possible malpractice or improprieties in any matter. Under this policy, employees may report suspected matters of wrongdoing affecting the Group to the Whistle Blowing Officer via the following email: whistleblowing@sin-mi.com. All disclosures will be treated in a confidential and sensitive manner, protecting the identity of the employee that made the disclosure.

For further details, please refer to page 20 - 37 for our Corporate Governance Report in our Annual Report 2018.

SOCIAL

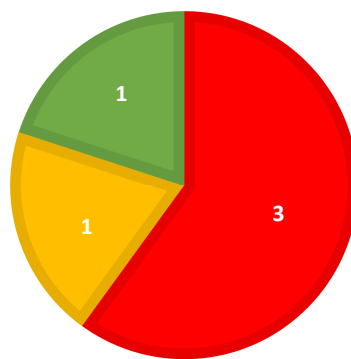
We recognise that people are our most important assets, and that we have to operate ethically and empower our employees with opportunities for learning and development.

Our Employees¹

SMI is responsible for over 700 individuals from diverse ethnicities and backgrounds. We see the importance in giving each and every employee an equal opportunity, regardless of age, gender, nationality and ethnicity. The breakdown of our manpower in our Singapore and Myanmar offices as at 31 March 2018 is as follows:

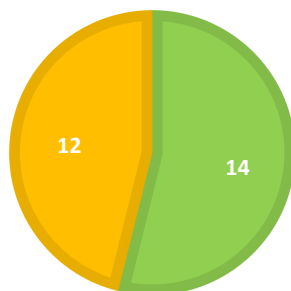
BOARD OF DIRECTORS' COMPOSITION

■ Singapore ■ Hong Kong ■ United Kingdom

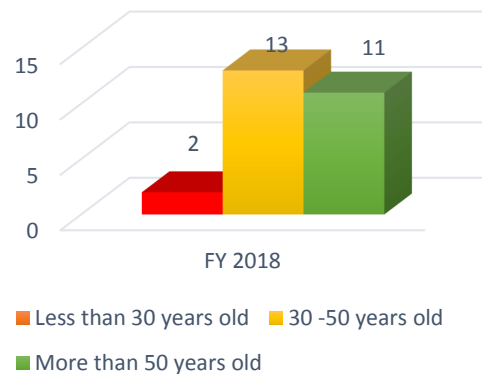


EMPLOYEE GENDER DIVERSITY- SINGAPORE HEAD OFFICE

■ Male ■ Female

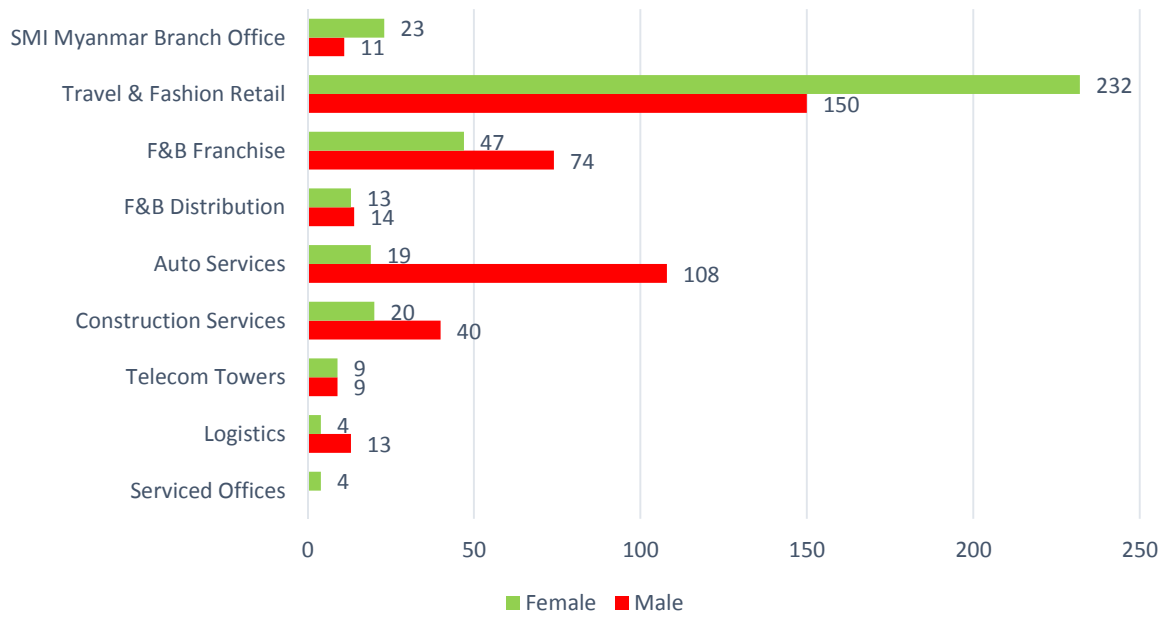


EMPLOYEE AGE PROFILE - SINGAPORE HEAD OFFICE

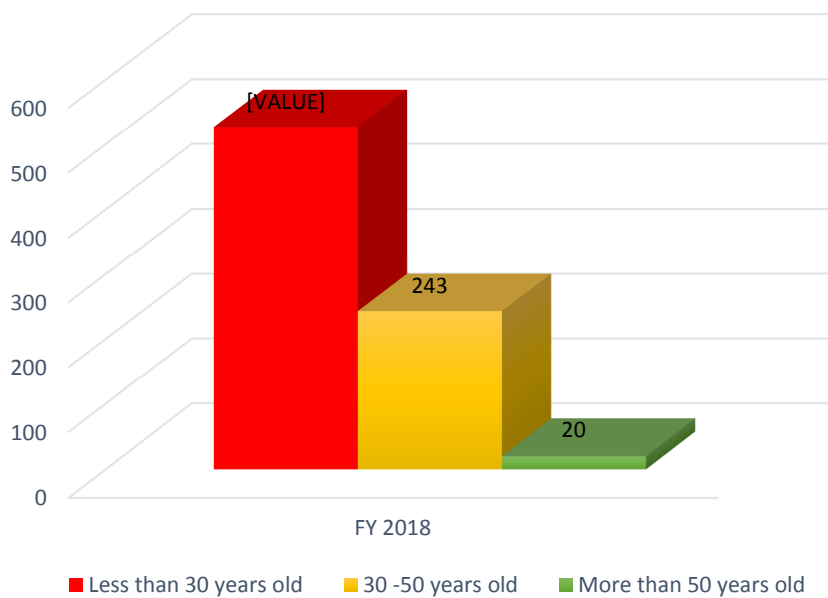


¹ "Employees", in the context of this Sustainability Report, refers collectively to the employees of SMI and its local business partners

EMPLOYEE GENDER DIVERSITY - MYANMAR



EMPLOYEE AGE PROFILE - MYANMAR



Employee Training and Development

Many of our employees are given the opportunity to undergo training to continually develop their skills. These trainings would include language classes on English and Mandarin for employees working at the airport, to equip them with the skills to be able to better communicate with tourists of different nationalities.

Product trainings are also given to the employees from the brands' representatives, equipping our staff with the necessary product knowledge and information.

Furthermore, we also conduct customer service training to our employees internally to ensure that our employees are able to meet our customers' demands and expectations, providing our customers with an excellent experience.



Product training for employees

In the spirit of continuous learning and personal development, we will continue to provide training and development programmes to our employees. We target to have 50% of all employees to undergo at least one training activity in the coming year.

Employee Engagement

The Group also has many platforms where employees are engaged, as we believe that creating an engaging environment is important for employee development.

Some of the events that the Group holds to promote teambuilding and bonding includes the morning exercises that employees participate in together, Christmas celebrations, teambuilding trips and the annual staff party.



