



SHWE TAUNG

2019 Sustainability Report



Acknowledgements

The preparation and publication of our first Sustainability Report involved the participation of a significant number of dedicated people. We are grateful for the advice and support of individuals and teams within Shwe Taung Group.

This Report was developed by our Communications and Sustainability Development Department, with the support of Yezer.

The Group expresses its gratitude for the feedback and time offered by its stakeholders, especially representatives of the Business Coalition for Gender Equality Association, the IFC, Lwin Co Htwe Co. Ltd, the Ministry of Construction, the Ministry of Natural Resources and Environment Conservation, the Myanmar Centre for Responsible Business, the Myanmar Engineering Council, Sinma Construction Co. Ltd, Thant Myanmar, and WWF Myanmar.

Disclaimer

This document was published on August 2020. It reflects, to the best of our knowledge, the current performance of the Group. It may contain forward-looking information on the Group (including objectives and trends), as well as forward-looking statements.

Such forward-looking information and statements included in this document are based on economic data and assumptions made in a given economic, competitive and regulatory environment. They may prove to be inaccurate in the future. Shwe Taung assumes no obligation to update publicly any forward-looking information, statements, objectives or trends contained in this document, whether as a result of new information, future events or other factors.

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STRATEGIC REPORT

ABOUT SHWE TAUNG GROUP

At Shwe Taung Group, our 7,000 people are proud to belong to a leading local company that embraces international standards and contributes responsibly to the growth of Myanmar.

Ever since our business was established in the 1990s, we have consistently looked ahead and worked as one to ensure a sustainable future for our country, its people and their families. In the decades since then, our Shwe Taung Foundation has helped build over one hundred schools across the country, and continues to enrich our nation by providing opportunities for education today and tomorrow (you can find more information on page 43).

Driving us forward are our values of integrity, responsibility, entrepreneurship, and resilience, all forged over time from a commitment to set the highest standards and to comply with international best practices.

It is our shared belief in inclusive growth for all our people that inspires us to focus on caring for our customers, employees, stakeholders, partners and our community.

Together, we champion corporate social responsibility among Myanmar businesses, and our six business divisions converge upon a sustainable, long-term purpose that propels smarter growth for our nation.



**BUILDING
MATERIALS**



DISTRIBUTION



**ENGINEERING
AND
CONSTRUCTION**



**INFRASTRUCTURE
INVESTMENTS**



LIFESTYLE



REAL ESTATE

VERTICALLY INTEGRATED GROUP WITH SIX BUSINESS DIVISIONS

**SHWE TAUNG**
Building Materials**Laying the foundation for sustainable development**

- Over 500,000 m³ of concrete manufactured yearly and growing
- 2 million metric tonnes of cement production capacity
- One of the first pre-cast manufacturers in Myanmar

**SHWE TAUNG**
Distribution**Driving solutions for success**

- 3,000+ businesses empowered to succeed
- 15 international standard petroleum stations across Myanmar
- 20,000+ daily bus passengers (between cities)

**SHWE TAUNG**
Engineering & Construction**Building Myanmar's future**

- 480+ engineers working to deliver quality projects
- 200+ building and construction projects completed
- 700km+ of road constructed
- 70km+ of railway under construction
- 50+ bridges built

**SHWE TAUNG**
Infrastructure Investments**Enabling sustainable growth for Myanmar**

- 52 MW power plant in operation
- 60 MW under development
- 262 km toll road concession & operation

**SHWE TAUNG**
Lifestyle**Creating experiences that inspire new lifestyles**

- 16+ million people listening to Padanyar FM
- 2 million moviegoers in our 9 JCGV cinemas
- 3.2 and 1.9 million customers at BreadTalk and Food Street respectively in 2019

**SHWE TAUNG**
Real Estate**Shaping urban landscapes**

- 7 million sqft of office, retail and residential real estate under management
- 15,000+ residential units developed
- 2 million+ shoppers monthly across our Junction Centres

STRATEGIC REPORT

Shwe Taung Group has a nation-wide footprint

We have an extensive presence across the country, with the successful execution of a variety of projects that have contributed to the development of Myanmar. The map below highlights some of the most significant projects delivered by Shwe Taung Group.



Mobility solution provider
20,000+ daily intercity bus passengers



Sagaing Highway
188 km of toll road connecting
3 major cities in Upper Myanmar



Dagon Seikkan Smart District
1,000 acres of urban
infrastructure development
and 300 acres of land for private
and commercial development



FoodStreet
The biggest international-
standard food court serving
300,000+ customers yearly



Pyi Nyaung Cement plant
Production capacity of 2 million tonnes of cement per annum



Baluchaung 3
52 MW hydropower plant powering the country



Crystal Tower and Crystal Residences
1.2 million sqft of integrated development, including 159 residential units in Crystal Residences



Junction City
2.6 million sqft world-class integrated development

STATEMENT FROM OUR BOARD OF DIRECTORS

Dear Readers,

We started our business 30 years ago, with a simple construction project in Yangon. Since then, driven by our values, purpose, and willingness to contribute to Myanmar's development, we have grown along with the country. Today, Shwe Taung is one of the leading companies in Myanmar: every day, millions of people across the nation use our products, solutions, and services. Every day, our people, contractors, and suppliers are working hard to fulfil our customers' expectations. Shwe Taung is a company powered by the trust of its stakeholders and it is our responsibility to create long-term value that will benefit all of them.

As members of the Board, our primary responsibility is to ensure that Shwe Taung is a company that is positioned for the future, and well equipped to deal with the challenges of tomorrow. In short, we have to strengthen the sustainability of our business model. In the past few months, we have focused most of our time and effort on three areas.

First, creating a stronger corporate culture. The more we expand our business, the more we rely on our people to make the right choices. Indeed, at Shwe Taung, our values and business ethics are paramount. We all abide by our Code of Conduct, regardless of our position, title, or function in the organisation. However, we also need to attract talents who will be able to appreciate our company's culture. Hiring the right people is critical for our long-term success, precisely because we aim to empower them further.

Second, improving the efficiency of our decision-making process. The complexity and scale of our diverse businesses require a new way of making decisions that is less centralised and more resilient. Likewise, to enhance the quality of our choices, we need better insights. That is why we decided to fundamentally transform our corporate governance and to restructure our reporting system. On corporate governance, we continue to work with IFC to define and align our corporate governance framework progressively with international best practices. Regarding our reporting system, we invested in structuring and clarifying our reporting across the Group to get better data in a shorter period of time and with higher frequency. The combination of these two components will strengthen our organisation.

Finally, walking the talk about sustainability. We firmly believe that the only way to achieve sustainable development in Myanmar is for each of us to play our part. Therefore, in 2019 we decided to clarify our approach regarding sustainability. Indeed, we believe that Shwe Taung has to assume leadership and demonstrate trustworthiness; this will be a critical factor in Shwe Taung's success. It will enable us to access new sources of funding, create stronger ties with various responsible partners, bring better solutions and products to Myanmar, and embrace a long-term and transparent approach to doing business.

This document reflects our ambition. It will provide you with a comprehensive and integrated overview of our performance in 17 areas that we consider critical for the future of Shwe Taung. Our sustainability team will implement our strategy, and the implementation will be overseen by the Sustainability Committee of our Board of Directors. As this is our first report, we are well aware that there may be room for improvement. We are pleased today to share with you our first sustainability report and we would be grateful to receive your comments and questions regarding this report by email at info@shweitaunggroup.com.

We thank you for your continued trust in and support of Shwe Taung Group.



Mr. Aik Htun
Chairman



Mr. Aung Than
Vice-Chairman



Mr. Ye Myint
Vice-Chairman



Mr. Aung Zaw Naing
Executive Director
Shwe Taung Group CEO



Mr. Win Htay
Executive Director



Ms. Sandar Htun
Executive Director

DOING WHAT IS RIGHT



Mr. Aik Htun,
Chairman

"Every day, we have to do what is right, what we believe in, what will help us make a difference. Ultimately, in everything we do, we always consider how we serve and interact with our stakeholders. Shwe Taung is a company powered by its core values and its purpose. Our values define our identity, our behaviour, and how we want to conduct our business. Likewise, our purpose clarifies what motivates us and why we are striving to be a sustainable and responsible organisation."

Our Corporate Values



INTEGRITY

Trust is the foundation of our relationship with stakeholders.
We are always open, honest, fair and ethical.
We conduct our business according to the highest standards of corporate governance and in compliance with all applicable laws.



RESPONSIBILITY

We help the communities around us live better, safer and happier lives.
Environmental sustainability is core to our business.
We aim to create a positive and lasting impact on the world.



RESILIENCE

We are committed to delivering on our promises.
We overcome challenges with flexibility.
We face adversity with courage, dedication, and hard work.



ENTREPRENEURSHIP

We always put our customers first.
We look for creative solutions to solve challenges.
We create new possibilities through innovation.

Our Purpose

SMARTER GROWTH

At Shwe Taung, we thrive on earning and safeguarding the trust of our stakeholders in everything we do every day, because we aim to shape a better future for Myanmar.

As a corporate citizen, we are driven by our values of integrity, responsibility, entrepreneurship, and resilience. We are responsible for demonstrating that we are part of the solution. We will always avoid harming our people, society, and nature. We champion accountability and business ethics, as we believe that embracing demanding business standards is critical for shaping a better tomorrow.

As a company committed to sustainability, our engineers strive to innovate, design, and deliver future-proof infrastructures and solutions. Our teams are passionate about bringing the best technologies, products, and experiences to our country and making them accessible to all.

As a significant employer, we bear a specific responsibility to enhance Myanmar's human capital. Our ambition is to provide our current and future employees with a respectful, safe, and rewarding workplace. We invest in building the capacities of our people to develop the skills they will need to move our country forward.

At Shwe Taung, this purpose leads us: shaping a better future for Myanmar.

Shwe Taung Group | Inspiring Lives. Sustaining Progress.

STRUCTURING OUR CORPORATE GOVERNANCE FRAMEWORK

Shwe Taung Group refers to different companies that share a common set of interests. All the companies that are part of the Group are fuelled by the same values and common purpose. Moreover, most of the companies that are part of our Group are owned, controlled, and managed by the same people.¹

Governance Framework

Our governance framework reflects our corporate structure. Elected by our shareholders, and led by our Chairman, our Board of Directors has the responsibility to oversee and ensure the relevance and sustainability of our business model. It is supported by boards and management committees in each of our Business Divisions.

The Group's Corporate Governance Manual covers the Group's corporate governance policies and processes. It includes:

- Group Board Charter² with the roles of the Board, the responsibilities of its directors, its working procedures. This document was approved by our Board of Director in June 2016,
- the Charters for its different committees to state their responsibilities, composition and working procedures,
- the Group's corporate policies including its code of conduct, its related party transaction policy and its conflict of interest policy.

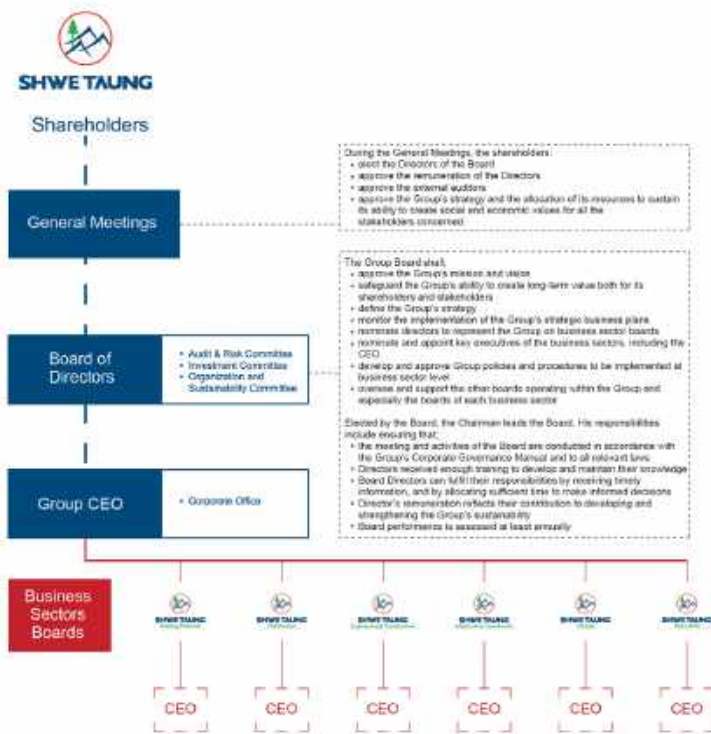
The roles and responsibilities of the different bodies involved in our corporate governance, especially the relationship between the Board and the Management, are detailed in the following diagram:



¹ The main beneficiaries of the Group are mentioned on our website: <https://www.shwetaunggroup.com/about-us/corporate-structure/>

² See: <https://www.shwetaunggroup.com/wp-content/uploads/2018/02/Board-Charter-Shwe-Taung.pdf>

More Specially, Our Governance Articulates The Following Bodies:



Focus on the Governance of Shwe Taung Building Materials

The Board of Shwe Taung Building Materials is composed of 6 Board Members: 4 are Non-Executive Directors, and 2 are Independent, Non-Executive Directors. This Business Sector Board has established two committees:

- the Corporate Governance, Nominations & Remunerations Committee
- the Audit & Risk Committee

They both have three members and are chaired by one Independent Director. The chairperson of the Audit & Risk Committee has specific expertise in finance and risk management.

STRATEGIC REPORT

Activities Of The Board In 2019

Our 6 Board members attended the 4 Board Meetings called by our chairman. Their profile is available on our website.³ Their individual contributions are summarised below:

Directors	Role	Board Meetings: 4	Organization and Sustainability Committee Meetings: 5
U Aik Htun	Non-Executive Chairman	★ ★ ★ ★	
U Aung Than	Non-Executive Vice-Chairman	👤 👤 👤 👤	
U Ye Myint	Non-Executive Vice-Chairman	👤 👤 👤 👤	★ ★ ★ ★ ★
U Aung Zaw Naing	Executive Director	👤 👤 👤 👤	
Daw Sandar Htun	Executive Director	👤 👤 👤	
U Win Htay	Executive Director	👤 👤 👤 👤	👤 👤 👤 👤 👤

- ★ Meeting chaired
- 👤 Meeting attended

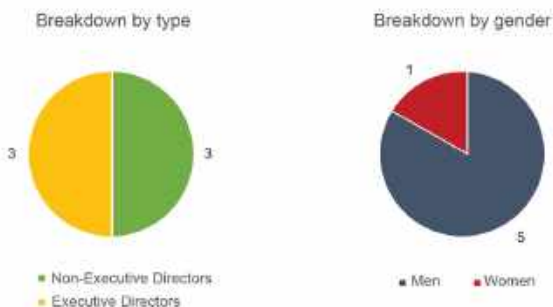
Our Audit and Risk Committee and Investment Committee did not meet in 2019. Instead, their duties, detailed in our Board Charter, were assumed by the Board directly. Thus, all Board Members can better appreciate the range of topics to be discussed.

The following table details the activities of the Board for 2019.

	BOD Meetings			
Topics discussed	1	2	3	4
Governance updates	★		★	
Business investment		★		★
Business review	★			
Capital allocation	★			
Strategic planning	★			
Annual report	★			
Audit plan	★			
Financial statements	★			
Quarterly reporting	★	★	★	★

³ See: <https://www.a1welaunggroup.com/about-us/corporate-structure/>

Board Profile



A Board Committee Dedicated To Sustainability

We established the Organisation and Sustainability Committee (OSC) at Board level to ensure that sustainability was considered a critical priority. Chaired by U Ye Myint, one of our co-founders and vice-chairmen, the Committee is tasked to oversee the efficiency of our policies and strategy related to corporate governance, business ethics, and sustainability.

The Committee ensures that the management of environmental and social (E&S) risks is properly implemented across the Group, as ensuring the sustainability and acceptability of our operations is crucial. Our Code of Conduct includes various policies that pertain to social, human rights, and environmental topics. To enhance our management system, we asked an independent third party to assess our current practices and to provide us with actionable recommendations. Following their report, the Group reorganised its sustainability teams. As a result, in 2018, the IFC trained our people to reinforce their skills on E&S matters; 40+ individuals attended three workshops.

In 2019, the Committee discussed various policies and programs covering the following areas: childcare services, performance management, bullying and harassment, and mentoring. It also offered recommendations for the better structure of the Corporate Office to ensure its effectiveness.

Investing In Projects That Will Benefit All Our Stakeholders

We consider the following factors when reviewing a project:



Our Board will only consider a project and make a decision if we can answer positively to the three questions above, as the project would then be aligned with our purpose. If we cannot answer positively to the questions but we still believe that the project is worth pursuing, we have to amend and update the project's impact and financials to pass this scorecard. As we are mainly purpose-driven, we can accept a lower economic return on investment if it maximises the value created for our stakeholders or if it significantly helps to reduce the impact of our operations on the community and environment.



In 2017, we issued the first Code of Conduct, which applies to all employees and directors of Shwe Taung Group, and all related entities and subsidiaries.

It includes concrete and operational instructions to help our people make the right choice, every day. It covers and details various policies such as Human Rights and Labour Rights; Anti-Corruption and Anti-Bribery, Conflict of Interest, Whistle Blowing, Stakeholders' Grievance and Dispute Resolution, etc.

In 2019, we received 44 complaints related to our Code of Conduct and terminated 2 contracts. In 2020, we are revising our Code to ensure its relevance and comprehensiveness.

EMBEDDING SUSTAINABILITY IN OUR CORE BUSINESS

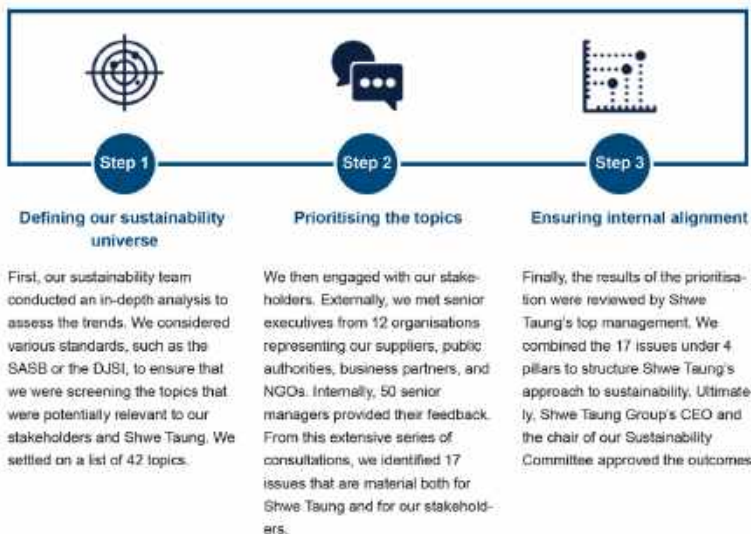


Mr. Ye Myint,
Vice-Chairman

"At Shwe Taung, sustainability is a core, fundamental value, because our expertise and solutions can help Myanmar build sustainable infrastructure that will foster its economy. We strive to embrace international standards and to be fully accountable for our actions. Our sustainability strategy focuses on what matters for our stakeholders and Shwe Taung's future."