2017 Christmas celebration with our employees



STAR Program

Staff Appreciation and Recognition (“STAR”) program is one of SMI’s initiative to create a culture of appreciation and recognition, applauding and rewarding employees whom have demonstrated outstanding achievement within the organization.

The award is open to all full-time employees that have made significant contributions to the Group in one of the following award categories:

- ❖ STAR Sales
- ❖ STAR Service
- ❖ STAR Project
- ❖ STAR Business Performance
- ❖ STAR Initiative
- ❖ STAR Supporter
- ❖ Presidential Award

Apart from the Presidential Award, all other awards are awarded to employees whom are nominated by their fellow colleagues, Business Unit managers and the Awards Selection Committee.

Employee Benefits

In Singapore, monthly contributions to the Central Provident Fund (“CPF”) are made for all Singapore Citizens and Permanent Residents.

Additionally, annual leave, along with other work-family balance schemes such as maternity leave, paternity leave, shared parental leave, childcare leave are given to all full-time employees.



For employees in Myanmar, the Group also contributes to the employee’s social security fund in accordance to the prevailing rates. The social security fund can be used for purposes such as medical treatment, family assistance and unemployment benefits.

Furthermore, all employees are also entitled to annual leaves, paid casual leaves as well as maternity and paternity leaves.

ENVIRONMENTAL

SMI is committed to optimizing the usage of natural resources and minimizing our ecological footprint. With most of our operations being carried out in Myanmar, we are aware that it might be quite a challenge to reduce our environmental footprint.

There may not be sufficient resources or facilities that would aid our efforts in this area. In spite of this, we do acknowledge that it is important that we take steps towards improving our initiatives to manage the environmental impact of our operations.

Reduction of Plastic Use

In our bid to reduce plastic usage, we have considered several areas in our business operations where it would be feasible to do so. We have introduced the use of paper bags for our retail stores, in place of plastic ones.



We have examined other areas in our business operations where we can reduce plastic usage. In the coming year, we aim to introduce a new initiative - replacing the use of plastic cups for milk at our Coffee Bean and Tea Leaf outlets to porcelain milk jars.

We will also continue to remain vigilant in monitoring our compliance with environmental regulations and we target to maintain full compliance with the relevant environmental regulations.

Paper bags used in our retail stores

GRI CONTENT INDEX

GRI Standard	Disclosure Title	Page Reference & Remarks
GENERAL DISCLOSURE		
ORGANIZATIONAL PROFILE		
Disclosure 102-1	Name of the organization	Corporate Profile, Annual report Page 1
Disclosure 102-2	Activities, brands, products, and services	Corporate Profile, Annual report Page 1
Disclosure 102-3	Location of headquarters	General Information, Annual report Page 57
Disclosure 102-4	Location of operations	Corporate Profile, Annual report Page 1
Disclosure 102-5	Ownership and legal form	Corporate Profile, Annual report Page 1
Disclosure 102-6	Markets served	Corporate Profile, Annual report Page 1
Disclosure 102-7	Scale of the Organization	Our Business and Strategies, Annual Report Page 4-12 and Our Employees, Page 10
Disclosure 102-8	Information on employees and other workers	Our Employees, Page 10
Disclosure 102-9	Supply chain	Our Business and Strategies, Annual Report Page 4-12
Disclosure 102-10	Significant changes to the organization and its supply chain	Our Business and Strategies, Annual Report Page 4-12
Disclosure 102-11	Precautionary Principle or approach	Risk Management and Internal Controls, Annual Report Page 37
Disclosure 102-12	External initiatives	None
Disclosure 102-13	Membership of associations	Stakeholder Engagement, Page 5
STRATEGY		
Disclosure 102-14	Statement from senior decision maker	CEO's Message, Annual Report Page 16
ETHICS AND INTEGRITY		
Disclosure 102-16	Values, principles, standards, and norms of behaviour	Employees' Code of Conduct, Page 8 and Employee Engagement, Page 11
Disclosure 102-17	Mechanisms for advice and concerns about ethics	Whistle Blowing, Page 9
GOVERNANCE		