Building A Sound Approach To Sustainability

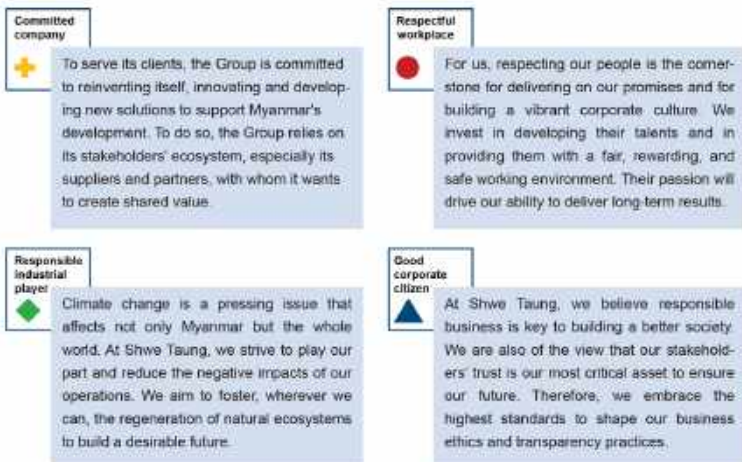
To prosper, businesses have to develop a business approach that includes their key stakeholders. The better they can meet their expectations, the more likely they will be able to thrive, as this ensures alignment of their interests with their stakeholders'. In 2019, we decided to structure our approach to sustainability at the Group level.



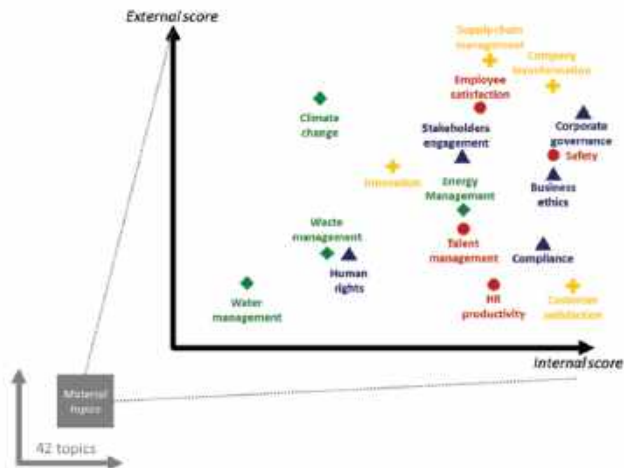
We believe that as a result of this process, and with the disclosure of this report, we comply with the spirit of AA1000AS standards and with various other international standards related to non-financial reporting (see page 45).

Our Materiality Analysis

Out of our chosen 42 topics, we identified 17 issues that are material and critical both for our stakeholders and for Shwe Taung. Each issue pertains to a pillar of our strategy.



The result is our materiality analysis:



Shaping a better future for Myanmar



SHWE TAUNG

*Inspiring lives.
Sustaining Progress*

As a purpose-driven company, our strategy is focused on addressing the needs of our country and our citizens. Our 6 Business Divisions are part of a common value chain, and we leverage on synergies across our Group.

This integrated business model can benefit the nation and Myanmar people. It fosters economic development with positive impact while mitigating social and environmental impacts induced by our activities.

We recently achieved several milestones that we are proud of.



SHWE TAUNG

Building Materials

We produce high-quality, low-cost building materials locally, lowering the cost of national development.

Business

Results

- We welcomed a new CEO
- Our second production line is now operational
- Signing of Letter of Intent between MONREC and Shwe Taung Cement for Biodiversity Offset Project
- We maintained our ISO 9001:2015 certification
- Unfortunately we recorded 2 fatalities



SHWE TAUNG

Distribution

We distribute high performance vehicles and machinery from Europe that provide innovative and cost-efficient solutions that benefit clients and their customers.

- We launched our network of petrol stations in partnership with Singapore's SPC
- Our workshop in Yangon is now certified for painting-related work
- Our Yangon and Mandalay branches maintained their certification
- We provided 39 buses for a new bus line that is accessible to people with disability



SHWE TAUNG

Engineering & Construction

We are building the future of Myanmar by creating international-quality housing, commercial developments, transportation, infrastructure and energy solutions.

- We worked on 65 projects in 2019
- We are working to upgrade the Yangon Circular on time
- We signed a partnership with Marubeni
- We support Powered by Women, an IFC-led initiative



Shwe Taung is one of the largest tax payers in Myanmar, we paid MMK 28+ billion in the financial for fiscal year 18/19.



With our Safety Pledge we aim for zero harm in our workplace.



We ranked 3rd in the 2019 Pwint Thit Sa report.



We are one of the founding members of BCGEA, and Ms. Mi Mi Khaing serves as Vice Chair of its Board.



We are the first company to be awarded group-wide EDGE Access Certification in South-East Asia



We contributed 110 schools that benefit 100,000+ students nationwide every year



Our investments in renewable energy and transportation infrastructure sustain the development of the nation.

- We engaged hundreds of villagers to assess the social impacts of the Deedoke project and appointed 11 women as village focal points
- We asked a third party to assess our Environmental and Social (E&S) Management System to identify areas of improvement
- Our Group CEO presides the newly established Myanmar Hydropower Developer's Association



Transforming lifestyles in Myanmar, we fulfil the aspirations of a growing consumer class by bringing quality, new-to-market entertainment, retail and F&B experiences.

- We started operating various outlets for BreadTalk and engaged our customers to reduce our plastic waste
- We enhanced the experience of our customers by offering the first online cinema ticketing and by introducing premium cinema shows



By taking a long term perspective of the property landscape, we help create sustainable urbanisation solutions for Myanmar.

- Junction City received the first Green Mark retail and office awards issued by Singapore's Building and Construction Authority in Myanmar
- We celebrated the 20th anniversary of our brand Junction
- We enhanced some of our assets to ensure a pleasant shopping experience for our visitors

COMMITTED COMPANY

New opportunities are arising in Myanmar as the country develops its vital infrastructure. The number, scale, and magnitude of the projects are unprecedented: the ADB estimates that Myanmar needs to invest almost USD 10 billion yearly between 2017 and 2030 to bridge its infrastructure gap.⁴ Traditional organisations will not be able to seize these opportunities alone; they need to forge strategic business alliances to access financial, intellectual, and human capital. Thus, transforming Shwe Taung is vital to ensure its sustainability.

"For us, one of the most critical factors in the success of Myanmar's development is investment in sustainable projects, where all impacts are understood across their project life cycles. We believe investors and capital providers are more willing to finance this kind of project: the risks are better appreciated and their costs lower. Shwe Taung is transforming itself to become the partner of choice for developing such sustainable projects in Myanmar."



Mr. Aung Zaw Naing,
Group CEO
Shwe Taung Group

INVESTING TO MAKE OUR COMPANY FUTURE-READY

In Myanmar, Shwe Taung is one of the few companies that has managed to partner with international financial institutions such as the IFC because we decided to initiate the transformation of our company a few years ago. Moreover, we have taken a precautionary approach to risk management that always honours our commitments. These are steps in the right direction; however, we need to continue our efforts and to focus on the following: strengthening our culture, empowering our organisation and optimising our performance.

2019 was a pivotal year for our business culture. Changing mindsets is critical; that is why we are engaging more with our people. In May 2019, our Chairman briefed all the managers on the new management principles they should observe and disseminate among their respective teams. Likewise, senior executives organised "Culture Day" events in their Business Divisions to inspire better practices in areas such as safety (see page 31 for more information), compliance, quality management, respectful workplaces, and customer service. This shift is essential in order to empower our people at Shwe Taung and hold them accountable for their performance.

On the organisational side, we worked on several components to reinforce our decision making. We streamlined our corporate structure, and the synergies between our 6 Business Divisions are clarified (see page 4). A new CEO was appointed last year to lead Shwe Taung Building materials as we are ramping up our production capacity now that our second production line is now fully operational. Also, we implemented various IT solutions to get better information about the Group. For instance, we consolidated our financial data for the first time to get a better overview of the entirety of the assets owned, operated and managed by Shwe Taung. Likewise, one of the objectives of our non-financial reporting system is to provide us with consolidated data on issues that are material for the Group. With these better insights, we can evaluate our performance more precisely, ensure that our managers have the right metrics to execute our strategy more effectively and ultimately optimise the allocation of Shwe Taung's resources.

⁴ See: ADB, Myanmar: Progress and Remaining Challenges, November 2019.

Finally, the performance of our operations, each CEO is accountable to the Board of Directors for delivering sustainable performance against a scorecard that combines different criteria related to finance, operations, and sustainability. Last year, for the first time, we used various key performance indicators to assess the performance of our people, evaluate their contributions, and reward them accordingly. This major shift, experienced first by Shwe Taung Distribution last year, is the first step to unlocking our potential and building stronger teams.



Pioneer in green financing in Myanmar

In February 2020, OCBC Bank agreed to provide Shwe Taung Group with a USD 44 million green loan. This is the first green loan in Myanmar, made possible by Junction City Shopping Centre's attainment in January 2020 of the internationally recognised Green Mark certification issued by the Building and Construction Authority of Singapore.

ENGINEERING INNOVATIVE SOLUTIONS FOR MYANMAR

Most of the major investment projects identified by the Government of Myanmar⁹ are related to power, transport and urbanisation projects. Shwe Taung is involved in some of them, such as the upgrading of the Yangon Circular Railway and the National Electrification Project. Our values shape our approach to innovation: as an entrepreneurial company, we are keen to partner with leaders to bring cutting-edge technology in Myanmar; as a responsible business, we strive to optimise the impact of our projects throughout their lifecycle.



Ms. Sandar Htun,
CEO of Shwe Taung
Real Estate, Shwe
Taung Lifestyle

"To create sustainable value for all our stakeholders, we embrace a long-term and holistic approach to doing business. We believe the innovation of today generates the value of tomorrow.

Humanity is now so much more closely connected than we could ever have imagined. We strive to ensure that the sustainable practices we adopt will bring about positive change for everyone."

⁹ See: <https://projectbank.gov.mm/en/activity-140/>

COMMITTED COMPANY

Developing The Solutions Of Tomorrow

At Shwe Taung, we aim to bring world-leading technologies and practices to Myanmar. We are keen to establish strategic partnerships with companies that demonstrate their ability to innovate.

For example, Shwe Taung partnered with Kansai Electric Power from Japan and Andritz Hydro, an Austrian world-leading expert in hydropower business, to develop a project that will be the first 'low-head' run-of-river hydropower plant in Myanmar. Unlike other types of dam, this technology does not require a reservoir, which considerably reduces its social and environmental impact. The Group is currently developing this project and is engaging actively with all the local communities (see page 41) to ensure that all parties will benefit from this project. In 2019, Shwe Taung became a founding member of the Myanmar Hydropower Developers' Association (MHDA) which is supported by the IFC. The Association has four focus areas: development of model transactional documents; project procurement; environmental and social matters; and small hydropower. Our Group CEO is currently serving as the Chief of its Executive Committee.



Closing the loop?

Shwe Taung Engineering and Construction was recently awarded a tender by the MOG to upgrade a road using up to 10% recycled plastic materials for construction. In this pilot project, 5.5 tonnes of transparent recycled plastic bottles will be reused. It will provide a baseline and a pool of experience for similar projects in the future.

Key data



20% of our R&D expenditure is expected to have positive impact on the environment



In the future, with our renewable capacities, we aim to generate 690 GWh yearly



4 km of road will be built using up to 10% recycled plastic materials



The waste heat recovery project will reduce CO₂ emissions from our cement plant by 17%

Considering The Value Of Our Assets Over Their Lifespan

We consider the impact of our projects and assets throughout their lifecycles. For instance, certain features might represent additional costs at the initial stage of a project but bring additional value later on. Myanmar has a strong potential for solar, and it can be easy to develop - for example, solar panels on rooftops, which then contribute to lowering energy consumption from the grid. However, it also requires greater spending to ensure the safety and the integrity of the building.

Likewise, when we consider all the stages of the lifecycle, we can begin optimising the projects during the design phase. Shwe Taung Real Estate is currently developing a shopping centre in Phyu. Our experts used BIM software to begin adding both passive and active improvements to the project right from its inception.

Likewise, when we consider all the stages of the lifecycle, we can begin optimising the projects during the design phase. Shwe Taung Real Estate is currently developing a shopping centre in Phyu. Our experts used BIM software to begin adding both passive and active improvements to the project right from its inception.



Investing in R&D

In 2019, 54% of Shwe Taung Building Materials' capital expenditure was aimed at improving its environmental performance. Moreover, in 2020 the Group announced a waste heat recovery project that will cut the CO₂ emissions of our cement plant by 17%.

COMMITTED COMPANY

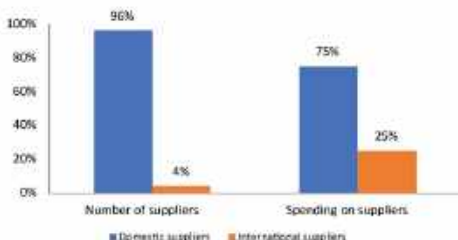
ENHANCING OUR VALUE CHAIN

Raising Our Supply Chain Standards

To deliver our projects, we rely on our value chain: our suppliers and contractors are central to our ability to succeed. Across our Group, we work with 2,500+ companies, of which 96% are Myanmar-based companies (see chart 1).

Through our supply chain, we enable and support the creation of thousands of jobs, while contributing to the government budget through taxes paid. We are working closely with our main suppliers to ensure that they abide by the same safety and business ethics principles as we do. We are also conscious that we need to support them and to raise awareness first before sanctioning them. We therefore aim to establish long-term relationships with them as it helps to improve their business practices.

Chart 1 - Our Suppliers' base



Moreover, in 2019, Shwe Taung Engineering and Construction provided dozens of items of personal protective equipment to its contractors to ensure that their employees could perform their job safely. Likewise, to comply with the requirements of the brands it distributes, Shwe Taung Distribution audited some of its suppliers to control the quality of their work. Finally, Shwe Taung Building Materials will screen its suppliers more systematically to ensure their compliance with its requirements.

Striving To Satisfy Our Customers



Mr. Chan Mya,
CEO of Shwe Taung
Distribution

"At Shwe Taung Distribution, we aim to build a customer-centric organisation by listening to customers' needs and by always doing our best to find solutions that will exceed their expectations without compromising on the quality of our services. We want to be recognised for our ability to provide our clients with a flawless experience."

Our Business Divisions operate in various sectors and therefore use different metrics to measure the satisfaction of their customers. However, they all share the same passion for offering all our customers a flawless experience when they deal with us; it is part of Shwe Taung's commitment. SPC served more than two million customers in 2019 and received only 259 complaints, working out at only 0.01 complaints per hundred sales, reflecting our ability to meet our customers' expectations time and time again.



We also consider it our responsibility to engage with our food and beverage tenants: we want our shoppers and visitors to enjoy their experience with us. Shwe Taung Real Estate has established a standard for assessing the quality of the restaurant kitchens in its shopping centres. Restaurants are inspected daily, and every quarter the restaurant that achieves the highest score receives our "Best Kitchen Award". This encourages our tenants to improve their food safety practices.

In 2019, we invested in maintaining closer relationships with our clients. Shwe Taung Lifestyle expanded the network of BreadTalk branches across the country with the opening of new outlets in Hledan, Junction Mawtin and Junction 8. Ten years ago, we opened our first cinema in Nay Pyi Taw, and in 2019, we opened our ninth in Kan Thar Yar shopping centre. We also launched the first online ticketing system in Myanmar for our consumers, available on both iOS and Android platforms.

To ensure the quality of our services, we abide by stringent standards. For example, our service centres are audited and certified by our business partners.

Furthermore, as we are selling genuine and legally imported products, all our products come with a warranty, offering protection for our consumers. Finally, before long public holidays, we usually provide a free safety check to our clients, so that they can drive safely when visiting their loved ones.



"Medi Myanmar Group Ltd. has had a positive working relationship with Shwe Taung Group since becoming a tenant at many of their world-class shopping centres in Myanmar. As a tenant, it is inspiring to see how Shwe Taung Group is investing in environmentally-friendly and energy-efficient technologies, since these will play a key role in the sustainable development of our community."

Dr. Su Hla Han, Executive Director, Medi Myanmar Group Ltd

Key data



RESPECTFUL WORKPLACE

According to an estimate by ASEAN, there is a projected undersupply of 13 million semi-skilled workers in Myanmar by 2030.⁸ Attracting, developing and retaining skilled individuals, therefore, is more critical than ever to securing the future of our operations. We cannot grow our organisation and seize new market opportunities without developing the talent and potential of our people. That is why we aim to become an employer of choice.

"Building a respectful workplace provides a competitive advantage. People are more committed when they feel respected. This leads to better customer service, as well as higher quality and productivity. Shwe Taung is fully committed to being an inclusive employer and embraces a zero-tolerance approach to discrimination. We strive to reveal and develop the potential of all our employees."



Ms. Mi Mi Khaing,
Deputy CEO of
Shwe Taung
Real Estate

BECOMING AN EMPLOYER OF CHOICE

More than 7,000 people work with us to shape Myanmar's future every day. (Please refer to the breakdown of our workforce in chart 2). We are responsible for providing them with safe, respectful, and fulfilling working conditions. At the Board level, our Organisation and Sustainability Committee oversees the Group policies in the areas of business ethics, human capital development, and safety. Group-wide, our HR team is largely responsible for ensuring our compliance with the law and defining and implementing our action plan to develop the talent of our people. Safety, meanwhile, is the responsibility of our Health Safety and Environment (HSE) team.



⁸ See: ASEAN, Master Plan on ASEAN Connectivity 2025.



SHWE TAUNG

The EY Myanmar organisation
to receive Group-wide EDGE certification



Respectful Workplace
The best way we can build the business

"Respect is an essential part of a great workplace
where all of us are given the same opportunities to excel"
Founder & Chairman
LINA HOON



In 2019, we reinforced our HR structure, policies, and principles:

Our Board Members engaged with our employees to diffuse our new Management Principles, and to strengthen our corporate culture (see page 21). To support this effort, we developed a mentoring programme to foster our management practices, reinforce the cohesion between our employees, and encourage teamwork.

New policies were introduced to provide practical guidelines to our employees: a Social Media Policy to safeguard our reputation online, and a Respectful Workplaces Policy.

We established a Workers Grievance Committee (WGC). We informed our people of their rights, reinforced our grievance mechanism procedures, and provided training. We strive to build a workplace where everybody is respected and feels able to speak up when something is not right. We received 44 complaints in 2019; the three main categories pertained to:

- interpersonal issues either with their direct report (11), their peers (8), contractors and suppliers (3), or harassment (2).
- working conditions (6).
- remuneration (7).