Disclosure 102-18	Governance structure	Corporate Governance Report, Annual Report Page 25 and Materiality Assessment, Page 6
Disclosure 102-21	Consulting stakeholders on economic, environmental and social topics	Stakeholder Engagement, Page 4
Disclosure 102-22	Composition of the highest governance body and its committee	Corporate Governance Report, Annual Report Page 25
Disclosure 102-23	Chair of the highest governance body	Corporate Governance Report, Annual Report Page 25
Disclosure 102-24	Nominating and selecting the highest governance body	Corporate Governance Report, Annual Report Page 25
Disclosure 102-25	Conflicts of interest	Corporate Governance Report, Annual Report Page 25
Disclosure 102-29	Identifying and managing economic, environmental, and social impacts	Materiality Assessment, Page 6
Disclosure 102-31	Review of economic, environmental, and social topics	Material Topics: At a Glance, Page 7
Disclosure 102-33	Communicating critical concerns	Stakeholder Engagement, Page 4
Disclosure 102-34	Nature and total number of critical concerns	Stakeholder Engagement, Page 4
Disclosure 102-35	Remuneration policies	Corporate Governance Report - Remuneration Matters, Annual Report Page 34
Disclosure 102-36	Process for determining remuneration	Corporate Governance Report - Remuneration Matters, Annual Report Page 34

STAKEHOLDER ENGAGEMENT

Disclosure 102-40	List of stakeholder groups	Stakeholder Engagement, Page 4
Disclosure 102-41	Collective bargaining agreements	No employees of SMI are covered by collective bargaining agreements
Disclosure 102-42	Identifying and selecting stakeholders	Stakeholder Engagement, Page 4
Disclosure 102-43	Approach to stakeholder engagement	Stakeholder Engagement, Page 4
Disclosure 102-44	Key topics and concerns raised	Stakeholder Engagement, Page 4

REPORTING PRACTICE

Disclosure 102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements – Investments in subsidiaries, Annual Report Page 84
Disclosure 102-46	Defining report content and topic boundaries	Materiality Assessment, Page 6
Disclosure 102-47	List of material topics	Materiality Assessment, Page 6
Disclosure 102-48	Restatements of information	Not Applicable as this is the first sustainability report

Disclosure 102-49	Changes in reporting	Not Applicable as this is the first sustainability report
Disclosure 102-50	Reporting period	About this report, Page 2
Disclosure 102-51	Date of most recent report	Not Applicable as this is the first sustainability report
Disclosure 102-52	Reporting cycle	About this report, Page 2
Disclosure 102-53	Contact point for questions regarding the report	About this report, Page 2
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	About this report, Page 2
Disclosure 102-55	GRI content index	GRI Content Index, Page 13
Disclosure 102-56	External assurance	About this report, Page 2

MANAGEMENT APPROACH

Disclosure 103-1	Explanation of the material topic and its Boundary	
Disclosure 103-2	The Management approach and its components	Governance, Page 8 – 9; Social, Page 10 – 11; and Environmental, Page 12
Disclosure 103-3	Evaluation of the management approach	

MATERIAL TOPICS

ENVIRONMENTAL COMPLIANCE

Disclosure 307-1	Non-compliance with environmental laws and regulations	Environmental, Page 12
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EMPLOYMENT

Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our Employees, Page 12
Disclosure 401-3	Parental leave	Our Employees, Page 13

TRAINING AND EDUCATION

Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training and Development, Page 11
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Stakeholder Engagement – Employees, Page 4

DIVERSITY AND EQUAL OPPORTUNITY

Disclosure 405-1	Diversity of governance bodies and employees	Our Employees, Page 10
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