We resolved 100% of the complaints submitted by our employees last year.

Offering Equal Opportunities To All

Shwe Taung is committed to offering a respectful workplace to its people. We are a founding member of the Business Coalition for Gender Equality, which is co-chaired by our BOD member Daw Mi Mi Khaing. Moreover, in 2018, Shwe Taung was among the first Myanmar companies awarded with EDGE Assess certification (the leading global assessment and business certification for gender equality), and we are the only company in the Southeast Asia region to receive group-wide certification. This demonstrates our efforts to create equal career opportunities for women and men.

In 2019, 1,800+ people joined Shwe Taung. At the end of the year, 31% of our workforce was female (see chart 3). Today, women account for 34% of engineers and managers: this is slightly better than the average ratio, but we can do more to ensure gender equality. Last year, the only person elevated to a top management position was female. When we promote someone, we only consider their performance, not their educational background, gender, or age. 52% of the promotions granted to people for managerial positions in 2019 were offered to women. Likewise, there is no pay gap between men and women: the remuneration is set regardless of gender. With support from IFC, we provided 87,000+ hours of training to 5,375 people on 'Respectful Workplaces' across the Group and training for our Workers Grievance Mechanism Committee on sensitive handling of complaints. We also benefit from the expertise of the BCGEA who provided various gender training sessions including on harassment and creating an inclusive workplace.



Supporting Powered by Women

Powered by Women is an IFC-led initiative helping renewable energy companies build the business case for gender diversity. As part of this program, we made two commitments to close gender gaps in our work – by creating respectful workplaces free from bullying and sexual harassment, and by including women in community stakeholder engagements. (see page 42)

RESPECTFUL WORKPLACE



Connecting our people

We launched Shwe Taung Connect in 2017. It aims to improve the communication between our people by making information about the Group accessible on a mobile device. They can also report any concerns through the app, with the option of reporting anonymously. Our app was installed thousands of times by our employees.

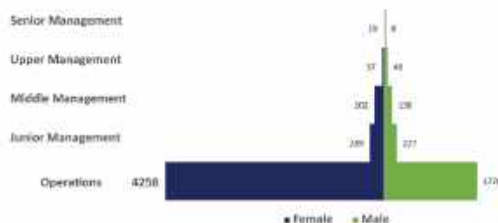
Key data



Chart 2 - Breakdown of our headcount



Chart 3 - Breakdown of our headcount by gender and level





Enhancing work-life balance for parents

We aim to retain 100% of our employees who take parental leave. We established five childcare centres across the Group to support our employees, open during weekdays and working hours. This service is offered to our employees to facilitate their work-life balance. In each centre, we have a teacher to take care of the children. Shwe Taung Engineering & Construction has recently set up two such centres. Today, we welcome dozens of children daily, making the lives of our employees easier.

Developing The Skills Of Our People

48% of our personnel are in their twenties. We have a specific responsibility to develop their skills as they will be essential to the future development of Myanmar.

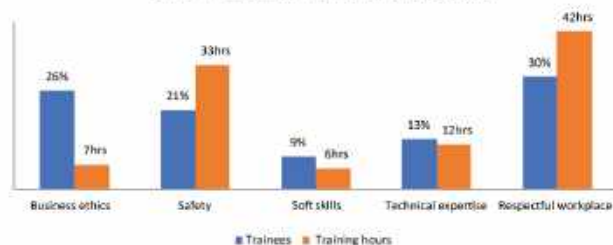
In 2019, we invested in sharpening the skills of our employees, providing 200,000+ hours of training and over 890 sessions where 17,000+ trainees attended.

The priorities for last year were the following: respectful workplaces, safety, and business ethics. We also offered specific training to develop managerial skills and ad-hoc training to reinforce the quality and efficiency of our customer service.

Finally, we organised additional specific training sessions, such as those related to ISO standards, to ensure that we operate to international standards and to maintain our certifications.



Chart 4 - Breakdown of our training efforts



RESPECTFUL WORKPLACE

MAKING SAFETY OUR COMMON RESPONSIBILITY



Mr. Han Thein Lwin,
CEO of Shwe Taung
Engineering &
Construction

"We regard safety as being of paramount importance, and Shwe Taung's safety ethos is deeply embedded in our organisation. We work proactively with all our partners and suppliers to achieve zero harm in our workplace. We will strive to improve our performance not only in safety but also quality and services, raise awareness internally, and ensure that everyone can go home safely every single day"

To conduct our operations and deliver our projects, our employees may sometimes be required to engage in certain activities that are pose a higher risk. It is therefore of utmost importance for us to guarantee them a safe working environment.

In 2019, Shwe Taung's top management pledged to consider safety one of their most important priorities and set a simple yet ambitious goal: zero harm in our workplace. Moreover, it reassures our personnel, our suppliers and our contractors that the safety and the integrity of the people working with us are paramount.



Safety Pledge

We, the Management of Shwe Taung Group of Companies (hereinafter referred to as "Shwe Taung") pledge to ensure the highest standards of safety and health.

We support ISO 45001 as a global standard and will continue to work hard and continuously to ensure for a safe and healthy workplace for all our employees, apprentices, contractors and the community.

We will protect our employees' health and safety in the spirit of other activities:

 CEO Han Thein Lwin	 Chairman U Kywe Aung	 Director U Kywe Aung
 Director U Kywe Aung	 Director U Kywe Aung	 Director U Kywe Aung
 Director U Kywe Aung	 Director U Kywe Aung	 Director U Kywe Aung

A significant evolution took place last year regarding safety at Shwe Taung. We reviewed our HSE organisation to ensure the compliance of our operations with the new Myanmar Occupational Health and Safety Law.

Moreover, to strengthen our organisation, we decided to update all our job descriptions to include a component related to safety in each of them. Across the Group, everyone is responsible and accountable for our safety performance. We updated the performance scorecard used to assess the performance of our employees to include a specific safety component; their performance in this metric impacts the calculation of their bonus.

In 2019, 3,791 persons were trained on safety, 40 persons received specific training on first aid. We also organised a session dedicated to fire safety, which was attended by 328 persons.

We recorded 28 lost-time accidents: 23 lost-time accidents related to employees and 5 lost-time accidents related to contractors and suppliers. Globally, we significantly reduced the frequency of such incidents compared to 2018: it dropped from 9.47 lost-time accidents per million hours worked to 1.77 in 2019.

Unfortunately, we had 2 fatal accidents last year at Shwe Taung Building Materials, in our cement plant: the first accident occurred in March 2019 and the second in December 2019. After each accident, the top management of Shwe Taung Building Materials visited the sites, and the HSE team investigated to identify the root causes and recommend corrective actions. The Group is fully committed to enhancing its safety performance and aims for zero harm in our workplace.



Instilling a safety culture

Shwe Taung Distribution and Shwe Taung Engineering & Construction has organised specific events led by the CEOs to raise awareness on safety with their respective teams. These meetings are essential to fostering a more robust safety culture across the Group.

Chart - 5 Number of lost-time accidents

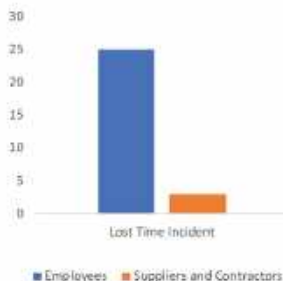
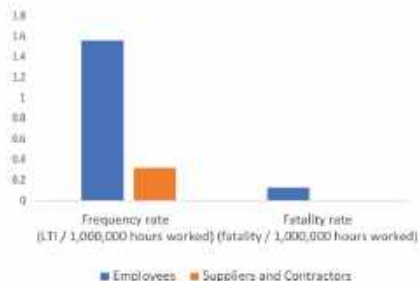


Chart 6 - Safety performance



Key data



We recorded 28 lost-time accidents and had 2 fatalities



3,791 employees were received safety training



We aim to reach zero accidents in our workplace

RESPONSIBLE INDUSTRIAL PLAYER

Like every industrial player, our activities impact the environment, especially our cement-production plant, which is power-intensive. We abide by Myanmar law and we are committed to IFC Performance Standards. We frequently engage with our local communities to act as responsibly as we possibly can.

"We believe that sustainability means protecting what we have today for future generations to enjoy. Biodiversity conservation is a core value of Shwe Taung and it is reflected in our compliance with and commitment to UNGC Principles and IFC Performance Standards. We are proud to be supporting biodiversity conservation areas of approximately 7,000 hectares, offsetting the impact of our mining operations, as well as obtaining our other mineral supplies only from responsible, licensed suppliers. We have installed 8.8MW of power generation from waste heat, and future projects will be designed with the best practicably available sustainable technology".



Mr. Michael Cowell,
CEO of Shwe Taung
Building Materials

EMBRACING OUR RESPONSIBILITY

Decarbonising Our Energy Mix

We consumed 1,397 GWh of energy last year, of which 89.4% was consumed by Shwe Taung Building Materials. Shwe Taung Lifestyle and Shwe Taung Real Estate consumed 5.9% and 4% of the total, respectively (see chart 7).

When we look at the sources of energy we use, power from the grid only accounts for 7%. Therefore, we need to find alternatives to power our operations. 82% of our energy consumption comes from coal which is used exclusively for our cement plant (see chart 8).

Burning coal causes substantial CO₂ emissions, which contribute to climate change. Unfortunately, according to a report recently disclosed by Germanwatch,⁷ Myanmar was one of the countries in the world most exposed to the consequences of climate change in the period 1999 - 2018. Therefore, we acknowledge that decarbonising our energy mix is essential. We are working on several fronts:

- Shwe Taung develops and operates carbon-efficient power plants. In 2019, Shwe Taung Engineering & Construction generated 353 GWh of power from renewable sources (hydropower and solar). We are considering developing new hydropower plants in the future.
- We invest in optimising and reducing the energy intensity of our operations (see the highlight below on our results for our real estate). For our cement factory, our goal is to use more alternative fuels and renewable sources of energy to lower our carbon footprint. Hence, we recently installed 8.8MW of Power Generation from Waste Heat to help reduce our coal consumption.
- We take action to avoid unnecessary energy use. For instance, in 2019, Shwe Taung Engineering & Construction issued an energy policy to help our personnel change their energy usage habits, containing guidance on room temperature, lighting, and other factors; we are confident that this will not only reduce our energy consumption but its associated costs as well.

⁷ See: Germanwatch, Global Climate Risk Index 2020, 2019

Chart 7 - Breakdown of our energy consumption in 2019 by Business Sector

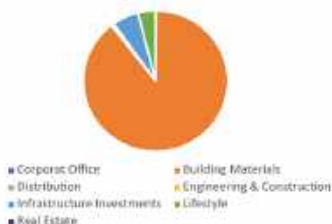
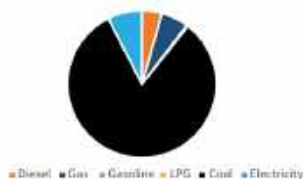


Chart 8 - Breakdown of our energy consumption in 2019 by source



Business case

Investing in energy-saving to create shared value

Shwe Taung Real Estate initiated an energy-saving plan for its shopping centres in 2019. With real estate being a power-hungry industry, it makes business sense to reduce energy consumption, especially in the context of soaring energy prices in Myanmar in 2019. Shopping centres mainly use electricity for lighting and air-conditioning.

The energy-saving plan for Shwe Taung Real Estate included:

- Lighting – a combination of various solutions: the installation of a zoning system, a lighting control system, and energy-efficient LED.
- Air-conditioning – monitoring room temperature and aligning it with weather conditions.
- Installing various sensors to automatically limit the use of equipment such as escalators and lights.

As a result, we saved 1.8 GWh of energy last year, leading to a virtuous circle that benefits our main stakeholders:

- For our company: it increases our ability to invest in areas which will deliver more value. The less we use on avoidable expenditures, the more we can allocate to modernising our shopping malls. Fortunately, a portfolio of greener assets has a higher market value.
- For our tenants: they enjoy lower operational costs when our assets are more energy-efficient, which means that they will be able to focus their spending on what matters to their consumers.
- For our visitors, who are our tenants' clients: they will enjoy a better shopping experience because our assets will be up to newer and better standards.
- For our planet and our community: the less we misuse natural resources, the better.

We will use the proceeds of the green financing we recently received from OCBC (see page 22) to fund similar projects in future.

RESPONSIBLE INDUSTRIAL PLAYER

Limiting Our Carbon Footprint

According to the latest data published by Climate Watch, Myanmar's CO₂ emissions reached 220 million tonnes of CO₂ equivalent in 2016.⁸ In 2019, our activities generated 763.7 kilotonnes of CO₂ equivalent, and this would account for 0.4% of the emissions in Myanmar. In 2019, the activity of Shwe Taung Building Materials represented 95% of our emissions (see chart 9). The operations of Shwe Taung Real Estate (2%) and Shwe Taung Lifestyle (2%) largely account for the remainder.

Chart 9 - Breakdown of our GHG emissions by Business Sector in 2019



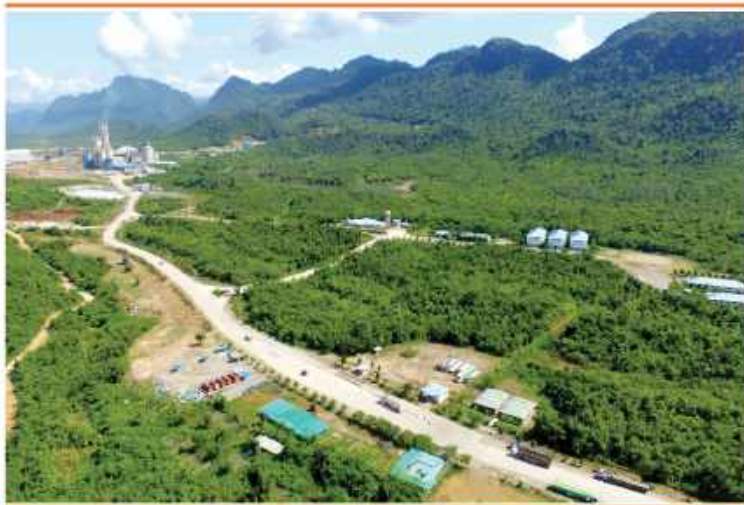
For the time being, the two most important sources of CO₂ emissions are the coal burnt in our kiln to produce cement, and the diesel consumed by our fleet of vehicles (see scope 1 in chart 10). To reduce the carbon intensity of our cement production, we invested in establishing a new energy-efficient production line in our cement plant. In 2019, we conducted various tests to assess its performance. On average, our second line emitted 34% less CO₂ per tonne of cement produced compared to our first line. As for energy consumption, we are trying to reduce the energy intensity of our business by investing in new technology (see page 23 and 24) or by saving energy whenever we can (see page 34).

Chart 10 - Breakdown of our GHG emissions



⁸ See: <https://www.climatewatchdata.org/countries/MMR>

Forests can act as a natural carbon sink; when trees grow, they capture carbon in the air. Two of our Business Sectors are most active in this area: Shwe Taung Building Materials and Shwe Taung Engineering and Construction. For the former, we comply with Myanmar regulations by planting trees on the equivalent of 20% of the land we rent to conduct our activities. As a result, since the financial year 17/18, we have planted 88,000+ trees on 92.3 acres, which represents the equivalent of an offset of 5,898+ tonnes of carbon equivalent. For the latter, WWF-Myanmar awarded us a prize in recognition of our efforts (see below).



Being an Earth Hour 2020 Champion

In 2020, WWF-Myanmar awarded Shwe Taung Engineering and Construction a 2020 Earth Hour Champion certificate recognising our work to reduce our impact on the environment. We protect 97 hectares of forest around Balucheung 3, we estimate that this initiative captures 1,293 tonnes of CO₂ equivalent every year.

MONITORING OUR ENVIRONMENTAL IMPACT

In 2019, the environmental impact assessment of our cement plant was approved by the Environmental Conservation Department (ECD) of the Ministry of Natural Resources and Environmental Conservation (MONREC). This is a significant milestone for Shwe Taung Building Materials, and it reflects our commitment to abide by strong environmental standards.

Air

Our cement production plant emits various pollutants into the atmosphere. We regularly monitor air quality for compliance with Myanmar regulations as well as other international standards and guidelines. We share the results with the ECD, which regulates and oversees our environmental performance. Last, we also monitor the air quality at nearby communities at Pyi Naung and Kupyin villages.

Ensuring air quality, a common good

To mitigate air pollution, and to implement the recommendations from the ECD as per the approved Environmental Impact Assessment, Shwe Taung Building Materials is taking a multidimensional approach which includes the following:

- First, engineering controls and design. For example, to lower the emission of dust into the environment, we installed an enclosure on the enclosed belt conveyors system for materials transportation and emission controls at transfer points using electrostatic precipitators (ESPs) or fabric bag filter systems to collect and control fine particulate emissions in kiln gases.
- Second, procedures. Rear trucks transporting various materials should be covered to avoid air pollution.
- Third, specific mitigation action. Implementation of routine plant maintenance and good housekeeping to keep small air leaks and spills as well as spray water around our facility to prevent as much dust emission as possible.



Water

Water is vital for life, and we pay close attention to this precious natural resource. We rely on the power of water for our hydropower plants.

We consumed 1,000,000+ m³ of water last year. Shwe Taung Real Estate uses two-thirds of the water: our tenants and visitors need to have water. To reduce our water footprint, we consider purchasing water-efficient equipment.

Some of our activities can impact the quality of the water around our sites and assets. We frequently monitor the quality of nearby water sources in line with ECD regulations. Last year, we did not record any anomalies, and we did not have any environmental accidents.

We are conscious that water is a shared resource. The local community relies on it for a range of purposes important to their livelihoods, such as fishing, agricultural development, transportation, and recreation, among others.

RESPONSIBLE INDUSTRIAL PLAYER

Biodiversity

Some of our activities are extractive: we mine coal to power our cement plant and need to obtain various materials from the ground to produce clinker, a key component in the manufacture of cement. Last year, Shwe Taung Building Materials used 2.2 million tonnes of such material for its operations. We have a specific responsibility to mitigate any adverse impacts from these activities.

In December 2018, Shwe Taung Building Materials signed a Letter of Intent with the Forest Department of the Ministry of Natural Resources and Environmental Conservation with the objective of offsetting the environmental impacts of our coal mine and quarries. We established three policies (Biodiversity and Ecosystem Services Policy, an Anti-illegal Logging Policy and a Zero-Tolerance Policy for the Possession of Wildlife and Forest Resources) together with a Biodiversity Management Plan (BMP). We are engaging MONREC to protect 1,779 hectares of forest in Pyadalun sanctuary and 5,420 hectares in Mahamyaing sanctuary for as long as we operate our limestone quarry and our coal mine.



Protecting endangered species

We have established a biodiversity action plan to protect, restore, and avoid the impact of our activities on the fauna and flora. By doing so, we even discovered a new species which we were lucky enough to have the honour of naming. Please meet *Cyrtodactylus shwetaungorum!*

Key data



We consumed 1,397GWh of energy in 2019



We produced 353 GWh of power from renewable sources last year



We emitted 763,746 tonnes of CO₂ equivalent in 2019



Shwe Taung Building Materials will protect 7,000+ hectares of forest

Waste

We produced 3,698 tonnes of waste last year, mostly from our real estate operations. Of this, we recycled 1,255 tonnes, using it to power our cement plant; our net waste production in 2019 was therefore 2,443 tonnes.



We also engage our customers to raise awareness about waste and to lower the quantity of waste we place on the market. We supported Recygro last year when they organised their "Break Up With Trash" campaign.

To reduce plastic waste, BreadTalk initiated a campaign encouraging customers to bring their own containers when shopping at our branches, and solicited their feedback about the use of plastic bags. These feedback sessions yielded useful results as customers shared their insights with us, enabling us to have fruitful dialogues with them.

Beating air pollution

Together with several partners, we organised an exhibition for World Environment Day 2019 at Junction City to raise awareness of air pollution.



Key data



We produced 3,698 tonnes of waste last year



We recycled 1,255 tonnes of waste materials in 2019



1 new species discovered:
Cyrtodactylus shwetaungorum

GOOD CORPORATE CITIZEN

To achieve our purpose, we rely on the trust of our stakeholders: it is an essential asset for building Shwe Taung's future that shapes our social license to operate and conditions the economy of our projects, which in turn enable us to create value that benefits the country and people. This is how we aim to live up to our corporate responsibility, by conducting our business ethically, embracing transparency, and being a good corporate citizen.

"At Shwe Taung, we believe that engaging our stakeholders is essential for establishing mutually-beneficial partnerships. To do so, we are committed to abiding by our values: we know that doing business responsibly can be challenging, but it is key for creating value over time. Likewise, embracing transparency is not always easy, but it is essential for safeguarding the trust of our stakeholders."



Mr. Aung Than,
Vice Chairman

DOING BUSINESS RESPONSIBLY

As a leading company in Myanmar, we believe we must embrace ambitious standards to demonstrate that business here is as responsible as anywhere else. We strive to ensure full compliance with Myanmar law and with the various regulations issued by the country's regulatory bodies.

Moreover, we are proud to fulfill our fiscal duty towards our country, and we commit to paying our due tax share, as we view it as a means to support the development of our nation. As a responsible company, we suffer if illicit trade is allowed to flourish, which is why we support the Government of Myanmar in establishing a fair and level playing field on these matters.

At Shwe Taung, everyone is expected to abide by our Code of Conduct, with no exceptions. Our ability to comply with our Code defines who we are, and how trustworthy we can be. The Code of Conduct Compliance Committee monitors the implementation of our Code of Conduct, and a dedicated team assesses the complaints submitted.

In 2019, we received 44 complaints, which were all related to grievances submitted by our employees. All of them were resolved during the year. After extensive investigation, we took action in two cases and decided to terminate the contract of two employees who breached our Code of Conduct.

To train our personnel in business ethics, we included a dedicated section in our induction programme. All new employees have to be trained on this topic. Last year, we organised 72 training sessions which were attended by 850 people, and a further 17 workshops attended by 123 persons to refine and refresh our people's knowledge of business ethics.





Beneficial ownership

Following Directive 17/2019 issued by DICA, the details regarding beneficial ownership of Shwe Taung Mining Co., Ltd. are available in the database published by DICA.*

SAFEGUARDING OUR SOCIAL LICENCE TO OPERATE

To operate our business efficiently, the communities impacted by our activities have to trust us. Whenever we consider a project and wherever we operate, we actively engage with the communities living around our installations.

For instance, we built an Information centre, including a library, next to our cement plant to disclose cement and associated quarries information and we organise regular sessions to share information with the community, with the objective of ensuring their security and safety, and to act as a good neighbor. Our doctors from the cement plant visit the Information centre three times a month to support and monitor the health of the villagers as well as provide health awareness trainings and campaigns.

In 2019, we received 24 different grievances. 15 were related to our mining and cement activities, and the remainder concerned some projects managed by our Engineering & Construction teams. Among the grievances received, 16 pertained to the potential impacts of our activities on the environment and our neighbours, 4 were to do with work-related situations encountered by our contractors, and the remaining 4 cases involved miscellaneous complaints. All the complaints received in 2019 were resolved within the year.

Furthermore, we are engaging extensively with the community living around the site of our Deedoke project, with a specific focus on women. As part of our commitment to supporting Powered by Women (see page 28), we pay special attention to the role of women in their communities and villages. The more they are empowered, the stronger the community, so we have appointed 11 women as focal points in 11 villages. So far, 58% of the people engaged with during the consultation process were women. We also organise a specific focus group to encourage women to speak up.



Doing the right thing

Last year, one of our drivers received a tip from one of our guests who wanted to express his gratitude for the quality of the service he received. After receiving the gift, our employee informed our corporate office and returned the money. This gesture demonstrates how we operate and behave.

Key data



We paid MMK 28+ billion in tax to the government in the fiscal year 18/19



In 2019, we received 24 grievances submitted by our stakeholders



We resolved 100% of the grievances submitted in 2019 by our external stakeholders

* See: <https://bo.dica.gov.mm/en/bo-submission/shwe-taung-mining-company-limited>

GOOD CORPORATE CITIZEN

GIVING BACK TO THE SOCIETY

Since its inception, Shwe Taung has supported various philanthropic activities across the country. As time went on, however, we understood that we needed to take a structured approach to philanthropy and established a dedicated entity to manage our philanthropic efforts: the Shwe Taung Foundation. It was officially registered in June 2018.



"In the early 2010s, I committed to donating at least 100 school buildings by the end of 2018. With the support and contributions of my friends in the diplomatic and economic communities, we have reached this goal very quickly. In 2019, we celebrated our 110th school building donation. We will continue our hard work and build more schools to hand over to the Ministry of Education. I am very happy to make a difference with Shwe Taung's contributions – both of financing and of expertise – because I am keen to empower the children of Myanmar through education."

Mr. Aik Htun, Founder and Patron of Shwe Taung Foundation



Our foundation is chaired by U Ye Myint, who also sits on Shwe Taung's Board of Directors. The Foundation has 12 Management Committee members who frequently review requests submitted by people who are looking to benefit from our support.

Last year, Shwe Taung dedicated MMK 1.5 billion to fund the Shwe Taung Foundation. On a yearly basis, more than 100,000 school students benefit from the schools donated by our Foundation.

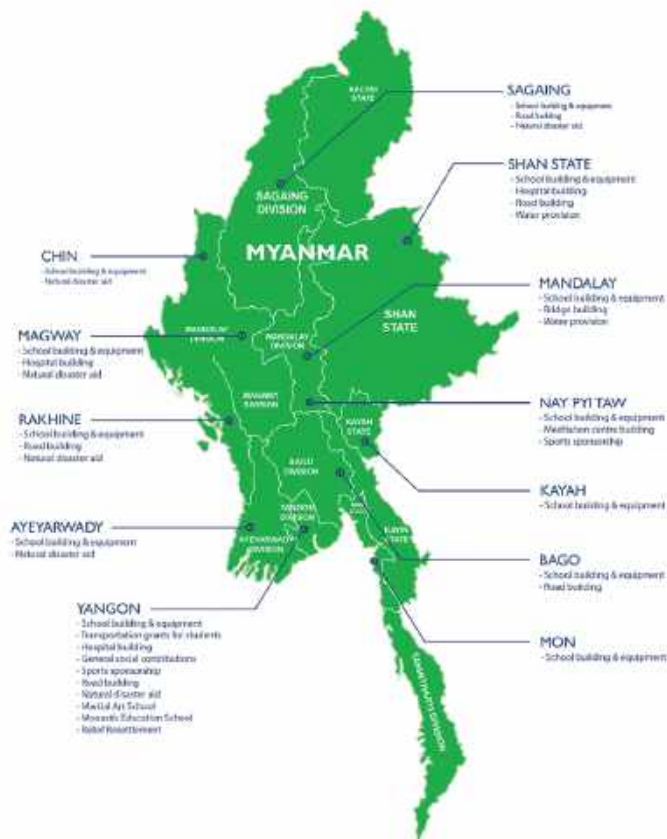


The Foundation focuses our support on the following areas:

- Supporting the education sector for the development of Myanmar's youth
- Providing relief to people and areas affected by disaster
- Creating better livelihoods in disadvantaged areas

To date, we have supported countless projects all across the country (see map next page).

Our Philanthropic Contributions To Myanmar



Being transparent on our charity

We developed and released a report in 2019 to document our philanthropic efforts, through which we have donated more than USD 27 million between 1995 and 2019. You can contact us at info@ehwetsungfoundation.org for further information.

TRANSPARENCY

Accountability is essential for trust-building, which is why we will commit to reporting our progress every year. Our approach to non-financial reporting reflects our willingness to embrace international best practices and to provide the public with material information on our performance.

PERIMETER

The perimeter of this report consolidates all the activities by Shwe Taung Group and its 6 Business Divisions: Shwe Taung Building Materials, Shwe Taung Distribution, Shwe Taung Engineering & Construction, Shwe Taung Infrastructure Investments, Shwe Taung Lifestyle, and Shwe Taung Real Estate.

All the data included in this report have been reviewed by our management. In this first sustainability report the quantitative data cover the calendar year 2019, except for the financial data that cover from April 2018 to March 2019 (fiscal year 18/19) unless stated otherwise. The data disclosed in this report have not been audited by a third party.

By convention, we may use Shwe Taung Group or the Group interchangeably.

STANDARDS

We aligned our non-financial reporting framework with the following standards:



UN Global Compact



GRI Standards



Sustainable Development
Goals

We consider that, with the disclosure of this report, we comply with the spirit of AA1000AS standards. You can also find the mapping of our data to the GRI Standards, the SDGs, and the UNGC on page 48.

SDG

While we consider all the UN's SDGs goals as critical, we focus our efforts on the following ones:



AA 1000 Standards

We use the principles described in the AA 1000 Standards to structure our approach to identifying and prioritising the expectations of our stakeholders. The results are assembled in our materiality matrix (see page 18), demonstrating our adherence to the principles of inclusivity and materiality. As a responsive business, we have disclosed our UNGC COP report every year since 2013, and we will update our sustainability report on a yearly basis.

Myanmar Sustainable Development Plan

By doing our business responsibly and transparently, we are contributing to the following strategies of the Myanmar Sustainable Development Plan (MSDP): 1.4, 3.2, 3.3, 3.6, 3.7, 4.1, 5.1, 5.2, 5.4, 5.6.

TRANSPARENCY

GRI Standards

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.¹⁹

The following GRI material topics are considered relevant to our non-financial reporting:

Economic topics



Environmental topics



Social topics



¹⁹ You can find our GRI Index on our website.

DASHBOARD

KPIs	Values	GRI Standards	UNGC principles	SDG
Committed Company				
Innovation				
R&D capital expenditures (millions MMK)	1,444	201-1		9
↳ of which Environmental capital expenditures (millions MMK)	314	201-1	9	9
Tax				
Tax paid to the government (millions MMK)	28,155	207-4		16
Suppliers				
Number of suppliers	1,978	204-1		12
↳ Number of local suppliers	1,924	204-1		12
Philanthropy				
Donations (millions MMK)	1,577	203-1		9
Number of yearly beneficiaries	100,000	203-1		9
Number of events	22	413-1	1	
Respectful Workplace				
Headcount				
Headcount	7,019	102-8	6	8
Split by gender				
Number of female employees	2,196	405-1	6	5, 8
Number of male employees	4,823	405-1	6	5, 8

TRANSPARENCY

KPIs	Values	GRI Standards	UNGC principles	SDG
Split by age				
Number of employees below 30	3,347	405-1	6	5, 8
Number of employees between 30 and 50	3,123	405-1	6	5, 8
Number of employees above 50	549	405-1	6	5, 8
Split by status				
Number of permanent employees	4,527	102-8	6	5, 8
Number of employees with a different type of contract	2,492	102-8	6	5, 8
Training				
Training expenditures (millions MMK)	389	201-1	6	2, 5, 9
Number of training	894	404-1	6	4, 8
Number of trainees	17,852	404-1	6	4, 8
Number of training hours	205,429	404-1	6	4, 8
Average number of hours per trainee	12	404-1	6	4, 8
Career				
Number of engineers	893	405-1	6	5, 8
↳ Number of female employees	297	405-1	6	5, 8
↳ Number of male employees	596	405-1	6	5, 8
% of female managers and engineers	38%	405-1	6	5, 8
Number of employees in top management	27	405-1	6	5, 8
↳ Number of female employees	8	405-1	6	5, 8
↳ Number of male employees	19	405-1	6	5, 8
Number of employees in senior management	103	405-1	6	5, 8
↳ Number of female employees	46	405-1	6	5, 8
↳ Number of male employees	57	405-1	6	5, 8

KPIs	Values	GRI Standards	UNGC principles	SDG
Number of employees in middle management	339	405-1	6	5, 8
↳ Number of female employees	138	405-1	6	5, 8
↳ Number of male employees	202	405-1	6	5, 8
Number of employees in junior management	516	405-1	6	5, 8
↳ Number of female employees	227	405-1	6	5, 8
↳ Number of male employees	289	405-1	6	5, 8
Number of employees in operations	5,034	405-1	6	5, 8
↳ Number of female employees	1,776	405-1	6	5, 8
↳ Number of male employees	4,258	405-1	6	5, 8
Number of people promoted to top management	1	404-3	6	5, 8
↳ Number of female employees	1	404-3	6	5, 8
↳ Number of male employees	0	404-3	6	5, 8
Number of people promoted to senior management	7	404-3	6	5, 8
↳ Number of female employees	0	404-3	6	5, 8
↳ Number of male employees	7	404-3	6	5, 8
Number of people promoted to middle management	24	404-3	6	5, 8
↳ Number of female employees	10	404-3	6	5, 8
↳ Number of male employees	14	404-3	6	5, 8
Number of people promoted to junior management	52	404-3	6	5, 8
↳ Number of female employees	15	404-3	6	5, 8
↳ Number of male employees	37	404-3	6	5, 8

TRANSPARENCY

KPIs	Values	GRI Standards	UNGC principles	SDG
Working Conditions				
Total number of hours of absence due to sickness and occupational disease	51,821	403-10	6	8
Absenteeism rate (%)	6%	401-1	6	5, 8
Total departures	1,687	401-1	6	5, 8
New employee hires	1,847	401-1	6	5, 8
↳ Number of female employees	652	401-1	6	5, 8
↳ Number of male employees	1,195	401-1	6	5, 8
Turnover rate	24%	401-1	6	8
Number of people with disability	1	405-1	6	5, 8
Pay gap between male and female	0	405-2	6	8, 10
Social Dialogue				
Number of grievances received by WGC	44	406-1	6	5, 8, 16
↳ Number of grievances solved	44	406-1	6	5, 8, 16
↳ Number of grievances still pending	0	406-1	6	5, 8, 16
Safety				
Number of lost-time accidents	28	403-9	6	8
↳ involving STG's employees	23	403-9	6	8
↳ involving STG's contractors and suppliers	5	403-9	6	8
↳ involving STG's visitors	0	403-9	6	8
Fatalities	2	403-9	6	8
↳ involving STG's employees	2	403-9	6	8
↳ involving STG's contractors and suppliers	0	403-9	6	8
↳ involving STG's visitors	0	403-9	6	8

KPIs	Values	GRI Standards	UNGC principles	SDG
Fatality rate (fatalities/million of hours worked)	0.13	403-9	6	8
↳ for STG's employees	0.13	403-9	6	8
↳ for STG's contractors and suppliers	0	403-9	6	8
↳ involving STG's visitors	0	403-9	6	8
Frequency rate (fatalities/million of hours worked)	1.77	403-9	8	8
↳ for STG's employees	1.56	403-9	6	8
↳ for STG's contractors and suppliers	0.32	403-9	6	8
↳ involving STG's visitors	0	403-9	6	8
Severity rate (lost workdays per million hours worked)	25.48	403-9	6	8
↳ for STG's employees	16.40	403-9	6	8
↳ for STG's contractors and suppliers	9.08	403-9	6	8
Responsible Industrial Player				
Waste				
Quantity of waste produced (t)	3,698	306-1	8	12
Quantity of waste recycled (t)	1,255	306-1	8	12
Resources Management				
Kiln fuels (t)	249,040	301-1	7, 8	8, 12
Total raw materials for clinker produced (t)	2,180,413	301-1	7, 8	8, 12

TRANSPARENCY

KPIs	Values	GRI Standards	UNGC principles	SDG
Water				
Quantity of water consumed (m ³)	1,007,864	303-1	7, 8	6
Quantity of water recycled (m ³)	17,127	303-3	8	6, 12
Total water withdrawal (m ³)	817,936	303-2	8	12
Water discharge (m ³)	451,507	306-1	8, 3, 6, 12, 14	
Biodiversity				
Number of endangered species with habitats in areas affected by operations	9	304-4	7, 8, 9	15
Number of acres protected/restored	7,199	304-3	7, 8, 9	15
Pollution				
Number of spills/accidents	0	306-3	8	12, 14
Energy				
Energy consumed (GWh)	1,397	302-1	7, 8	12, 13
Quantity of renewable energy produced (GWh)	353	203-1	7, 8, 9	5, 7, 9
Energy saved (GWh)	1.8	302-4	7, 8	7, 8, 13
Carbon				
Carbon emissions (t CO ₂ e)	763,746	305	7, 8	13
↳ Scope 1 (t CO ₂ e)	725,223	305-1	7, 8	13
↳ Scope 2 (t CO ₂ e)	37,659	305-2	7, 8	13
↳ Scope 3 (t CO ₂ e)	864	305-3	7, 8	13

KPIs	Values	GRI Standards	UNGC principles	SDG
Good Corporate Citizen				
Business Ethics				
Number of complaints received by the Code of Conduct Compliance Committee	44	205-3 406-1	6, 10	5, 8, 16
↳ of which number of complaints received by the Workers' Grievance Committee	44	205-3 406-1	6, 10	5, 8, 16
↳ Other types of complaints	0	205-3 406-1	6, 10	16
Number of complaints resolved	44	205-3 406-1	6, 10	16
↳ of which number of complaints received by the Workers' Grievance Committee	44	205-3 406-1	6, 10	16
↳ Number of contracts terminated	2	205-3 406-1	6, 10	16
↳ Number of actions to answer to the employees' concerns	19			
Fines paid for non-compliance issues (millions MMK)	1.6	419-1		16
Number of SIA/EIA/HRIA submitted to the government	5	412-3	3	

TRANSPARENCY

KPIs	Values	GRI Standards	UNGC principles	SDG
Stakeholders Management				
Number of complaints received from customers	1,501	416-2		16
Number of grievances received	24	103		16
↳ Number of grievances solved	24	103		16
↳ Number of actions taken to respond to communities' concerns	71	103		16
Number of partnerships signed with Myanmar organisations	7	102		17



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